

**Sub: Construction Management System - Circular No. - 40**

**Ref: Guidelines for operation of Price Adjustment clause under RUSDIP- (RUIDP - Phase II) works.**

In the Bid documents for various packages under RUSDIP, a clause 44 for price Adjustment (Particular Conditions of Contract) to substantiate price variation during execution of the works exists for items namely Labour, Material, Iron & Steel, Cement, Bitumen, Diesel & Petrol. The following guidelines should be followed in this regard:

1. This clause will be applicable as per Contract Agreement and IPIU & DSC personnel should carefully read it in totality before its implementation.
2. Price adjustment clause has been included to safeguard the execution of Contracts from the volatility in the market. It should be applied as soon as it is due for consideration. In previous quarters there have been instances when indices were decreased. In such cases payments made to contractor may required to be deducted for price adjustment in accordance to clause 44 PCC of Contract Agreement. EE, IPIU should be vigilant to operate this clause regularly to avoid accumulation of any such amount due to the contractor and may create big hurdles in recovering such huge amounts in nearing contract closure period.
3. EE, IPIU should keep in mind agreed work plan vis-à-vis work done by contractor during that quarter and %age break-up of components as indicated in the Contract Agreement. If it is found in initial stage of Contract that the work plan and %age break-up of components does not seem to be realistic; then EE, IPIU may process proactively for rectification of the same in the very beginning.
4. The amount payable to the Contractor and valued at base prices in accordance with the payment Schedule shall be adjusted for rise or fall in the cost of Labor, steel, fuel and other Materials, by the addition or deduction of the amounts determined by the formulae prescribed at clause 44.2 in Particular Conditions of Contract Agreement.
5. The price adjustment clause in case of bids decided without negotiation, the date of opening of tender (Technical) will be date for considering for calculation of price adjustment. In case of negotiation the date of negotiation (if the original offer changed) will be considered for the purpose of price adjustment clause and in such cases this date should be specifically mentioned in the LOA/NTP.
6. Price adjustment for labour shall be considered on the basis of average quarterly consumer price index for industrial workers (whole-sale prices) as published in Reserve Bank of India Journal/labour Bureau Simla, for the area. Once base of RBI Journal / Labour Bureau is taken that should continue in further bills.
7. Price adjustment for steel and cement shall be considered on the basis of average quarterly wholesale price index for the quarter published in Reserve Bank of India Journal / Economic Adviser to Government of India, Minister of Industries, for the area.
8. Price adjustment for bitumen shall be considered according to whole-sale price for bitumen, as published by the Economic Adviser to Govt. of India, Ministry of Industry. The base rate will be as on the day of bid opening or the negotiation date, as applicable; whereas the price adjustment will be applicable on the average quarterly basis.
9. Price adjustment for petroleum shall be considered according to average wholesale price Index of High Speed Diesel (HSD) as published by the Economic Adviser to the Government of India, Ministry of industry. The base rate will be as on the day of bid opening or the negotiation date, as applicable; whereas the price adjustment will be applicable on the average quarterly basis.
10. Price adjustment clause shall be applicable only for the work that is carried out within the stipulated time, or extension thereof as are not attributable to the contractor.
11. In case the contractor does not make prorata progress in the first or another time span and the short fall in progress is covered up by him during subsequent time span within original stipulated period then the price adjustment of such work expected to be done in the previous time span shall be notionally given based upon the price index of the quarter in which such work was required to be done.





b. The results of above Table-1 should be summarized in the following table:

Table-2

1	Name of Work						
2	Contract Package No.						
3	Contract Amount						
4	Contract Period (From to To)						
S. No. of activity	Name of Activity as per work plan & physical parameters	Period of activity (From to To)	Total Months of activity	Amount for the Activity	Planned Execution of work in Month in Rs.		
					Jan	Feb	Mar
1							
2							
		Monthly distribution					
		Quarterly distribution					

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c. The work component of every RA bill is to be bifurcated according to the quarter as recorded in the Measurement Book (MB) for each BOQ item as follows:

Table -3 (For each RA Bill)

S. No.	BOQ Item No.	Brief of BOQ item	Total Bill Amount	I Quarter (specify)	II Quarter (specify)	III Quarter (specify)

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d. The results of above Table-3 should be summarized in the following table for getting total value of work done (R) in each quarter:

Table-4

S. No.	RA Bill no.	I quarter (specify)	II quarter (specify)	III quarter (specify)	IV quarter (specify)	V quarter (specify)	Total
1	01						
2	02						
3	03						
4	04						
Quarter wise Total (R)							

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e. After getting quarter wise work done value (R), the price adjustment bill for each component shall be worked out as follows:

Price Adjustment for Labour  $(VL = 0.75 \times PL / 100 \times R (IL1 - IL0) / IL0)$

Quarter	Value of work done quarterly (R)	Value of PL	Value of IL1	Value of IL0	Amount $VL = 0.75 \times PL / 100 \times R (IL1 - IL0) / IL0$
I					
II					
III					
IV					
Total					0.00

Price Adjustment for Material  $(VM = 0.75 \times PM / 100 \times R (IM1 - IM0) / IM0)$

Quarter	Value of work done quarterly (R)	Value of PM	Value of IM1	Value of IM0	Amount $VM = 0.75 \times PM / 100 \times R (IM1 - IM0) / IM0$
I					

II					
III					
IV					
				Total	0.00

Price Adjustment for Iron & Steel  $(V_s = 0.75 \times P_s / 100 \times R (Ls_1 - Ls_0) / Ls_0)$

Quarter	Value of work done quarterly( R)	Value of Ps	Value of Ls1	Value of Ls0	Amount $(V_s = 0.75 \times P_s / 100 \times R (Ls_1 - Ls_0) / Ls_0)$
I					
II					
III					
IV					
				Total	0.00

Price Adjustment for Cement  $V_c = 0.75 \times P_c / 100 \times R (Lc_1 - Lc_0) / Lc_0$

Quarter	Value of work done quarterly( R)	Value of Pc	Value of Lc1	Value of Lc0	Amount $(V_c = 0.75 \times P_c / 100 \times R (Lc_1 - Lc_0) / Lc_0)$
I					
II					
III					
IV					
				Total	

Price Adjustment for Bitumen  $V_b = 0.75 \times P_b / 100 \times R (B_1 - B_0) / B_0$

Quarter	Value of work done quarterly( R)	Value of P <sub>b</sub>	Value of B <sub>1</sub>	Value of B <sub>0</sub>	Amount $(V_b = 0.75 \times P_b / 100 \times R (B_1 - B_0) / B_0)$
I					
II					
III					
IV					
				Total	

Price Adjustment for Petroleum  $V_f = 0.75 \times P_f / 100 \times R (F_1 - F_0) / F_0$

Quarter	Value of work done quarterly( R)	Value of P <sub>f</sub>	Value of F <sub>1</sub>	Value of F <sub>0</sub>	Amount $(V_f = 0.75 \times P_f / 100 \times R (F_1 - F_0) / F_0)$
I					
II					
III					
IV					
				Total	

Grand Total

Signature of Contractor: Sign of ACM/DCM DSC AEn Contract incharge EE & Head of IPIU

17. All the members of PMU, IPIU, IPMC and DSC should abide this circular.

  
(Dinesh Kumar)  
Project Director

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Copy to following for information and necessary action:

1. Addl. PD/ FA/ Dy.-PD (T)/ Dy. PD (Adm.)/ SE (WW)/ WS / PO (all)/ Sr. AO / All APOs / AAO/ PA to PD PMU, RUIDP, Jaipur.
2. Executive Engineer/APO's, IPIU, RUSDIP (Concerned), Alwar, Baran-Chhabra, Barmer, Bharatpur, Bundi, Chittorgarh, Churu, Dhaulpur, Jaisalmer, Jhalawar-Jhalarapatan, Karauli, Nagaur, Rajsamand, Sawai Madhopur and Sikar.
3. Team Leader IPMC, DSC-I, Bharatpur, DSC-II, Nagaur, DSC-III, Jhalawar, RUSDIP.
4. DSC-I, Alwar/ Dholpur/ Karauli/ Sawai Madhopur, DSC-II, Churu/ Jaisalmer/ Barmer/ Sikar and DSC-III, Chittorgarh/ / Rajsamand/ Bundi/ Baran, RUSDIP.
5. ACP, RUIDP, Jaipur to send by e-mail and put up the circular on the website.

  
Dy. Project Director (T)