

**AIRPORTS AUTHORITY OF INDIA**  
**O/o Member (Planning)**

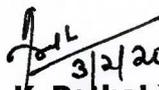
Ref No. AAI/Member (Plg.)/Tech-Inst.2020/P-155/32

Date: 03 Feb., 2020

**Technical Instruction No. 36**

**Sub: Exclude consultancy part from the scope of Escalation in tender document.**

1. In one of the CTE Type Inspection of the work, it is observed that consultancy charges were made applicable for payment of escalation as per contract Agreement under Clause-10 CC.
2. Since, Consultancy charges are in lieu of services rendered at a fixed rate by the Consultant and it is not a work where labour & material included, it should not be included while determining the escalation payable as per contract agreement Clause-10 CC.
3. In view of above it is clarified that the consultancy charges shall be excluded from the scope of escalation as per Clause-10 CC of GCC in forthcoming tenders. Accordingly, a suitable modification to be made in Clause-10 CC. Modified Clause-10 CC is enclosed.
4. The above procedure may be brought to the notice of all the concerned for strict compliance.
5. All technical Instruction issued are available at AAI website under following path:  
[www.aai.aero/en](http://www.aai.aero/en) => [Emp Login](#) => [Circulars & Orders \(Double click\)](#) => [Check Circulars only](#) => [Department type \(Engg.\)](#) → check all 3 options => [Circular Type \(Technical\)](#) → check all 3 options => [Search](#)

  
3/2/20  
**(A. K. Pathak)**  
**Member (Planning)**

Distribution: As per standard list

Existing Provision	Modified Provision
<p><b>Clause No. 10 CC</b>  <b>Payment due to Increase/ Decrease in Prices / Wages (excluding material covered under clause 10CA) 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 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.</p> <p>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> <ul style="list-style-type: none"> <li>i. The base date for working out such escalation shall be the last stipulated date of the receipt of tenders including extension, if any.</li> <li>ii. The cost of work on which escalation will be payable shall be reckoned as below:</li> </ul>	<p><b>Clause No. 10 CC</b>  <b>Payment due to Increase/ Decrease in Prices / Wages (excluding material covered under clause 10CA) 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 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.</p> <p>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> <ul style="list-style-type: none"> <li>i. The base date for working out such escalation shall be the last stipulated date of the receipt of tenders including extension, if any.</li> <li>ii. The cost of work on which escalation will be payable shall be reckoned as below: <ul style="list-style-type: none"> <li>a. Gross value of work done upto this quarter (A)</li> </ul> </li> </ul>

- a. Gross value of work done upto this quarter (A)
- b. Gross value of work done upto the last quarter (B)
- c. Gross value of work done since previous quarter (A-B) (C)
- d. Full assessed value of secured advance (excluding material covered under clause 10CA) fresh paid in this quarter (D)
- e. Full assessed value of secured advance (excluding material covered under clause 10CA) recovered in this quarter (E)
- f. Full assessed value of secured advance for which escalation is payable In this quarter (D-E) (F)
- g. Advance payment made during this quarter (G)
- h. Advance payment recovered during this quarter (H)
- i. Advance payment for which escalation is payable in this quarter (G-H) (I)
- j. Extra items/ deviated quantities of items paid as per clause 12 based (J) on prevailing market rates during this quarter: Then,  $M=(C+F+I-J)$   
 $N= 0.85 M$
- k. Less cost of material supplied by the department as per clause 10 and recovered during the quarter (K)
- l. Less cost of services rendered at fixed charges as per Clause 34 and recovered during the quarter (L)

