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No. NHIII/P/10/80

Dated the 30th December, 1980

To,

**The Chief Engineers & Addl. Chief Engineers of
State PWDs and Union Territories (Dealing with NHs).**

Subject : Preparation of detailed project estimates for NH (Roads & Bridges) Works-Avoidance of revision

I am to state that the Union Deputy Minister of Finance in one of the cases relating to the revised estimates for National Highway works has minuted as follows :—

"I am disturbed at the manner in which we are presented with a fait accompli. As the work has been completed and the payments are in any case required to be made, I assume, no purpose will be served by withholding our consent to the revised estimate. I would, however, like action to be taken against those responsible for the abnormal delay which has resulted in escalation of cost. The shortages of materials has emerged only in the past year or two. *Adding of subsequent items which do not figure in the original estimate imply that when the estimates were originally sanctioned, we did not have the complete data for considering sanction to the estimates.* There is no reason why such items cannot be envisaged at the beginning only. The Ministry of Shipping and Transport may be requested to issue suitable instructions to ensure that such instances do not occur in future."

2. As you are aware, the Ministry has time and again been stressing through circular letters and discussion at Chief Engineers' meetings, review meetings, etc. the need for proper and thorough investigation and data backing for formulating realistic project proposals and a time-bound programme for

execution with a view to avoiding subsequent revision of cost estimates. The Ministry's circular No. NHIII/P/31/77 dated the 28th October, 1977 listed out the usually observed causes of cost revision and explained as to how most of these could have been obviated through adequate investigations in the earlier stages. Copies of earlier instructions/guidelines on the subject were also appended to that letter for reference and compliance. This was followed by a reiterating circular No. NHIII/P/10/80 dated the 23rd August, 1980, with which a copy of the D.O. letter No. F. 1 (8)/PF-II/80 dated the 31st May, 1980 on the above subject from Secretary, Ministry of Finance (Deptt. of Expenditure) addressed to the Transport Secretary was forwarded. Despite all this, the situation with regard to the revision of cost estimates has not improved though this deserves serious attention at all levels.

3. It is, therefore, once, again requested that the State PWDs should exercise utmost care while preparing estimates for National Highway and other centrally financed works and eliminate the need for upward revision of costs by a careful, realistic and systematic assessment of the scope and cost of works at the time of initial formulation of the proposals and estimates.
 4. It is also requested that contents of this circular be brought to the notice of all concerned in your Department dealing with National Highways and other centrally financed works for strict compliance.
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