



# CENTRAL PUBLIC WORKS DEPARTMENT

## OFFICE MEMORANDUM

No.DGW/CON/237 A

ISSUED BY AUTHORITY OF DIRECTOR GENERAL OF WORKS

NIRMAN BHAWAN, NEW DELHI

DATED: 31.12.2008

**Subject: Amendment of Clause 10C, 10CA and 10CC of General Conditions of Contracts 2008.**

The modifications done vide O.M No DGW/CON/237 dt.14.10.2008 to clause 10C, 10CA & 10CC are hereby withdrawn with immediate effect. The remodified provisions of these clauses shall be as under which shall be applicable only in respect of the new contracts and shall not be applicable to contracts already drawn or where tenders have already been received and not finalized.

<b>Existing provision</b>	<b>Modified provision</b>
Page 26 of GCC 2008/O.M. No. CON/236 dt. 31.7.08	Page 26 of GCC 2008
<b>Clause 10C</b> – Payment on account of increase in prices/wages due to statutory order (s)	<b>Clause 10C</b> – Payment on account of increase in prices/wages due to statutory order (s)
If after submission of the tender, the price of any material incorporated in the works (not being a material supplied from the Engineer-in-Charge's stores in accordance with Clause 10 thereof) and/or wages of labour increases as a direct result of the coming into force of any fresh law, or statutory rule or order (but not due to any changes in sales tax/VAT) <b>and such increase in the price and/or wages prevailing at the time of the last stipulated date for receipt of the tenders including extensions if any</b>	If after submission of the tender, the price of any material incorporated in the works <b>(excluding the materials covered under Clause 10CA and</b> not being a material supplied from the Engineer-in-Charge's stores in accordance with Clause 10 thereof) and/or wages of labour increases as a direct result of the coming into force of any fresh law, or statutory rule or order (but not due to any changes in sales tax/VAT) <b>beyond the prices/wages prevailing at the time of the last stipulated date of receipt of tenders including extensions, if any, for the</b>

**for the work, and the contractor thereupon necessarily and properly pays in respect of that material (incorporated in the works) such increased price and/or in respect of labour engaged on the execution of the work such increased wages, then the amount of the contract shall accordingly be varied and provided further that any such increase shall not be payable if such increase has become operative after the stipulated date of completion of the work in question.**

If after submission of the tender, the price of any material incorporated in the works (not being a material supplied from the Engineer-in-Charge's stores in accordance with Clause 10 thereof) and/or wages of labour is decreased as a direct result of the coming into force of any fresh law or statutory rules or order (but not due to any changes in sales tax/VAT) **and such decrease in the prices and/or wages prevailing at the time of receipt of the tender for the work.**

Government shall in respect of materials incorporated in the works (not being material supplied from the Engineer-in-Charge's stores in accordance with Clause 10 hereof) and/or labour engaged on the execution of the work after the date of coming into force of such law statutory rule or order be entitled to deduct from the dues of the contractor, such amount as shall be equivalent to the difference between the prices of the materials and/or wages as prevailed at the time of

**work during contract period including the justified period extended under the provisions of clause 5 of the contract without any action under clause 2, then the amount of the contract shall accordingly be varied and provided further that any such increase shall be limited to the price/wages prevailing at the time of stipulated date of completion or as prevailing for the period under consideration, whichever is less.**

If after submission of the tender, the price of any material incorporated in the works **(excluding the materials covered under Clause 10CA and** not being a material supplied from the Engineer-in-Charge's stores in accordance with Clause 10 thereof) and/or wages of labour **as prevailing at the time of last stipulated date of receipt of tender including extensions, if any,** is decreased as a direct result of the coming into force of any fresh law or statutory rules or order (but not due to any changes in sales tax/VAT) , Government shall in respect of materials incorporated in the works **(excluding the materials covered under Clause 10CA and** not being material supplied from the Engineer-in-Charge's stores in accordance with Clause 10 hereof) and/or labour engaged on the execution of the work after the date of coming into force of such law statutory rule or order be entitled to deduct from the dues of the contractor, such amount as shall be equivalent to the difference between the prices of the materials and/or

the last stipulated date for receipt of tenders including extensions if any for the work and the prices of materials and/or wages of labour on the coming into force of such law, statutory rule or order.

