

No. NHIII/P/25/78

*Dated the 5th July, 1985*

To

The Secretary to the Government of  
All States and Union Territories  
(Public Works Departments)

Subject : Submission of revised estimates for works on National Highways—periodical review of expenditure/construction period and physical progress on works

The urgent need for timely submission of revised estimates has been brought to the kind notice of the State Governments and also to the State Chief Engineers dealing with the execution of works on National Highways through numerous detailed letters from the Ministry (noted below for reference). This requirement has also been pointed out a number of times to the State Chief Engineers in All-India Chief Engineers meeting and also in the meetings of the Transport Development Council, -since the matter of incurring expenditure beyond permissible limits in excess of the sanctioned cost—a financial irregularity is quite serious deserving their immediate personal attention.

No. B-18 (2)/67 dated 23.2.72.

No. B-30 (54)/73 dated 6.2.74.

No. B-30 (54)/76 dated 13.8.76

No. B-30 (54)/77 dated 30.5.77 and

No. NHIII/P/25/78 dated 25.5.78, 20.3.79, 23.8.79 and 12.11.79.

2. In order to expedite the acceptance of tenders of National Highway works, the State Governments/State Chief Engineers were delegated powers by the Ministry vide our letter No. PL-30 (62)/76 dated the 26th June, 1976 to accept tenders themselves if the excess over the sanctioned estimate does not go beyond the value determined on the basis of the current schedule of rates by 15% subject to the condition that there is no material deviation from approved designs/or specifications for the work-in which latter case, however, prior approval of the Government of India is necessary. An important attendant requirement to the exercise of these delegated powers by the State Governments/State Chief Engineers (which had been clearly spelt out in our previous correspondence on the subject) is that

after the tenders have been accepted by the State Governments/State Chief Engineers themselves, revised estimate for the work should be sent to the Government of India within one month of the acceptance of the tenders for obtaining revised sanction: this time limit being extended upto two months in unavoidable case but in any case not beyond that. A similar requirement for the submission of revised estimates had also been spelt for works where the tenders had been accepted after obtaining the approval of the Government of India and where with the accepted tender rates an excess beyond 15% of the sanctioned cost was expected. It has also been clearly brought to the notice of the State Governments/State Chief Engineers that it would not be possible for the Ministry to allot funds over and above the permissible limits of excess beyond the sanctioned cost unless revised estimates where due are got sanctioned in due time and in the event of any contractual complications for want of allotment of funds in such cases the responsibility would entirely rest with the State Government/State Chief Engineer.

3. Unfortunately, there has not been satisfactory improvement in the timely submission of the revised estimates although the rules clearly require that revised financial sanction of the competent authority should be obtained immediately an excess expenditure over the sanctioned estimate beyond the permissible limit is foreseen or anticipated. It is, therefore, once again reiterated that the State Governments/State Chief Engineer may kindly ensure that immediately on the acceptance of the tenders (within their delegated powers or after the approval of the Government of India) revised estimates, where necessary, are submitted within the stipulated time period. This would ensure execution of works without any likely disruption or set back in progress for want of allotment of funds at least upto the revised estimated cost based on the accepted tenders. Any further increase in cost that may be expected when the work is in progress can be provided in the 2nd revised estimate which should be prepared well in time to obtain revised financial sanction well in advance of exceeding the first revised cost.
4. In order to avoid delay in the timely submission of revised estimates, periodical monitoring of expenditure as well as of the physical progress *vis-a-vis* time period of construction based on the prescribed system of submitting quarterly progress reports is vitally essential. It is therefore requested that for all National Highway works, a special review should be made by the State Government/State Chief Engineer for each individual work when 50% of the sanctioned cost has been incurred or when 50% of the time allotted for the completion of the work has been spent, whichever happens to be earlier, so as to enable the State Government/State Chief Engineer to assess the likely completion cost of the work as well as the revised time required for completing the same. The result of such a review should then be intimated to the Ministry and steps taken by the State Government/State Chief Engineer for submission of the revised estimates so that revised financial sanction is obtained sufficiently in time to avoid any excess beyond the permissible limits. In any case, revised sanction, when required, must be obtained within a period of three months after the above review.
5. In one of the revised estimate cases the Finance Ministry has observed as under :—  

The State PWDs must ensure strict compliance of the instructions issued by the Ministry of Shipping and Transport so that whenever it is visualised that the sanctioned estimate will need revision based upon the physical as well as financial progress, immediate action is taken to submit and have sanctioned the revised estimate before incurring expenditure beyond the permissible limits. In case of any lapse on this account, the Finance Ministry will not agree to the revised estimate being sanctioned in future.
6. In view of the above observation, it is requested that necessary instructions to the officers in the field may kindly be issued to scrupulously follow the instructions of the Ministry as stated above.