

Copy of letter NO. Codes-M-29/92(Pt.)4793/dt.13.3.2001 from Engineer-in-Chief-Gum-Secretary to Govt. of Orissa, Works Deptt. addressed to the Chief Engineer, N.Hs, Orissa.

Sub:- Impact of the revision of minimum wages on the cost of works.

Ref:- Works Deptt. Circular letter NO.23096 ~~xxx28x10x2~~ dt. 28.10.91.

I am directed to say that in this Deptt. Circular letter NO.23096 dt.28.10.91, guidelines were issued for payment of escalation charges to the Contractors due to revision of minimum wages with effect from 1.7.90. In respect of cases outlined in para 2.0 of the said circular, i.e. where the tenders for the work were received prior to 30.6.90, but the agreements were executed on or after 1.7.90, it was stipulated that the calculation of minimum wages shall be regulated as per the provision of para 3(b) ~~ibid~~. In para 3(b) it was provided that the escalation charged towards labour shall be calculated on the agreement value of the work, provided the Contractor executed the agreement with the pre-condition that Government would compensate him for the enhanced minimum wages.

2. As the minimum wages were revised from 1.7.90 and this Deptt. circular referred to above was issued on 20.10.91, the provision of a 'pre-condition' while execution agreement as per para 3(b) was precluded during this period.

3. The Contractors Association represented before the CEs about this anomaly and based on their proposals the matter was considered in the Codes Revision Committee. Based on their recommendation Government after careful consideration have been pleased to dispense with the requirement of a 'pre-condition' under para-3(b) of the circular while executing agreement by the contractors. Accordingly, para 3(b) of the Works Deptt. Circular letter NO.23096 dt.28.10.91 i.e. substituted as follows.

"(b) In case of 'C' of para-2 the value of works actually executed by the Contractor in terms of the agreement shall reckon for assessment of escalation charges towards labour."

4. It has, however, to be ensured that the labourers have actually been paid the enhanced minimum wages by the Contractors in terms of the relevant provisions of the agreement. All other stipulation contained in the Works Deptt. Circular letter NO.23096 dt.28.10.91 and other relevant circulars in the matter shall remain unaltered.

5. Apart from the above, the following guidelines shall be followed in the matter of payment of minimum wages in pursuance of Works Deptt. circular referred to above.

In cases, where the contracts falling under para 2 A of 2 B or 2 C have been rescinded with levy of penalty, the payment of escalation to the Contractor shall be kept in abeyance till the total amount of penalty is assessed and the amount of penalty so calculated shall be the first charge on the amount of escalation.

Government of Orissa
Office of the Chief Engineer
National Highways: Bhubaneswar

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Memo NO. W.IB.MISC. 4/2000-

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12879 /DT: 27/8/2001

Copy forwarded to all Superintending Engineers/
Executive Engineers under N.Hs Organisation for information
and necessary action.

for Chief Engineer

Memo NO.

(25)
12880 /DT: 27/8/2001

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for Chief Engineer