**Cost of work for which escalation is applicable  $W=N-(K+L)$**

- b. Gross value of work done upto the last quarter (B)
- c. Gross value of work done since previous quarter (A-B) (C)
- d. Full assessed value of secured advance (excluding material covered under clause 10CA) fresh paid in this quarter (D)
- e. Full assessed value of secured advance (excluding material covered under clause 10CA) recovered in this quarter (E)
- f. Full assessed value of secured advance for which escalation is payable In this quarter (D-E) (F)
- g. Advance payment made during this quarter (G)
- h. Advance payment recovered during this quarter (H)
- i. Advance payment for which escalation is payable in this quarter (G-H) (I)
- j. Extra items/ deviated quantities of items paid as per clause 12 based (J) on prevailing market rates during this quarter: Then,  $M=(C+F+I-J)$   
 $N= 0.85 M$
- k. Less cost of material supplied by the department as per clause 10 and recovered during the quarter (K)
- l. Less cost of services rendered at fixed charges as per Clause 34 and recovered during the quarter (L)

***m. Less cost of Engineering Consultancy Services rendered at fixed charges as per BOQ and paid during the quarter (X).***

***Cost of work for which escalation is applicable  $W=N-(K+L+X)$***

<p>iii. Components for materials, (except Bitumen, cement, reinforcement bars, structural steel or others material covered under clause 10CA) 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 F. The decision of the Engineer-in-charge in working out such percentage shall be binding on the contracts.</p>	<p>No Change.</p>
<p>iv. The compensation for escalation for other materials (except Bitumen, cement reinforcement bars, structural steel or others material covered under clause 10CA) and P.O.L. shall be worked as per the formula (m &amp; n) given below: a. Adjustment for civil component (except Bitumen, cement, reinforcement bars, structural steel and others material covered under clause 10CA) /electrical component of construction.</p>	<p>No Change.</p>
<p><b>m. Formula for adjustment in material cost</b></p> $V_m = \frac{W}{100} \times \frac{X_m}{M_{10}} \times \frac{M_1 - M_{10}}{M_{10}}$ <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 10 CC</p>	<p>No Change</p>

Xm = Component of 'materials' (except cement, structural steel, reinforcement bars, POL and other materials covered under clause 10 CA) expressed as percent of the total value of work.

M1 = 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 the Economic Advisor to Government of India, Ministry of Industry & Commerce and applying weightage to the Individual Commodities/ Group Items (in respect to 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 updated stipulated date of completion considering the effect of extra work (extra time to be calculated on prorata basis only as cost of extra work x stipulated period/tendered cost, shall be considered.)

M1o = 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 tenders including extensions, if any, as published by the Economic Advisor to Government of India, Ministry of Industry and Commerce and applying weightage to the Individual Commodities/ Group Items. \* Note: relevant component only will be applicable

<p><b>n. Formula for adjustment in POL cost</b></p> $VF = W \times \frac{Z}{100} \times \frac{F1-F1o}{F1o}$ <p>VF = Variation in cost of Fuel, Oil &amp; Lubricant i.e. increase or decrease in the amount in rupees to be paid or recovered.</p> <p>W = Cost of work done, worked out as indicated in sub para (ii) of Clause 10 CC</p> <p>Z = Component of Fuel, Oil and Lubricant expressed as a percentage of the total value of the work</p> <p>FI = All India wholesale price index for Fuel, Oil and Lubricant for the period under consideration as published by the Economic Advisor to Government of India, Ministry of Industry &amp; Commerce (in respect to 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 updated stipulated date of completion or the prevailing index of the period under consideration, whichever is less, shall be considered) F1o = All India wholesale price index for Fuel, Oil and Lubricant valid on the last stipulated date of receipt of tenders including extensions, if any.</p>	<p>No Change</p>
<p>v. The following principles shall be followed while working out the indices mentioned in above para</p> <p>a. The compensation for escalation shall be worked out at quarterly intervals and shall be with respect to the cost of work done as per bills paid during the three calendar months of the said quarter. The</p>	<p>No Change.</p>

dates of preparation of bills as finally entered in the measurement book/date of submission of bill finally by the contractor to the department in case of computerized measurement book shall be the guiding factor to decide the bills relevant to the quarterly interval. The first such payment shall be made at the end of three months after the month (excluding the month in which the tender was accepted) and thereafter at three months' interval. At the time of completion of the work, the last period for payment might become less than 3 months depending on the actual date of completion.

b. The index (MI/FI etc.) relevant to any quarter/ period for which such compensation is paid shall be the arithmetical average of the indices relevant to the three calendar months. If the period up to date of completion after the quarter covered by the last such instalment of payment is less than three months, the index MI and FI shall be the average of the indices for the months falling within that period.