**The contractor shall, for the purpose of this condition, keep such books of account and other documents as are necessary to show the amount of any increase claimed or reduction available and shall allow inspection of the same by a duly authorized representative of the Government and further shall, at the request of the Engineer-in-Charge may require any documents so 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 any such materials and/or wages of labour, give notice thereof to the Engineer-in-Charge stating that the same is given pursuant to this condition together with all information relating thereto which he may be in position to supply.

For this purpose, the labour component of the work executed during **any period** shall be the percentage as specified in Schedule F, of the value of work done during that period.

wages as prevailed at the time of the last stipulated date for receipt of tenders including extensions if any for the work and the prices of materials and/or wages of labour on the coming into force of such law, statutory rule or order. **This will be applicable for the contract period including the justified period extended under the provisions of clause 5 of the contract without any action under clause 2**

**Engineer-in-Charge may call books of account and other relevant documents from the contractor to satisfy himself about reasonability of increase in prices of materials and wages.**

The contractor shall, within a reasonable time of his becoming aware of any alteration in the price of any such materials and/or wages of labour, give notice thereof to the Engineer-in-Charge stating that the same is given pursuant to this condition together with all information relating thereto which he may be in position to supply.

For this purpose, the labour component of the work executed during **period under consideration** shall be the percentage as specified in Schedule F, of the value of work done during that period **and the increase/decrease in labour shall be considered on the minimum daily**

	wages in rupees of any unskilled adult male mazdoor, fixed under any law, statutory rule or order.
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<p><b>Page 26 of GCC 2008</b>  <b>Clause 10 CA</b>  <b>Payment due to variation in prices of materials after receipt of tender</b>  If after submission of the tender, the price of materials specified in Schedule F increases/decreases beyond the price(s) prevailing at the time of the last stipulated date for receipt of tenders (including extensions, if any) for the work, then the amount of the contract shall accordingly be varied and provided further that any such variations shall be effected for stipulated period of contract including the justified period extended under the provisions of Clause 5 of the contract without any action under Clause 2.</p> <p>However for work done/during the justified period extended as above, it will be limited to indices prevailing at the time of stipulated date of completion or as prevailing for the period under consideration, whichever is less.</p> <p>The increase/decrease in prices shall be determined by the All India Wholesale Price Indices of materials as published by Economic Advisor to Government of India, Ministry of Commerce and Industry and base price for materials as issued</p>	<p><b>Page 26 of GCC 2008</b>  <b>Clause 10 CA</b>  <b>Payment due to variation in prices of materials after receipt of tender</b>  If after submission of the tender, the price of materials specified in Schedule F increases/decreases beyond the price(s) prevailing at the time of the last stipulated date for receipt of tenders (including extensions, if any) for the work, then the amount of the contract shall accordingly be varied and provided further that any such variations shall be effected for stipulated period of contract including the justified period extended under the provisions of Clause 5 of the contract without any action under Clause 2.</p> <p>However for work done during the justified period extended as above, it will be limited to indices prevailing at the time of stipulated date of completion or as prevailing for the period under consideration, whichever is less.</p> <p>The increase/decrease in prices <b>of cement, steel reinforcement and structural steel shall be determined by the Price indices issued by the Director General (Works), CPWD. For other items</b></p>
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under the authority of Director General (Works), CPWD as valid on the last stipulated date of receipt of tender, including extension if any and for the period under consideration. In case, price index of particular material is not issued by Ministry of Commerce and Industry, then the price index of nearest similar material as indicated in Schedule 'F' shall be followed.

The amount of the contract shall accordingly be varied for all such materials and will be worked out as per the formula given below for individual material:-

$$V = P \times Q \times \frac{CI - C_{lo}}{C_{lo}}$$

Where,

V = Variation in material cost i.e. increase or decrease in the amount in rupees to be paid or recovered.

