

LETTER NO. LRM-1 (4)/67, DATED 20.12.66 FROM THE UNDER SECY. TO THE GOVT. OF INDIA, MINISTRY OF TRANSPORT & AVIATION, DEPTT. OF TRANSPORT & SHIPPING (RW) TO THE SECRETARY TO THE GOVT. OF U.P./BIHAR/WEST BENGAL/ ASSAM P.W.D. AND COPY ENDORSED TO ALL CHIEF ENGINEERS AND ADDL C. E.S CONCERNED.

Subject : Hire charges in respect of machinery to be loaned to the contractors

In continuation of this Ministry letter No. WVIII-1 (4)/65-I dated the 7th Sept., 1966, I am directed to forward herewith the following :

- (i) Scale of hire charges of the machinery and assumption made for calculating the charges;
- (ii) Conditions for issuing machinery to contractors for use of L.R.P. or National Highway works, and
- (iii) Specimen form of agreement to be executed by the contractor for taking the machinery on hire.

The hire charges prescribed may please be recovered from the contractors' bills and proper accounts maintained.

2. It is suggested that the account of recovery of hire and other charges for tools and plants issued to contractors may be kept in a register in the enclosed form both in the Divisional and Sub-Divisional offices. This Register would be subsidiary to the Register of Tools and Plants in the Public Works Department. Instructions may please be issued to the Sub-Divisional Officers to submit to the Divisional officer a true copy of the Register so maintained as an annexure to the monthly return of receipts and issues of the Tools and Plants.

3. Arrangements for overhauling the equipment when necessary may be made so that the equipment is kept in serviceable condition. Any shut-down during the working season of a machine hired out to the contractor except for major overhauls, however long it may be, should be treated as idle time.

4. These hire charges should be reviewed periodically with the concurrence of this Ministry on the basis of the actual expenses incurred during the previous years.

AGREEMENT FOR LOAN OF GOVERNMENT TOOLS & PLANTS (FOR CONTRACTORS)

THIS AGREEMENT made the _____ of one thousand nine hundred and sixty between (hereinafter referred to as "The Hirer" which expression shall, unless excluded by or repugnant to the context, include his heirs executors, administrations and assigns) of the one part, and the Governor of _____ (hereinafter referred to as "the Govt." which expression shall, unless excluded by or repugnant to the context, include his successors in office and assigns) of the other part.

Whereas the Hirer is desirous of hiring the tools and plant of the Public Works Department of the _____ Government and more particularly specified in the schedule hereunder written hereinafter referred to as "the tools and the plant"

And whereas Govt. has agreed to let on hire the tools and plant to the Hirer on the terms and conditions hereinafter mentioned.

Now it is hereby agreed by and between the parties hereto, as follows :

- (1) In consideration of the agreement that hire charges be recovered from their bills for work executed on which machinery will be used or any other dues standing in the name of contractor in the books of the department or any other Govt department, the Govt. agrees to let the Hirer, the tools and the plant for a period of _____ to be computed from the date of delivery of the tools and plant to the hirer at the P.W.D. workshop at _____
- (2) The rate of hire charges will be as mentioned in the schedule.
- (3) The Hirer shall not transfer, assign or sub-let or in any way part with the tools and the plant or any part thereof without the previous written approval of the Engineer incharge.
- (4) On the expiry of the period of the hire the Hirer shall return the tools and the plant to the Public Works Deptt. _____ Workshop/Store-yard at _____ in the same good condition in which they were received by him.
- (5) In the event of the tools and the plant not being returned on the expiry of the above mentioned period, the hirer shall without prejudice and any other liability pay to the Govt. an amount equivalent to the rate of hire specified for the working period and an increase of ten per cent.
- (6) The tools and plant shall be open for inspection at all times to the officers of the Government.
- (7) The Hirer shall not operate the tools and plant so hired for more than one shift/two shifts of 8 hours each per day without the prior sanction of the Engineer Incharge. If the hirer operates the tools and plant beyond the aforesaid limit with the prior sanction of the Engineer Incharge, he shall pay to the Govt. additional hire charges as well as overtime charges for staff for such excess operation at the rate approved by the Engineer Incharge from time to time.
- (8) In case of break-down repairable at site within a period of 3 days, hire charges as specified in the schedule will be levied except in case of major repairs.
- (9) Normally, the tools and plants will be supplied with operating staff.
- (10) The Hirer shall be responsible for any claims for compensation for loss of life, injury or damage to property, etc., arising due to any cause whatsoever during the period the machinery is in his charge.

