

proceeding of the meeting of the Codes Revision Committee held on 25.11.95 at 11.30 A.M. in the Office Chamber of Engineer-in-Chief-cum-Secretary to Government, Works Deptt.

Present.

1. Sri G.C. Mitra,
E.I.C.-cum-Secretary to Government,
Works Department.
2. Sri B. Patra,
Chief Engineer(Roads)
3. Sri S.N. Padhi,
Chief Engineer(Bridges).
4. Sri D.K. Nayak,
Chief Engineer(NH),
5. Sri B.C. Hota,
Chief Engineer(R.T-I).
6. Sri A.N. Raychoudhury,
Chief Architect
7. Sri B. Mahapatra,
F.A.-cum-Joint Secy. to Govt.,
Water Resources Deptt.
8. Sri C. Panda,
F.A.-cum-Joint Secy. to Govt.,
Works Department.

Item-1- Payment of escalation charges to Contractors

(1) Initiating the discussion, Secretary, Works Deptt. requested the members of the Codes Revision Committee to consider as to whether the contractors are entitled to get price escalation on labour on the basis of RBI price index or on the basis of minimum wages for the works, tenders for which were invited and finalised on or after 1.7.90. Participating in the discussion the F.A.-cum-Joint Secy., W.R. Deptt. indicated that the minimum wages of labour was suddenly enhanced from Rs. 12.83 to Rs. 25.00 with effect from 1.7.90 and estimates prepared after 1.7.90 provided for labour at the said enhanced minimum wages into account. Prior to 1.7.90 escalation was being calculated basing upon rise in the RBI

price index taking the date of receipt of the tender as the 'o' date. But as the contractors were paid at the enhanced minimum wages w.e.f. 1.7.90 which was much higher than the rise in RBI price index, the system of payment of labour escalation basing on RBI price index should resume from the date when the price index reaches the equivalent of the enhanced minimum wage of Rs. 25.00. He further indicated that presently no escalation is being paid to contractors in W.R Deptt. on the basis of RBI price index in respect of tenders invited and finalised after 1.7.90, but some contractors have moved Govt. for such payments. He urged the Members to deliberate on the issue.

The members present considered the issue and after detailed discussion they prima-facie agreed to the above suggestion. It was decided that an exercise will have to be made to find out at which stage the periodical rise in the RBI price index exceeds the equivalent of the minimum wage of Rs. 25.00. At the stage at which it will be found that the RBI price index exceeds the minimum wage of Rs. 25.00, the contractor would be entitled to get the differential amount between the RBI price index and minimum wages as on 1.7.90, as escalation on labour. After the exercise is made, for implementing this amendment in clause 32(b) of F2 contract and clause 20 of G2 contract, the Law Deptt. and F.D. are to be moved.

(ii) While granting extension of time to the Contractors "no claim certificate" is obtained from them in the prescribed form of the Department. The significance of such certificate is that the contractor surrenders his claim for "compensation

on any account". But it is seen in many cases that contractors are putting up their claims for escalation in spite of no claim certificate given by them earlier. It is to be decided if such claim of the contractors are consistent with the no claim certificate. At this point, Secy., Works Deptt. observed that compensation and escalation are not one and the same. The object of payment of compensation is to make good the loss suffered by the contractor on account of negligence, default or fraud committed by the other party and does not cover escalation. Hence "no claim certificate" will not be a bar to the claim of escalation. The members endorsed the above views of the E.I.C.-cum-Secretary.

Item-2- Extension of time.

When work is executed, as per the approved work programme, extension of time is not needed. When work is not executed as per the approved work programme and extension of time is needed, in that case revised works programme is to be drawn up and approved by the competent authority.

Item-3- Creation of a class of contractors superior to special class contractors.

(1) The question of creation of a class of contractors superior to "special class" contractors, enhancement of registration fee, initial deposit for registration, fees for renewal of registration and fixed deposit amounts as decided in the meeting held in the chamber of Hon'ble Deputy C.M. (Finance) on 2.11.95 were discussed and it was decided as follows.

(a) A class of contractors with the nomenclature "Super Class" will be formed above the "Special Class" with the following monetary limits for different class of contractors for award of