P = Base Price of material as issued

**provided in the Schedule 'F', this shall be determined by the All India Wholesale Price Indices of materials as published by Economic Advisor to Government of India, Ministry of Commerce and Industry and base price for cement, steel reinforcement and structural steel as issued under the authority of Director General (Works) CPWD applicable for Delhi including Noida, Gurgaon, Faridabad & Ghaziabad and for other places as issued under the authority of Zonal Chief Engineer, CPWD and base price of other materials issued by concerned Zonal Chief Engineer as indicated in Schedule 'F' as valid on the last stipulated date of receipt of tender, including extension if any and for the period under consideration. In case, price index of a particular material is not issued by Ministry of Commerce and Industry, then the price index of nearest similar material as indicated in Schedule 'F' shall be followed.**

The amount of the contract shall accordingly be varied for all such materials and will be worked out as per the formula given below for individual material:-

$$V = P \times Q \times \frac{CI - C_{lo}}{C_{lo}}$$

where,

V = Variation in material cost i.e. increase or decrease in the amount in rupees to be paid or recovered.

P = Base Price of material as issued

<p>under authority of DG(W) CPWD valid at the time of the last stipulated date of receipt of tender including extensions, if any,</p> <p>Q = Quantity of material <b>used</b> in the works since previous bill.</p> <p>Clo = All India Wholesale Price Index for the material as published by the Economic Advisor to Government of India, Ministry of Industry and Commerce as valid on the last stipulated date of receipt of tenders including extensions, if any.</p> <p>CI = All India Wholesale Price Index for the material for period under consideration as published by Economic Advisor to Government of India, Ministry of Industry and Commerce</p> <p>(In respect of the justified period extended under the provisions of clause 5</p>	<p>under the authority of DG(W),CPWD <b>or concerned Zonal Chief Engineer as indicated in Schedule 'F'</b> valid at the time of the last stipulated date of receipt of tender including extensions, if any,</p> <p>Q = Quantity of material <b>brought at site for bonafide use</b> in the works since previous bill.</p> <p>Clo = <b>Price index for cement, steel reinforcement bars and structural steel as issued by the DG(W), CPWD as valid on the last stipulated date of receipt of tenders including extensions, if any. For other items, if any, provided in Schedule 'F'</b>, All India Wholesale Price Index for the material as published by the Economic Advisor to Government of India, Ministry of Industry and Commerce as valid on the last stipulated date of receipt of tenders including extensions, if any.</p> <p>CI = <b>Price index for cement, steel reinforcement bars and structural steel as issued under the authority of DG(W), CPWD for period under consideration. For other items, if any, provided in Schedule 'F'</b>, All India Wholesale Price Index for the material for period under consideration as published by Economic Advisor to Government of India, Ministry of Industry and Commerce.</p> <p><b>Note -</b></p> <p>(i) In respect of the justified period extended under the provisions</p>
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<p>of the contract without any action under clause 2, the index prevailing at the time of stipulated date of completion or the prevailing index of the period under consideration, whichever is less, shall be considered).</p> <p>Provided always that provisions of the preceding Clause 10C shall not be applicable in respect of Materials covered in this Clause.</p>	<p>of clause 5 of the contract without any action under clause 2, the index prevailing at the time of stipulated date of completion or the prevailing index of the period under consideration, whichever is less, shall be considered.</p> <p>Provided always that provisions of the preceding Clause 10C shall not be applicable in respect of Materials covered in this Clause.</p> <p><b>(ii) If during progress of work or at the time of completion of work, it is noticed that any material brought at site is in excess of requirement, then amount of escalation if paid earlier on such excess quantity of material shall be recovered on the basis of cost indices as applied at the time of payment of escalation or as prevailing at the time of effecting recovery, whichever is higher.</b></p>
<p><b>Page 27 of GCC 2008</b>  <b>Clause 10 CC</b>  <b>Payment due to increase/decrease in Prices/Wages after Receipt of Tender for Works</b></p> <p>If the prices of materials (not being materials supplied or services rendered at fixed prices by the department in accordance with clause 10 &amp; 34 thereof) and/or wages of labour required for execution of the work increase, the contractor shall be compensated for such</p>	<p><b>Page 27 of GCC 2008</b>  <b>Clause 10 CC</b>  <b>Payment due to increase/decrease in Prices/Wages (Excluding materials covered under clause 10 CA) after Receipt of Tender for Works</b></p> <p>If the prices of materials (not being materials supplied or services rendered at fixed prices by the department in accordance with clause 10 &amp; 34 thereof) and/or</p>

