

Government of Orissa
Works Department

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OFFICE MEMORANDUM

No. FA-IIM-33/86- 10273/W., Dated, Bhubaneswar, the 7th April, 1986

Sub: Amendment of F2 and Lump-sum Contracts.

The Governor has been pleased to make the following amendment in F2 and Lump-sum Contracts:

2. The following shall be substituted in place of existing Clause 32 of the F2 Contract and Clause 20 of the Lump-sum Contract

(a) "If during the progress of the work the price of any material incorporated in the work (not being materials supplied from the Engineer-in-Charge's store) in accordance with Clause thereof) increases or decreases as a result of increase or decrease in the Average Wholesale Price Index (all Commodities), and the Contractor thereupon necessarily and properly pays in respect of that material (incorporated in the work) such increased or decreased price, then he shall be entitled to reimbursement or liable to refund, quarterly, as the case may be such an amount, as shall be equivalent to the plus or minus difference of 75% in between the average Wholesale Price Index (all commodities) which is operative for the quarter under consideration and that operated for the quarter in which the tender was opened, as per the formula indicated below.

Formula to calculate the increase or decrease in the price of material:-

$$Vm = 0.75 \times \frac{P_m \times R}{100} \left(\frac{1-10}{10} \right)$$

Vm = increase or decrease in the cost of work during the quarter under consideration due to change in the price of material.

R = The value of work done in rupees during the quarter under consideration.

10 = The Average Wholesale Price Index (all Commodities) for the quarter in which the tender was opened as published in ...)

1 = The average wholesale price index (all Commodities) for the quarter under consideration.

Pm = Percentage of material component as per Sub-Clause of this Clause.

(b) Similarly, if during the progress of work, the wage of labour increase or decreases as a result of increase or decrease in the Average Consumer's Price Index for industrial workers (Wholesale Price), and the Contractor thereupon necessarily and properly pays in respect of labour engaged on execution of the work such increased or decreased wages, then he shall be entitled to reimbursement or liable to refund, quarterly as the case may be, such an amount as shall be equivalent to the plus or minus difference in between the average Consumer's Price Index for industrial workers (Wholesale price) which is operating for the quarter under consideration and that operated for the quarter in which the tender was opened, as per the formula indicated below.

...P/2.

Formula to calculate the increase or decrease in the cost of labour

$$VI = 0.75 \times \frac{PI \times R}{100} \times \frac{(1-10)}{10}$$

VI = Increase or decrease in the cost of work during the quarter under consideration due to change in the rates of labour.

R = The value of work done in rupees during the quarter under consideration.

10 = The average Consumer's Price Index for Industrial Workers (Wholesale Price) for the quarter in which tender was opened (as Published in)

I = The Average Consumer's Price Index for Industrial Workers (Wholesale Price) for the quarter under consideration.

PI = Percentage of labour component as per Sub-Clause of this Clause.

(e) Similarly, if during the progress of work, the price of Petrol, Oil and Lubricants (Diesel oil being the representative item for price adjustment) increases or decreases as a result of the price fixed necessarily and properly, pays such increased or decreased price towards Petrol, Oil and Lubricants used on execution of the work, then he shall be entitled to re-imbursment or liable to refund, quarterly, as the case may be, such an amount, as shall be equivalent to the plus or minus difference in between the price of P.O.L. which is operating for the quarter under consideration and that operated for the quarter to which the tender was opened as per the formula indicated below:-

Formula to calculate the increase or decrease in the price of P.O.L.

$$KI = 0.75 \times \frac{K2 \times R \times (D2-OI)}{1000 \times OI}$$

KI = Increase or decrease in the cost of work during the quarter under consideration due to changes in the price of P.O.L.

R = The value of work done in rupees during the quarter under consideration.

OI = Average Price per litre of diesel oil which was fixed by the Government of India during the quarter in which the tender was opened.

D2 = Average Price per litre of diesel oil which is fixed during the quarter under consideration.

K2 = Percentage of P.O.L. component as per Sub-Clause of this clause.

(d) The following shall be the percentage of material, labour and P.O.L. Component for reimbursement/refund on variation and (c) of this clause.

Category of works	Contractor's supply			Departmental supply of materials.
	% of material	% of labour	% of P.O.L.	
1.	2	3	4	5
<u>Irrigation works</u>				
(a) Structural works.	20%	30%	5%	45%
(b) Earth work, canal work-embankment work etc.	20%	60%	5%	15%
<u>R & B works</u>				
a) Bridge work	20%	30%	5%	45%
b) Road work	45%	40%	5%	10%
c) Building work	30%	30%	5%	35%

(* Where brick is supplied by the Department it should be 20% instead of 30%)

(c) Reimbursement/refund on variation in price of materials, labour and P.O.L as per sub-clause (a), (b) and (c) of this clause shall be applicable only in respect of contract of one year or more provided that the work has been carried out within the stipulated time or extension thereof as are not attributable to Contractor. However, where the original contractual period is less than one year but subsequently it has been validly extended and the period becomes one year or more decalation clause shall be applicable only for the balance portion of work to be executed beyond one year provided the delay is not attributable to the Contractor.

(F) The Contractor shall for the purpose of sub-clause (a), (b) and (c) of this clause keep such books of account and other documents as are necessary to show the amount of increase claimed or reduction available and shall allow inspection of the same by a duly authorised representative of Government and further shall at the request of the Engineer-in-charge furnish, verified in such manner as the Engineer-in-charge may require any document kept and such other information as the Engineer-in-charge may require.

The Contractor shall within a reasonable time of his becoming aware of any alteration in the price of such material, wages, of labour and or price of P.O.L give notice thereof the Engineer-in-charge stating that the same is given pursuant to this condition together with an information relating thereto which he may be in a position to supply.

2. The amendment shall take effect from the date of issue of this order.

3. This has been concurred in by Finance Department in their U.O.R.No. les dt. 14.11.84.

Memo No. 10274 /dt. 7.4.86

Copy forwarded to the Irrigation and Power Deptt. for information and necessary action.

S/-P. Mishra,
Financial Adviser-cum-Joint Secretary
to Government.

Government of Orissa,
Irrigation and Power Department.

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Memo No. IIT-415/86- 17755 dt. 26.4.86

Copy forwarded to the Engineer-in-Chief, Irrigation/All Chief Engineers/General Manager, Upper Indravati Project/All S.Es./All Executive Engineers for information and necessary action.

S/-P.K. Das
Financial Adviser-cum-
Joint Secretary to Govt. ✓

Office of the Engineer-in-Chief,
Irrigation, Orissa.

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