

GOVERNMENT OF ANDHRA PRADESH  
FINANCE (EXP. PW) DEPARTMENT

**Memo. No.29332-A/805-A2/Exp.PW/2006-1**

**Dated: 6.11.2006**

Sub:- R&B – Adoption of Price Adjustment Clause – Meeting held in the Chambers of Prl. Secretary Finance (W&P) on 4.11.2006 – Minutes – Communicated.

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A copy of the Minutes of the meeting held in the chambers of Principal Secretary to Government Finance (Works & Projects) on 4.11.2006 on the issue of adoption of price adjustment in R&B Department is enclosed and the Director of Works Accounts is requested to act accordingly.

N. RAMESH KUMAR  
PRINCIPAL SECRETARY TO GOVERNMENT.

To

The Director of Works Accounts,  
Hyderabad

//FORWARDED BY ORDER//

SECTION OFFICER

**Endt. No. DOWA/Hyd/Sn-II/A8/R&B/2006-07/543**

**Dt:20.11.2006**

Copy to Asst. Pay & Accounts Officers/Pay & Accounts Officers for information,  
Copy to all Joint Director of Works Accounts for information.

Director of Works Accounts,  
Hyderabad.

**Endt. No. JDWA/L/ITC/U-I/2006-07/PE**

**Dt:5.12.2006**

Copy communicated to all the Pay & Accounts Officers/Asst. Pay & Accounts Officers of this organization for information and necessary action.

Joint Director of Works Accounts,  
Karimnagar.

To

All the Pay & Accounts Officers/  
Asst. Pay & Accounts Officers  
Of this organisation.

ENCLOSURES:-

MINUTES OF THE MEETING HELD ON 4.11.2006 IN THE CHAMBERS OF  
PRINCIPAL SECRETARY TO GOVT. FINANCE (WORKS & PROJECTS) ON  
PRICE ADJUSTMENT IN WORK CONTRACTS

Officers Present:

1. Sri. F. C. S. Peter, Adviser, Quality Control (R&B)
2. Sri. K. Siva Reddy, ENC (R&B), Hyderabad
3. Sri. G. V. Krishnaiah, Director of Works Accounts
4. Sri. J. G. Prasada Rao, DFC & EODS
5. Sri. A. Wilson, Asst. Financial Adviser
6. Sri. Sai Kumar, EE (R&B)

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The following issues are discussed and decisions taken.

**I. Applicability of price adjustment of works.**

The Director of Works Accounts informed that as per para 2(i) of G. O. Ms. No.73 TR&B, Dt: 24.4.2006. Price adjustment shall be applied only for works, which are completed within the Agreement period and in addition for valid extension specified in the Government order. Therefore the DOWA is of the opinion that the applicability of price adjustment will arise only on completion of the works.

The Quality Control Adviser to TR&B informed that in G. O. Ms. No. 35, TR&B, Dt: 28.2.2006 it is ordered at Para A(2) that price adjustment shall apply for the work carried out within Agreement period and shall not apply to work carried out beyond the agreed period of completion. Therefore it is clarified that price adjustment will apply for the work carried out during Agreement period as ordered in G. O. Ms. No. 35, TR&B, Dt: 28.2.2006 and for work carried out during the extended period if the EOT is granted for valid extensions which were specified in the G. O

**2. Clarification about on going works:-**

The DOWA informed that price adjustment shall be allowed for ongoing works but not for work which are already completed as on the date of issue of Government orders, but final bills pending for certain reasons. The presumption of the DOWA is confirmed and it is clarified that ongoing works mean works, which are not physically completed as on the date of G. O. The Adviser (R&B) Quality Control and ENC(R&B) informed that there are no many works which are completed and final bills pending and that these are mainly ROBs in which case price adjustment may be allowed in view of the arduous of works and sleep various in material rates in that period. The Principal Secretary wanted specific cases to be referred for necessary consideration.

**3. Whether price adjustment is to be adopted for maintenance and SR work also:-**

It was clarified that as per the Government orders in G. O. Ms. No. 73, price adjustment is to be adopted for all works.

**4. Exclusion of VAT & Seigniorage Charges for adopting price adjustment:-**

The DOWA raised a point whether for excluding VAT Seigniorage and overheads tender percentage is to be taken into account. As this is both

ways i.e. for tender premium and leneers discount. After discussions it was clarified that the actual Seigniorage, VAT & over head charges provided in the Estimate are to be deducted as done at present.

**5. Fixing of percentages for components:-**

In G. O. Ms. No.35, TR&B, Dt: 28.2.2006, it is ordered that the percentage of the components i.e. Cement, Steel and Bitman is to be worked out for each work and provided for in the bid document.

The DOWA informed that fixing of the percentages in the bid document may not be correct as the percentage may vary during the course of execution.

It is agreed to work out price adjustment by arriving at the percentage of components based on the actual quantities executed.

7. The above clarification will be followed from 04.11.2006.

N. RAMESH KUMAR  
PRINCIPAL SECRETARY TO GOVERNMENT.