<p>increase as per provisions detailed below and the amount of the contract shall accordingly be varied, subject to the condition that such compensation for escalation in prices and wages shall be available only for the work done during the stipulated period of the contract including the justified period extended under the provisions of clause 5 of the contract without any action under clause 2. However, for the work done during the justified period extended as above, the compensation as detailed below will be limited to prices/wages prevailing at the time of stipulated date of completion or as prevailing for the period under consideration, whichever is less. No such compensation shall be payable for a work for which the stipulated period of completion is equal to or less than the time as specified in Schedule F. Such compensation for escalation in the prices of materials and labour, when due, shall be worked out based on the following provisions:-</p>	<p>wages of labour required for execution of the work increase, the contractor shall be compensated for such increase as per provisions detailed below and the amount of the contract shall accordingly be varied, subject to the condition that such compensation for escalation in prices and wages shall be available only for the work done during the stipulated period of the contract including the justified period extended under the provisions of clause 5 of the contract without any action under clause 2. However, for the work done during the justified period extended as above, the compensation as detailed below will be limited to prices/wages prevailing at the time of stipulated date of completion or as prevailing for the period under consideration, whichever is less. No such compensation shall be payable for a work for which the stipulated period of completion is equal to or less than the time as specified in Schedule F. Such compensation for escalation in the prices of materials and labour, when due, shall be worked out based on the following provisions:-</p>
<p>i) The base date for working out such escalation shall be the last stipulated date of receipt of tenders including extension, if any</p>	<p>i) The base date for working out such escalation shall be the last stipulated date of receipt of tenders including extension, if any</p>
<p>ii) The cost of work on which escalation will be payable shall be reckoned as below :-</p>	<p>ii) The cost of work on which escalation will be payable shall be reckoned as below :-</p>
<p>a) Gross value of work done up to this</p>	<p>a) Gross value of work done up to</p>



