

RITES Ltd. / Contract Policy Cell / Gurgaon

General Conditions of Contract for Works, July 2019

Correction Slip No. 5

Due to a typographical error, the existing sub-clause iv (b) of Clause 10 CC of RITES GCC for works, July 2019 has been modified. The existing sub-clause iv (b) of Clause 10 CC of RITES GCC for works, July 2019 may be deleted and replaced with the following :

CLAUSE 10 CC

Payment due to increase/decrease in prices/wages after Receipt of Tender for Works

This clause will be applicable only when so provided in **Schedule 'F'**.

If the prices of materials (not being materials supplied or services rendered at fixed prices by the Employer in accordance with Clauses 10 & 34 hereof) and/ or wages of labour required for execution of the work increase, the Contractor shall be compensated for such increase as per provisions detailed below and the amount of the Contract shall accordingly be varied, subject to the condition that such compensation for escalation in prices and wages shall be available only for the work done during the stipulated period of the contract including the justified period extended under the provisions of Clause 5 of the contract without any action under Clause-2. However, for works executed during the justified period extended as above, the compensation as detailed below will be limited to the indices/wages prevailing at the time of stipulated date of completion or as prevailing for the period under consideration, whichever is less. Such compensation for escalation in the prices of materials and labour, when due, shall be worked out based on the following provisions:-

- i) The base date for working out such escalation shall be the last stipulated date of receipt of tenders including extension, if any.
- ii) The cost of work on which the escalation will be payable shall be reckoned as below:

a) Gross value of work done upto this quarter	(A)
b) Gross value of work done upto the last quarter	(B)
c) Gross value of work done since previous quarter	(A-B) (C)
d) Full assessed value of Secured Advance fresh paid in this quarter	(D)
e) Full assessed value of Secured Advance recovered in this quarter	(E)
f) Full assessed value of Secured Advance for which escalation) is payable in this quarter	F (D – E)
g) Advance payment made during this quarter :	(G)
h) Advance payment recovered during this quarter :	(H)
i) Advance payment for which escalation is payable in this quarter	(I) (G-H)

j) Extra Items, Substituted Items and Deviated Quantities paid as per Clause 12 based on prevailing market rates plus increase in royalty paid under Clause 37 B during the quarter:		(J)
Then, $M = C + F + I - J$ $N = 0.85 M$		
k) Less cost of material supplied by the Employer as per Clause 10 and recovered during the quarter		(K)
l) Less cost of services rendered at fixed charges as per Clause 34 and recovered during the quarter		(L)

Cost of work for which escalation is applicable:

$$W = N - (K + L)$$

- iii) Components of cement, steel, materials, labour, POL, etc. shall be pre-determined for every work and incorporated in the conditions of Contract attached to the tender papers included in Schedule 'E'. The decision of the Engineer-in-Charge in working out such percentage shall be final and binding on the Contractors. The percentages stipulated for the different components in **Schedule 'E'** will continue to be applicable even if the percentages vary as per actual at the stage of execution of works.
- iv) The compensation for escalation for cement, steel, materials, and POL shall be worked as per the formula given below:

- a) Adjustment for component of '**Cement**'

$$V_c = \frac{W \times X_c}{100} \times \frac{CI - CI_o}{CI_o}$$

V_c: Variation in cement cost i.e. increase or decrease in the amount in rupees to be paid or recovered.

W : Cost of work done, worked out as indicated in sub-para (ii) above.

X_c: Component of cement expressed as percent of the total value of work.

CI: Average of Monthly Wholesale Price Index for Ordinary Portland Cement and Pozzolana cement for the period under consideration as published by the Economic Advisor to Govt. of India, Ministry of Commerce & Industry (2011-12) series.

CI_o : Average of Monthly Wholesale Price Index for Ordinary Portland Cement and Pozzolana cement valid on the last stipulated date of receipt of tenders (including extension, if any) as published by the Economic Advisor to Govt. of India, Ministry of Commerce & Industry (2011-12) series.

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b) Adjustment for component of '**Steel**'

$$Vs = \frac{W \times Xs}{100} \times \frac{SI - SIo}{SIo}$$

Vs : Variation in steel cost i.e. increase or decrease in the amount in rupees to be paid or recovered.

W : Cost of work done, worked out as indicated in sub-para (ii) above.

Xs : Component of steel expressed in percent of the total value of work

SI : Average Monthly Wholesale Price Index for (i) Angles, Channels, Sections, Steel (coated/not), (ii) Mild Steel Flat Products, (iii) Hot Rolled Coils & Sheets and (iv) Cold Rolled Coils & Sheets for the period under consideration as published by the Economic Advisor to Govt. of India, Ministry of Commerce & Industry (2011-12) series.

SIo: Average Monthly Wholesale Price Index for (i) Angles, Channels, Sections, Steel (coated/not), (ii) Mild Steel Flat Products, (iii) Hot Rolled Coils & Sheets and (iv) Cold Rolled Coils & Sheets valid on the last stipulated date of receipt of tenders (including extension, if any) as published by the Economic Advisor to Govt. of India, Ministry of Commerce & Industry (2011-12) series.

c) Adjustment for component of '**Materials**'

$$VM = \frac{W \times XM}{100} \times \frac{MI - MIo}{MIo}$$

VM : Variation of material cost i.e. increase or decrease in the amount in rupees to be paid or recovered.