**vi Formula for adjustment in Labour cost**

The compensation for escalation for labour shall be worked out as per the formula given below:

$$VI = W \times \frac{Y}{100} \times \frac{L1-L1o}{L1o}$$

No Change.

<p>V1 = Variation in labour cost i.e. amount of increase or decrease in rupees to be paid or recovered</p> <p>W = Value of work done, worked out as indicated in sub para (ii) above</p> <p>Y = Component of labour expressed as a percentage of the total value of the work</p> <p>L1 = Minimum wage in rupees of an unskilled adult male mazdoor, fixed under any law, statutory rule or order as applicable on the last date of the quarter previous to the one under consideration (in respect to the justified period extended under the provisions of clause 5 of the contract without any action under Clause 2, the minimum wage prevailing on the last date of quarter previous to the quarter pertaining to updated stipulated date of completion considering the effect of extra work(extra time to be calculated on prorated basis only as cost of extra work x stipulated period/tendered cost, shall be considered.) or the minimum wage prevailing on the last date of the quarter previous to the one under consideration, whichever is less, shall be considered.</p> <p>L1o = Minimum daily wage in rupees of an unskilled adult male mazdoor, fixed under any law, statutory rule or order as on the last stipulated date of receipt of tender including extension if any.</p> <p>vii. The following principles will be followed while working out the compensation as per sub para (vi) above:</p>	<p>No Change.</p>
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<p>a. The minimum wage of an unskilled male mazdoor mentioned in sub para (vi) above shall be the higher of the wage notified by Government of India, Ministry of Labour and that notified by the local administration both relevant to the place of work and the period of reckoning.</p> <p>b. The escalation for labour also shall be paid at the same quarterly intervals when escalation due to increase in cost of materials and/ or P.O.L. is paid under this clause. If such revision of minimum wages take place during any such quarterly intervals, the escalation compensation shall be payable at revised rates only for work done in subsequent quarters.</p> <p>c. Irrespective of variations in minimum wages of any category of labour, for the purpose of this clause, the variation in the rate for an unskilled male mazdoor alone shall form the basis for working out the escalation compensation payable on the labour component.</p> <p>viii. In the event the price of materials and/ or wages of labour required for execution of the work decrease/s, there shall be a downward adjustment of the cost of work so that such price of materials and/ or wages of labour shall be deductible from the cost of work under this contract and in this regard the formula herein before stated under this Clause 10CC shall mutatis mutandis apply, provided that:</p> <p>a. No such adjustment for the decrease in the price of materials and/or wages of labour aforementioned would be made in case of contracts</p>	<p>No Change.</p>
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in which the stipulated period of completion of the work is equal to or less than the time as specified in Schedule F.

- b. The Engineer-in-charge shall otherwise be entitled to lay down the procedure by which the provision of this sub clause shall be implemented from time to time and the decision of the Engineer-incharge in this behalf shall be final and binding on the contractor.

ix. Provided always that:

- a. Where provisions of clause 10CC are applicable, provisions of clause 10 C will not be applicable but provisions of clause 10CA will be applicable.
- b. Where provisions of clause 10CC are not applicable, provisions of Clause 10C and 10CA will become applicable.

Note: Updated stipulated date of completion (period of completion plus extra time for extra work for compensation under clause 10C, 10CA and 10CC, the factor of 1.25 taken into account for calculating the extra time under clause 12.1 for extra time shall not be considered while calculating the updated stipulated date of completion for this purpose in clause 10C. clause 10CA, and clause 10CC.

The date of preparation of bill shall be as finally entered in the measurement book by AM / Mgr. / SM / AGM or the date of submission of bill by the contractor to the Department. This shall be the guiding factor to decide the bill relevant to that period in case of computerized billing.

No Change.