



GOVERNMENT OF ODISHA
DEPARTMENT OF WATER RESOURCES

No.IIM-06/2021 / 27014 /WR, dated. 15.10.2022

From

Smt. Manasi Dash, OFS (SAG),
FA-cum-Additional Secretary to Government.

To

The Engineer-in-Chief, Procurement,
Odisha, Bhubaneswar.

Sub: Clarification regarding Price escalation for works agreement drawn before 07.07.2012 and approval of deviation of works more than 5% to 10% from the original agreement for P1 contracts.

Ref: Your office letter no.29284 and 29283 dt.15.11.2021.

Sir,

In inviting a reference to the subject cited above, I am directed to say that the issues regarding price escalation claims for works agreement drawn before 07.07.2012 and approval of deviation of works more than 5% to 10% from the original agreement for P1 contracts as sought for in your letters under reference were taken up with the Works Department which have been clarified as follows.

Sl. No.	Clarification sought for	Views of Works Department
i	Clarification on escalation claims prior to 07.07.2012 and copy of circular in force.	<ul style="list-style-type: none">In respect of escalation claims prior to 07.07.2012, the issues may be decided taking into account the directions of Hon'ble Court, if any by the Administrative Department concerned on case-to-case basis based on prevailing circulars in force and after due diligence of the claims. The clause in the agreement executed prior to 07.07.2012 has to be verified and accordingly the claim shall be disposed of.The relevant circular in force at that point of time was Works Department circular bearing No.Codes-8/06-5608/W dated 03.04.2007. This circular was in force up to 06.07.2012.

ii	<p>Clarification on the power of C.E with respect to sanction /approval of deviation in P1 Contract, whether it is 5% or 10%. Further, the power of E.E, S.E, Addl. Chief Engineer & Administrative Department.</p>	<ul style="list-style-type: none"> • Para 3.5.5 (v) (Percentage Rate Contract) of OPWD Code, Volume-I inter-alia envisages ".....the quantity mentioned can be increased or reduced to the extent of 10% for individual items subject to a maximum of 5% over the estimated cost. If it exceeds the limit stated above, prior approval of competent authority is mandatory before making any payment....." • Para 6.3.19 of OPWD Code, Volume-I states that "deviation statement, where necessary, should be submitted to the competent authority for approval. (see para 3.2.4 below) • Para 3.2.4 (Note-II) states inter-alia "In cases where the total value of contract increases due to deviation and in consequence thereof, the amount of A/A is likely to exceed the prescribed limit of 10%, approval to the deviation statement can be accorded by the authority competent to accept the tender after the Revised A/A is obtained. • In view of the above, in case of Percentage Rate Contract, the competent authority to approve deviation up to 5% over the estimated cost shall be the "tender accepting authority". If it exceeds the limit of 5%, prior approval of competent authority is mandatory. It implies, in case the tender is accepted by the Chief Engineer, in such case, the Chief Engineer is empowered to approve deviation up to the limit of 5% of the estimated cost of the work. When it exceeds 5% of the estimated cost of the work, the competent authority will be Administrative Department concerned being the next higher authority to the Chief Engineer.
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This is for your information and necessary follow up action.

Yours faithfully,

FA-cum-Additional Secretary to Government

Memo No. 27013 WR,

Dated. 15.10.2022

Copy forwarded to all the CEs / CE & BMs / CCEs of Department of Water Resources for information and necessary action.

FA-cum-Additional Secretary to Government