W : Cost of work done, worked out as indicated in sub-para (ii) above.

Xm : Component of 'materials' expressed as percent of the total value of work.

MI : Monthly Wholesale Price Index (2011-12 series) for all commodities for the period under consideration as published by Economic Advisor to Govt. of India, Ministry of Commerce & Industry.

MIo: Monthly Wholesale Price Index (2011-12 series) for all commodities valid on the last stipulated date of receipt of tender (including extension, if any) as published by Economic Advisor to Govt. of India, Ministry of Commerce & Industry.

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Adjustment for Component of POL

$$VF = \frac{W \times Z}{100} \times \frac{FI - FI_0}{FI_0}$$

VF : Variation of cost of Fuel, Oil & Lubricant i.e. increase or decrease in the amount in rupees to be paid or recovered.

W : Cost of work done, worked out as indicated in sub-para (ii) above.

Z : Component of Fuel, Oil & Lubricant expressed as percent of the total value of work.

FI: Monthly Wholesale Price Index (2011-12 series) for High Speed Diesel for the period under consideration as published by Economic Advisor to Govt. of India, Ministry of Commerce & Industry, New Delhi.

FI₀ : Monthly Wholesale Price Index (2011-12 series) for High Speed Diesel valid on the last stipulated date of receipt of tender (including extension, if any) as published by Economic Advisor to Government of India, Ministry of Commerce & Industry.

- v) The following principles shall be followed while working out the indices mentioned in Para (iv) above.
- (a) The compensation for escalation shall be worked out at quarterly intervals and shall be with respect to the cost of work done as per bills paid during the three calendar months of the said quarter. The first such payment shall be made at the end of three months after the month (excluding) in which the tender was accepted and thereafter at three months interval. At the time of completion of work, the last period for payment might become less than 3 months, depending on the actual date of completion.
- (b) The index (CI, SI, MI, FI etc.) relevant to any quarter/ period for which such compensation is paid shall be the arithmetical average of the indices relevant to the three calendar months. If the period up to date of completion after the quarter covered by the last such installment of payment, is less than three months, the index CI, SI, MI and FI shall be the average of the indices for the months falling within that period.

- vi) The compensation for escalation for labour shall be worked out as per the formula given below:

$$VL = \frac{W \times Y}{100} \times \frac{LI - LI_0}{LI_0}$$

VL : Variation in labour cost i.e. increase or decrease in the amount in rupees to be paid or recovered.

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- W : Cost of work done, worked out as indicated in sub-para (ii) of Clause 10 CC.
- Y : Component of labour expressed as a percentage of the total value of the work.
- Llo : Highest Minimum daily wage in rupees of an unskilled adult male mazdoor, fixed under any law, statutory rule or order as on the last stipulated date of receipt of tender including extension, if any.
- LI : Highest Minimum wage in rupees of an unskilled adult male mazdoor, fixed under any law, statutory rule or order as applicable on the last date of the quarter previous to the one under consideration.
- vii) The following principles will be followed while working out the compensation as per sub- Para (vi) above.
- (a) The minimum wage of an unskilled male mazdoor mentioned in sub-para (vi) above shall be the higher of the wage notified by Government of India. Ministry of labour and that notified by the local administration both relevant to the place of work and the period of reckoning. It is not necessary that Llo and LI should be those notified by the same Body.
 - (b) The escalation for labour also shall be paid at the same quarterly intervals when escalation due to increase in cost of materials and/ or POL is paid under the clause. If such revision of minimum wages takes place during any such quarterly intervals, the escalation compensation shall be payable at revised rates only for work done in subsequent quarters.
 - (c) Irrespective of variations in minimum wages of any category of labour, for the purpose of this clause, the variation in the rate for an unskilled adult male mazdoor alone shall form the basis for working out the escalation compensation payable on the labour component.
- viii) In the event the price of materials and/ or wages of labour required for execution of the work decrease/s, there shall be a downward adjustment of the cost of work so that such price of materials and/or wages of labour shall be deductible from the cost of work under this Contract and in this regard the formula herein before stated under this Clause 10CC shall mutatis mutandis apply, provided that:
- (a) no such adjustment for the decrease in the price of materials and/ or wages of labour aforementioned would be made in case of Contracts in which the Clause 10 CC is not applicable as indicated in **Schedule 'F'**.
 - (b) the Engineer-in-Charge shall otherwise be entitled to lay down the procedure by which the provisions of this sub-clause shall be implemented from time to time and the decision of the Engineer-in-Charge in this behalf shall be final and binding on the Contractor.

- (ix) The Contractor shall furnish the basic data, initially and periodically during the course of work about CI, CIö, SI, SIö, MI, MIö, FI, FIö , LI, LIö etc. required for computations under clause 10CC, along with copy of supporting documentary evidence.

No. RITES/CO/CPC/GCC 2019/CS 05

Dated the 26th October, 2019

The above correction to GCC for Works, July 2019, is issued with approval of the competent authority.



(Pawan Choudhary)
ED/ P&C-CP and Head
Contract Policy Cell

All Divisional Heads and SBU heads: As per standard mailing list of dispatch.

Copy to:

1. Secy. to CMD/DP/DF/DT. The above correction slip may be inserted in the copy of GCC for Works, July 2019, for information of CMD and Directors
2. CVO
3. AGM/ IT: For getting uploaded on RITES website (Tender/RITES-GCC July 2019/Correction slip-5).