



No.11041/21/2002-Admn.

June 26, 2003

POLICY MATTERS-ADMINISTRATION/FINANCE (49/2003)

(Decision taken on Member(Tech.) Division File No. NHAI/12013/16(2000)/Tech./GM(E-I)

Sub : Payment in respect of price escalation.

During the course of implementation of the projects, it has been observed that the provisions relating price escalation on all component of works except variations evaluated at present day rate for IPCs in respect of some of the projects (in particular, projects falling under Chennai-Kolkata Section of GQ) have been worded differently. In view of this, the Project Directors have been advised to withhold the payment on account of price escalation under these Contracts. However, wherever the payments have already been made, they have been advised not recover the same. The matter is under examination in NHAI in consultation with Ministry of Law and a final decision is yet to be taken in this regard.

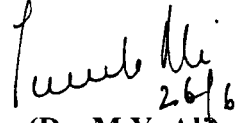
2. In the meanwhile, the Contractors have been representing for allowing payment on account of price escalation so as not to hamper their work output during the current working season. They have also expressed that they are ready to give undertaking/affidavit to enable NHAI to recover the amount paid on account of the price escalation along with interest at SBI PLR, if the final decision goes against them.

3. Till a final decision is taken by NHAI in this regard, it has been decided in the interest of work and keeping in view the current working season, to pay "without prejudice" price adjustment on all components of works except variations evaluated at present day rates for IPCs from now onwards subject to the following conditions :-

- (a) That such payments shall be made till the gross cumulative progress payments reach a level of 75% of the contract price including variations, etc.
- (b) An undertaking shall be obtained from the contractor that the amount so paid shall be recovered by NHAI along with interest at SBI PLR in case either (i) the final decision goes against them with regard to price escalation or (ii) the gross cumulative progress payments reach a level of 75% of the contract price including variations, etc., whichever is earlier, from the remaining IPCs thereafter.
- (c) This shall not be applicable to previous IPCs already paid.
- (d) An undertaking from the contractor shall also be obtained that the release of the amount itself will not be presumed to mean that a liability under the price escalation has been admitted by NHAI.

- (e) The Project Implementation Unit (PIU) shall workout the schedule of repayment and monitor the repayment of the amount so released to the contractors, as may be applicable.

4. This issues with the approval of Chairman, NHAI.


26/6
(Dr. M.Y. Ali)

Dy. General Manager (Admn.)

All Members/CGMs/CVO/CPD
All GMs/DGMs/Managers
All PIUs/CMUs/SPVs

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PS to Chairman
Librarian/Hindi Officer