

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

PR&RD DEPT – Issues of Builders Association of India (AP Center) related to civil works in PR Department – Certain Guidelines - Orders – Issued.

PANCHAYAT RAJ & RURAL DEVELOPMENT (PROGS.II) DEPARTMENT

G.O.Ms.No.23

Dated.11.02.2014

Read the following

1. G.O.Ms.No.1, Finance Dept (W&P), dt.25.2.2012
2. G.O.Ms.No.94, I&CAD (PW-COD) Dept, dt.1.7.2003
3. G.O.Ms.No.57 PR&RD (progs.II) Dept, dt.19.2.2008
4. Representation of Builders Association of India (AP Centre), dt.13.9.2012
5. Memo No.16274/Progs.II(1)/2013, dt.26.6.2013
6. From the ENC, PR Lr.No.T2/DEE-5/Builder's Association/2013, dt.21.10.2013

ORDER:

In the ref 4th read above, Builders Association of India has submitted certain issues requesting to the Government to consider the same and issue suitable orders.

1. Price Escalation
2. Seignorage Charge
3. Tender Premium
4. VAT 5%
5. Labour Cess
6. Completion report
7. Over Head Charges
8. EOAT
9. Price Escalation Provisions
10. Tender Participation
11. Income Tax
12. Sand
13. Payment of Bills

2. In the ref 5th read above, Government has requested the Engineer-in-Chief, PR to examine and to furnish a detailed report on the representation of Builders Association of India. The ENC, PR has submitted a detailed report along with the minutes of Board of Chief Engineers held on 19.6.2013 and requested to take necessary action in the matter.

3. Government have convened a meeting on 17.10.2013 with the Engineer-in-Chief, PR/ Chief Engineers of PR Dept/ representative of Finance Dept/ Members of the Builders Association of Inida in the chambers of Hon'ble M(PR&RWS), the issues have been discussed as put-forth by the BAI in detail.

4. Government after careful consideration of the issues of the Builders Association and hereby clarified on the following:-

i. Price Adjustment:-

Price Adjustment whether it is increase or decrease in the costs after deducting the basic 5%.

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As per G.O.Ms.No.1, Finance (Works&Projects-F-7) dept, dt.25.02.2012. Wherein Para-9 of the said G.O. is as follows:

“ Treatment of Price adjustment: It is observed that Departments are adopting diverse interpretations of the existing G.Os relating to treatment of price adjustment from 0 to 5%. After careful consideration, it has been decided that hence forth all the Departments should operate variation in rates only to the extent where it is above 5% over the estimated rates.

In context of the above, the price variation clause over and above 5% should be applied on either side (increase or decrease) and hence whenever there is decrease in price, recovery should be made from the contractor beyond 5% only similar to when there is increase in price

ii. Seignorage Charges:

The Executive-Engineer should ensure that the seignorage charges are deducted only once, and there should not be any double recovery towards seignorage charges while making payment to the contractor.

While scrutiny of bills before submission to PAO concerned, the EE should add the seignorage charges for arriving the value of the work done and propose for deduction the same for arriving the net amount payable to the contractor, and for adjusting the seignorage charges recovered thereby to the appropriate head by the PAO.

Provision towards Seignorage charges may be allowed in the estimates under Part-B

iii. VAT:- As per U.O. Note. No. 2447, dt.17.08.12, Finance Department has informed to adopt VAT at 5% in place of 4% w.e.f 14.09.2011 for all on-going and future works.

Government decided to allow provision towards VAT charges at 5% in the estimates under Part-B.

iv. Completion Report:- Decided that the final payments to the contractors should be made as per approved work done estimate by the competent authority including part-B provisions, based on M. Book measurements after proper check of quantity and quality within a reasonable time limit. The final payment of the contractor should not be delayed for want of certificate from the quality control staff as already instructed in G.O.Ms.No.94, dt.1.7.2003 of I&CAD Dept. This is essential to discourage wanton delays, red tape and consequential ill practices in the department.

v. Over Head Charges:- Government have decided to allow that the over head charges @ 14% and VAT @ 5% is being adopted as recommended in the AP Standard data for all the works in PR Dept except PMGSY works. For PMGSY works 12.5% over head charges and VAT 5% is being allowed as per MORD Specification.

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vi. Extension of Agreement Time:- Decided to delegate the powers to the Engineer-in-Chief, Panchayat Raj for grant of EOAT without penalty up to 3 months in case where there are valid reasons such as Land Acquisition problems, delay in approval of designs, Court cases, obstruction of power lines and major natural calamities.

vii. Income Tax:- As per the latest guidelines of the Income Tax Department, TDS rates and returns for the Assessment Year 2014-15(Financial Year 2013-14) where-in as per section 194 c (1) payment to Contractors on payment exceeding Rs.30,000/- for single payment is 1% to the individual and 2% for others.

5. The Engineer-in-Chief, Panchayat Raj /Chief Engineer, Panchayat Raj/Chief Engineer, Panchayat Raj NABARD/Chief Engineer Panchayat Raj, MGNREGS Hyderabad are requested to follow the above instructions with immediate effect.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**V.NAGI REDDY
PRINCIPAL SECRETARY TO GOVERNMENT**

To
The Engineer in Chief, Panchayat Raj, Hyderabad
The Chief Engineer, Panchayat Raj, Hyderabad
The Chief Engineer, Panchayat Raj, NABARD, Hyderabad
The Chief Engineer, Panchayat Raj, MGNREGS, Hyderabad
All the Superintending Engineers (PR) in the State
Copy to
The Fin(Expr. PR&RD) Dept
The PS to M(PR&RWS)
The PS to Prl. Secretary to Govt.
Sf/Sc

//FORWARDED:: BY ORDER//

SECTION OFFICER