Government of India(Bharat Sarkar)
Ministry of Railways(Rail Mantralaya)
(Railway Board)
.....

No.85/W1/CT/7-Vol.I

New Delhi, the 9 -4-96.

The General Managers,
All Indian Railways including
CLW, DLW, ICF and
MTP/Railways, Calcutta.

The Chief Admn.Officers,
MTP Railways at Bombay
and Madras.

The Chief Project Officer,
MTP Railways, Delhi.

The GM(Construction),
Southern Railway,
Bangalore.

The General Manager,
W&AP/Bangalore.

The DG/RDSO,
Lucknow.

The GM(Construction),
N.F. Railway,
Maligaon, Guwahati.

The Officer on Special Duty,
R.C.F., Kapurthala.

The Chief Admn. Officers,
DCW/Patiala and
COFMOW/New Delhi.

The Principal,
R.S.C./Vadodara.

The Director,
Indian Railways Institute
of Civil Engineering(IRICEN),
Pune.

Sub: General Conditions of Contract - Price Variation Clause - Amendment thereto.

Ref: Railway Board's letters No.80/W1/CT/10 dt. 25-4-80 and No.85/W1/CT/7 dt. 20-1-87.

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Instructions regarding inclusion of Price Variation Clause in the contract were issued vide Railway Board's letter No.80/W1/CT/10 dated 25-4-80. According to this, the maximum value of Price Variation payable was fixed at 15% (i.e. 20% - 5% floor price). As a result of the deliberations of the Committee in 1987, the 15% ceiling was removed as per Railway Board's letter No.85/W1/CT/7 dated 20-1-87 though Price Variation Clause would not apply for the first 5%.

The question of provision of a ceiling has been re-examined by the Board and it has been decided to introduce a ceiling on the Price Variation Clause as follows:-

I. Price Variation Clause will not apply if the price variation is upto 5%. Reimbursement/recovery due to variation in prices will continue to be made only for the amount in excess of 5% of the amount payable to the contractor.

Contd....2/-

(a) Contracts upto one Year:

No Price Variation Clause should be provided as it is presumed that the contractor will take care of the Price Variation while quoting his rates.

(b) Contracts between 1 to 2 years' duration:

The total amount of reimbursement/recovery due to variation in prices of the several components shall be limited to 10% (i.e. 15% - 5% floor price) of the amount finally payable to the contractor subject to Note below.

(c) Contracts of more than 2 years' duration:

The total amount of reimbursement/recovery due to variation in prices of the several components shall be limited to 20% (25% - 5% floor price) of the amount finally payable to the contractor subject to Note below.

NOTE.- (1) Material supplied free by Railway to the contractor will fall outside the purview of Price Variation Clause.

(2) Duration of the contract shall be prescribed in the tender documents at the time of inviting tenders and will not include the extended period due to extension if any given. Period of completion of works provided should be reasonable and approval at SAG level should invariably be taken.

II. The Board desire that the above provisions should be made applicable to all tenders invited on or after 1-5-1996. Only relevant provision of Price Variation Clause as amended now should be incorporated into the tender/contract documents.

III. Other provisions as contained in Board's letter No.80/W1/CT/10 dated 25-4-80 and No.85/W1/CT/7 dated 20-1-87 will remain enforceable.

This issues with the concurrence of the Finance Directorate of the Ministry of Railways.

(Ved Prakash) 2/4/96
Executive Director Civil Engg.(G)
Railway Board.

Contd.....3/-

No.85/W1/CT/7 New Delhi, the 6-4-96.

Copy forwarded for information to:-

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(3) The Directors of Audit, All Indian Railways.

Sd/
(Ved Prakash)
Executive Director Civil Engg.(G)
Railway Board.

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