<p>quarter : (A)</p> <p>b) Gross value of work done up to the last quarter : (B)</p> <p>c) Gross value of work done since previous quarter(A-B) : (C)</p> <p>d) Full assessed value of Secured Advance fresh paid in this quarter : (D)</p> <p>e) Full assessed value of Secured Advance recovered in this quarter: (E)</p> <p>f) Full assessed value of Secured Advance for which escalation is payable in this quarter (D-E) : (F)</p> <p>g) Advance payment made during this quarter : (G)</p> <p>h) Advance payment recovered during this quarter : (H)</p> <p>i) Advance payment for which escalation is payable in this quarter (G-H) : (I)</p> <p>j) Extra items paid as per Clause 12 based on prevailing market rates during this quarter : (J) Then , <math>M = C + F + I - J</math> <math>N = 0.85 M</math></p> <p>k) Less cost of material supplied by the department as per Clause 10 and recovered during the quarter : (K)</p> <p>l) Less cost of service rendered at fixed charges as per Clause 34 and recovered during the quarter : (L)</p> <p>Cost of work for which escalation is applicable :</p>	<p>this quarter : (A)</p> <p>b) Gross value of work done up to the last quarter : (B)</p> <p>c) Gross value of work done since previous quarter(A-B) : (C)</p> <p>d) Full assessed value of Secured Advance<b>(excluding materials covered under clause 10 CA)</b> fresh paid in this quarter : (D)</p> <p>e) Full assessed value of Secured Advance<b>(excluding materials covered under clause 10 CA)</b> recovered in this quarter: (E)</p> <p>f) Full assessed value of Secured Advance for which escalation is payable in this quarter (D-E): (F)</p> <p>g) Advance payment made during this quarter : (G)</p> <p>h) Advance payment recovered during this quarter : (H)</p> <p>i) Advance payment for which escalation is payable in this quarter (G-H) : (I)</p> <p>j) Extra items paid as per Clause 12 based on prevailing market rates during this quarter : (J) Then , <math>M = C + F + I - J</math> <math>N = 0.85 M</math></p> <p>k) Less cost of material supplied by the department as per Clause 10 and recovered during the quarter : (K)</p> <p>l) Less cost of service rendered at fixed charges as per Clause 34 and recovered during the quarter: (L)</p> <p>Cost of work for which escalation is applicable :</p>
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<p>W = N-(K+L)</p> <p>iii) Components for <b>cement, steel</b> materials, Labour, P.O.L. etc.. shall be pre-determined for every work and incorporated in the conditions of contract attached to the tender papers included in Schedule 'E'. The decision of the Engineer- in-Charge in working out such percentage shall be binding on the contractors</p> <p>iv) The compensation for escalation for <b>cement, steel</b> and P.O.L. shall be worked as per the formula given below</p> <p>a) Adjustment for component of 'cement'</p> $V_c = W \times \frac{X_c}{100} \times \frac{C_i - C_o}{C_o}$ <p>.....</p> <p>b) Adjustment for component of 'steel'</p> $V_s = W \times \frac{X_s}{100} \times \frac{S_i - S_o}{S_o}$ <p>.....</p> <p>c) Adjustment for civil component (except cement and steel)/ electrical</p>	<p>W = N-(K+L)</p> <p>iii) Components for materials <b>(except cement, reinforcement bars, structural steel or others materials covered under Clause 10 CA)</b> , Labour, P.O.L. etc.. shall be pre-determined for every work and incorporated in the conditions of contract attached to the tender papers included in Schedule 'E'. The decision of the Engineer-in-Charge in working out such percentage shall be binding on the contractors.</p> <p>iv) The compensation for escalation for <b>other materials (excluding cement, reinforcement bars , structural steel or other materials covered under clause 10 CA)</b> and P.O.L. shall be worked as per the formula given below:-</p> <p>(a) DELETED</p> <p>(b) DELETED</p> <p>c) Adjustment for civil component <b>(except cement, Structural</b></p>
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<p>component of construction 'Materials'</p> $V_m = W \times \frac{X_m}{100} \times \frac{MI - M_{lo}}{M_{lo}}$ <p><math>V_m</math> = Variation in material cost i.e. increase or decrease in the amount in rupees to be paid or recovered.</p> <p><math>W</math> = Cost of work done worked out as indicated in sub –para (ii) of Clause 10CC.</p> <p><math>X_m</math> = Component of 'materials' expressed as percent of the total value of work.</p> <p><math>MI</math> = All India Wholesale Price Index for civil component/electrical component* of construction material as worked out on the basis of All India Wholesale Price Index for individual Commodities/Group items for the period under consideration as published by Economic Advisor to Govt. of India, Ministry of Industry &amp; Commerce and applying weightages to the individual Commodities/ Group Items. ( In respect of the justified period extended under the provisions of clause 5 of the contract without any action under clause 2, the index prevailing at the time of stipulated date of completion or the prevailing index of the period under consideration, which ever is less shall be considered).</p>	<p><b>steel, reinforcement bars and other materials covered under clause 10CA) /</b> electrical component of construction 'Materials'</p> $V_m = W \times \frac{X_m}{100} \times \frac{MI - M_{lo}}{M_{lo}}$ <p><math>V_m</math> = Variation in material cost i.e. increase or decrease in the amount in rupees to be paid or recovered.</p> <p><math>W</math> = Cost of work done worked out as indicated in sub–para (ii) of Clause 10CC.