- (11) All municipal or other dues and taxes payable on account of the use or operation of the tools and plant for the period of hire, shall be defrayed by the Hirer.
- (12) The Hirer shall make good any loss or damage, arising out of causes other than fair wear and tear, to the tools and the plant, during the period of hire. The cost recoverable from the hirer shall be the full replacement value as determined by the Engineer Incharge. In the event of any loss or damage not being made good by the Hirer to the satisfaction of the said Engineer Incharge, that officer shall be at liberty, to make good himself such loss or damage and recover the cost thereof from the hirer. The Hirer shall pay to the said Engineer Incharge on demand, such sum as shall be necessary to make good the loss or damage failing which the same will be recovered from his dues as in case of hire charges.
- (13) On the breach of any term of condition of this agreement by the Hirer, the Engineer Incharge shall be entitled to demand return of the tools and the plant and the hirer shall return the tools and the plant within 72 hours from the date of receipt of such order in writing. In case of failure on the part of the Hirer to comply with such order, he shall be liable to pay such penalty as may be imposed by the Engineer Incharge for the period the tools and plant are detained provided that the maximum penalty shall not exceed the cost of replacement of the tools and plant.
- (14) In the case of any dispute between the Hirer and the Government _____ the decision of the Superintendent Engineer shall be final.
- (15) In case any question, dispute or difference shall arise between the Engineer Incharge and the hirer as to what additions, if any ought in fairness to be made to the amount of the hire by reason of break-down of the machinery shut down of the works due to reasons beyond the control of the hirer through no fault of the hirer, also due to the increase in quantities of the work beyond that included in the contract or due to any other matter or thing arising under or out of this contract except as to the matters left to the sole decision or requisition of the Engineer Incharge under the clauses in the contract then such questions, dispute, difference should be referred to the arbitration and decision of an arbitrator to be chosen by both the parties to the contract. The award of such arbitrator shall be equivalent to a final decision of the matter.
- (16) This agreement shall be operated by the Engineer Incharge on behalf of the Government and the term Engineer Incharge shall include all officers duly authorised by him to exercise powers on his behalf.

THE SCHEDULE

Sl. No.	Name and description of the Articles	Nos.	Amount of hire per hour
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In witness whereof the Hirer and the Engineer Incharge has for and on behalf of the Governor of the State have set their respective hands the day and the year herein above written.

Signed by

In the presence of

- 1.
- 2.

Signed, sealed and delivered by Seal

in the presence of

- 1.
- 2.

REGISTER SHOWING RECOVERY OF HIRE CHARGES ETC. OF TOOLS AND PLANT HIRED TO CONTRACTORS

..... Division (..... Sub-Division)

Name of work :

Name of Contractor :

Sl. No.	Description of articles issued	Value of each article	Date of issue	Date of return stipulated	Date of actual return	Period and Rate of normal hire charges		Period & Total Rate of hire enhanced charges		Recovery of hire charges		Initial of Sub-Divisional Officer	Remarks
						Working	Idle	hire charges	hire charges	Date	Amount		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

(Reference to log book etc. should be recorded including record of compensation recovered for loss or damages,

Signature of the
Officer Incharge.

HIRE CHARGES FOR MACHINERY PROCURED FOR LATERAL ROAD PROJECT

Sl. No.	Description of Plant	Usage charges per hr. when P.O.L. is supplied by Department	Usage charges per hr. when P.O.L. is supplied by contractor	Idle charges	Remarks
1	2	3	4	5	6
ROAD MAKING MACHINES					
1.	Motorised Scraper	99.00	80.25	18.75	
2.	Towed Scraper	67.25	55.00	12.80	
3.	Pusher	56.00	44.25	11.00	
4.	Tractor Dozer	78.00	58.25	15.00	
5.	Motor Grader	49.25	37.75	10.30	
6.	Road Roller (Agrind Moore)	14.75	9.40	3.70	
7.	—do— (Britannia-Marshall)	12.80	9.30	3.60	
8.	Tandem Road Roller	8.90	7.50	3.10	
9.	Tractor 40-50 H.P.	10.60	5.45	2.20	
10.	Diesel Truck/Tipper/Truck mounted water tanker (for pucca roads only)	16.00/hr 1.40/mile	9.50/hr 1.00/mile	— —	Whichever is higher is to be recovered
11.	Stone Crusher	19.50	12.75	4.30	
12.	Granulators	17.10	10.20	3.80	
13.	Air Compressor —315 CFM	20.10	11.60	3.60	
14.	Air Compressor —210 CFM	14.60	8.20	2.80	
15.	Diesel Driven Pump —5 H.P.	2.80	1.90	1.00	
16.	Diesel Driven Pump —10 H.P.	4.30	3.25	1.25	
17.	Bitumen Boiler 250/300 gallons	3.05	1.25	0.90	
BRIDGE MACHINES					
1.	Diamond Core Drilling machine Engine HP-30 (5½" dia. Core Dia 4" and depth 450 ft.)	29.50	24.55	6.70	
2.	Diamond Core Drilling machine, small (with 12.5 H.P. engine)	12.40	10.30	3.55	
3.	Concrete Mixer	4.60	2.75	1.40	
4.	Colcrete Mixer	7.40	6.35	2.10	
5.	Diesel Generating Set	8.00	5.50	2.10	
6.	Ordinary Vibrator	2.10	1.10	0.80	
7.	Diesel Winches	21.00	10.10	3.40	
8.	Grab Dredging Crane ¼ cyd.	72.25	59.65	15.00	
9.	—do— ½" "	106.00	91.60	23.25	
10.	Mobile Crane 5 Tons	53.00	46.75	12.00	

ASSUMPTIONS FOR CALCULATING OF HIRE CHARGES OF MACHINERY PURCHASED FOR LATERAL ROAD PROJECT

- Salvage Value = 20% of the cost of the M/C at site
- Depreciation (By Straight line method) = C where C = cost of M/C at site

$$D$$
- Interest charges = 6% on the average investment per year and the same is distributed for 2000 working hours of equipment every year.
- Storage charges per hour = (1% of the cost, spread over economic life)

$$= 0.01 \times C$$

$$D$$

Where 'C' is the cost of M/C at site
'D' is the economic life in hours

5. Operational charges :
$$= \frac{\text{Repair charges per hour including maintenance (150\% of 'C' spread over economic life)}}{D}$$
6. Running charges
- (a) Diesel engine consumption
$$= \text{B.H.P.} \times \text{load factor (60\%)} \times \text{lbs. of fuel per H.P. hour (0.4)}$$
- (b) Lubricating oil consumption
$$= \frac{\text{H.P.} \times 0.6 \times 0.006 \times c}{7.4 \quad t}$$
- Where $c = \text{Crank case capacity} = 0.06 \times \text{H.P. in gallons}$
 $t = \text{time for changing oil} = 100 \text{ hours.}$
- (c) The other lubricants, grease, cottonwaste, etc. are assumed to cost twice the cost of lubricant oil in case of heavy machinery. In case of the rest, it is to cost same as lubricant, oil.
- (d) Wages of operating Staff : Although the staff will be paid for the whole year, the actual working days have been assumed to be 250 days of 8 hours each. The hourly wages have, therefore, been calculated accordingly.
7. Overhead @ 5% of the total charges per hour.
8. (i) C.I.F. cost — F.A.S. or F.O.B. + 10% of cost of M/C for ocean free cost
- (ii) Customs duty and clearance charges = 50% of C.I.F. Value (35% customs duty + 10% regulatory duty + 3% clearance charges)
- (iii) Loading and unloading charges @ Rs 7/- per ton.
- (iv) Railway freight charges are calculated taking the average distance of various destinations from Calcutta in the case of each equipment.
- (v) Idle charges per hour = $\frac{1}{4}$ of depreciation per hour + Interest + Wages of work charged staff per hour + Overheads @ 5% of the total charges per hour.