</p> <p><math>X_m</math> = Component of 'materials' <b>(except cement, Structural steel, reinforcement bars and other materials covered under clause 10CA)</b> expressed as percent of the total value of work.</p> <p><math>MI</math> = All India Wholesale Price Index for civil component/electrical component* of construction material as worked out on the basis of All India Wholesale Price Index for individual Commodities/Group items for the period under consideration as published by Economic Advisor to Govt. of India, Ministry of Industry &amp; Commerce and applying weightages to the individual Commodities/ Group Items. ( In respect of the justified period extended under the provisions of clause 5 of the contract without any action under clause 2, the index prevailing at the time of stipulated date of completion or the prevailing index of the period under consideration, which ever is less</p>
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<p>Mlo = All India Wholesale Price Index for civil component/electrical component * of construction material as worked out on the basis of All India Wholesale Price Index for individual Commodities/Group items valid on the last stipulated date of receipt of tender, including extension, if any, as published by the Economic Advisor to Govt. of India, Ministry of Industry &amp; Commerce and applying weightages to the individual Commodities/Group items.</p> <p>*Note : relevant component only will be applicable.</p> <p>(d) Adjustment for component of 'POL'.....tender including extension, if any.</p> <p>(v) The following principles..... falling within that period.</p> <p>(vi) The component for escalation .....receipt of tender including extension, if any.</p> <p>(vii) The following principles..... on the labour component.</p> <p>(viii) In the event of the price.....binding on the contractor.</p> <p>ix) <b>Provided always that the provision of the preceding clause 10C and 10CA shall not be applicable for contracts where provisions of this clause are applicable but in cases where provisions of this clause are</b></p>	<p>shall be considered).</p> <p>Mlo = All India Wholesale Price Index for civil component/electrical component * of construction material as worked out on the basis of All India Wholesale Price Index for individual Commodities/Group items valid on the last stipulated date of receipt of tender, including extension, if any, as published by the Economic Advisor to Govt. of India, Ministry of Industry &amp; Commerce and applying weightages to the individual Commodities/Group items.</p> <p>*Note : relevant component only will be applicable.</p> <p>(d) Adjustment for component of 'POL'.....tender including extension, if any.</p> <p>(v) The following principles..... falling within that period.</p> <p>(vi) The component for escalation .....receipt of tender including extension, if any.</p> <p>(vii) The following principles.....on the labour component.</p> <p>(viii) In the event of the price.....binding on the contractor.</p> <p>ix) Provided always that:-  <b>(a) Where provisions of clause 10CC are applicable, provisions of clause 10C will not be applicable but provisions of clause 10CA</b></p>
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<p>not applicable, the provisions of Clause 10 C and 10 CA will become applicable.</p> <p>Page 92 of Proforma of Schedules (Schedule A to F)  <b>Schedule ‘E’</b>  Schedule of component of <b>Cement, Steel</b>, other materials, Labour etc., for price escalation</p> <p><b>Clause 10 CC</b>  Component of cement – Xc  expressed as percent of  total value of work .....%</p> <p>Component of Steel – Xs  expressed as percent of  total value of work .....%</p> <p>Component of civil - Xm  <b>(Except cement &amp; steel)</b>  / Electrical construction  materials expressed as  percent of total value  of work .....%</p> <p>Component of Labour  expressed as percent of  total value of work Y.....%</p> <p>Component of POL</p>	<p>will be applicable.  <b>(b) Where provisions of clause 10CC are not applicable, provisions of clause 10C and 10CA will become applicable.</b></p> <p>Page 92 of Proforma of Schedules (Schedule A to F)  <b>Schedule ‘E’</b>  Schedule of component of other materials, Labour, <b>POL</b> etc., for price escalation</p> <p>DELETED</p> <p>DELETED</p> <p>Component of civil - Xm  <b>(Except materials covered under clause 10CA) /</b>  Electrical construction  materials expressed  as percent of total  value of work .....%</p> <p>Component of Labour  expressed as percent of  total value of work Y.....%</p> <p>Component of POL</p>
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expressed as percent of total value of work                      Z.....%	expressed as percent of total value of work                      Z.....%
<b>Existing Provision</b>	
Page 94 of GCC 2008 Schedule 'F' Clause 10CA Materials Covered under this clause                      Nearest Materials for which All India Wholesale Price Index is to be followed. 1 ..... 2 ..... 3 .....	
<b>Modified Provision</b>	
Clause 10CA Materials Covered under this clause :  1 ..... 2 ..... 3 ..... 4 .....	Nearest Materials <b>(other than  cement, reinforcement bars  and structural steel)</b> for which All India Wholesale Price Index to be followed:  1 ..... 2 ..... 3 .....
<b>Base Price of all  the materials  covered under  clause 10 CA *</b>  1 ..... 2 ..... 3 ..... 4 .....	

\* **Base price of all the materials covered under clause 10 CA is to be mentioned at the time of approval of NIT.**



Superintending Engineer (C&M)

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