

CIRCULAR

To

1. The Chief Secretaries of all the State Governments/ UTs.
2. The Principal Secretaries/ Secretaries of all States/ UTs Public Works Department/ Road Construction Department/Highways Department (dealing with National Highways and other centrally sponsored schemes).
3. The Director General (Border Roads), Seema Sadak Bhawan, Ring Road, New Delhi-110 010.
4. All Engineers-in-Chief and Chief Engineers of Public Works Department of States/ UTs/ Road Construction Department/ Highways Departments (dealing with National Highways and other centrally sponsored schemes).

Subject: - Delegation of Powers for Regional Officers of MoRTH in respect of National Highway projects executed through State PWDs, BRO and Ministry's PIUs- Reg.

Reference: 1) Ministry's Circular No. RW/NH-24035/4/2005-P&M/PIC Vol. II dated 23.02.2018

2) Ministry's O.M. No.G-20016/23/2017-TF-II dated 01.10.2020

Madam/Sir,

Ministry vide circular at Sl. No.1 at reference above, delegated powers to Regional Officers of MoRTH with regard to variation/change of scope:

"11.1 As per current delegation, CE-RO/SE-RO are empowered to accept variations/ Change of Scope, extra items in the work, additional cost towards pre-construction activities like land acquisition, micro plans, utility shifting, tree cutting, compensatory afforestation, other statutory charges, etc., which are beyond the original provision made in the sanctioned estimate. The overall permissible excess after considering the additions/deletions of items/works, which can be accepted by the CE-RO/SE-RO shall be as follows:

- i. In case of Tender Premium: The excess inclusive of tender premium shall be within 5% over the amounts for civil works plus the amount for contingencies provided in the sanctioned estimates. For example:

Sanctioned Cost of Civil Works: Rs 100 Crore

Contingencies: Rs 2.8 Crore

Total: Rs 102.8 Crore

Permissible excess: 5% of Rs 102.8 Crore = Rs 5.14 Crore

- ii. In case of Tender Discount: The permissible excess shall be within 5% of tender cost plus contingencies. For example:

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Sanction Cost of Civil Works: Rs 100 Crore

Tender Cost of Works: Rs 90 Crore

Contingencies: Rs 2.8 Crore

Total: Rs 92.8 Crore

Permissible excess: 5% of Rs 92.8 Crore = Rs 4.64 Crore

11.2 In addition, the CE-RO/SE-RO are empowered to approve price escalation/bonus, and any other expenditure to be incurred as per the provision of Contract Agreement, subject to the condition that the total expenditure for the project shall not exceed 5% of the sanctioned TPC(Total Project Cost).

11.3 The CE-RO/SE-RO is empowered to approve the items from the list of items annexed at Annexure-I covered under Contingencies, Quality Control, Project specific temporary contractual staff, and Agency Charges as per the provisions made in the sanctioned estimates.

11.4 For proposals beyond the delegated powers of CE-RO/SE-RO, the existing delegations would continue i.e. the CE-RO/SE-RO shall submit consolidated proposals along with their recommendation on the proposals to the concerned ADG/Coordinator at Headquarters for seeking approval of the Revised Cost Estimates (RCEs) by the Competent Authority at MoRT&H Headquarters”.

2. However, vide Ministry’s O.M. at Sl. No.2 of reference, the earlier delegated powers were restricted as under:

“It has been decided that the power for accepting variations in cost of projects, delegated vide the above mentioned circular may be regulated in accordance with the provisions of Rule 141 of GFRs, i.e., CE-ROs/SE-ROs will exercise delegated power to approve variations / cost up to 5% only in case of projects/works costing less than Rs 100 Crore. For projects/works costing Rs 100 Crore or more, the cases shall be referred to the Ministry and due procedure as per extant instructions dated 05-08-2016 of DoE shall be adopted. Thus para 11 of MoRTH circular dated 23.02.2018 stands modified to this extent”.

3. Instructions covered in Para 9 of Ministry of Finance Circular No.24 (35)/PF-II/2012 dated 05.08.2016 is extracted below:

“Revised Cost Estimates: Any increase in costs due to statutory levies, exchange rate variation, price escalation within the approved time cycle and/or increase in costs up to 20 percent due to any other reason, are covered by the approval of the original cost estimates. Any increase in this regard would be approved by the Secretary of the Administrative Department concerned with the concurrence of the Financial Adviser.

Any increase in costs beyond 20 percent of the firmed-up estimates due to time overrun, change in scope, under estimation, etc., (excluding increase in costs due to statutory levies, exchange rate variation and price escalation within the approved time cycle) should first be placed before a Revised Cost Committee chaired by the Financial adviser (consisting of the Joint Secretary in-charge of the programme division and representative of the Chief Adviser Cost as members) to identify the specific reasons behind such increase, identify lapses, if any, and suggest remedial measures for the same. The recommendations of the Revised Cost Committee should be placed for fresh appraisal and approval before the competent authority as per the extant delegation of powers (it may be noted that a firmed-up cost

estimate here means a cost estimate which has been through the full appraisal and approval procedure as per the extant delegation of powers)".

4. Rule 141 of GFR, 2017 is extracted as under:

"Review of Projects : After a project costing Rs 100 crore or above is approved, the Administrative Ministry or Department will set up a Review Committee consisting of a representative each from the Administrative Ministry, Finance (Internal Finance Wing) and the Executing Agency to review the progress of the work. The Review Committee shall have the powers to accept variation within 10% of the approved estimates. For works costing less than Rs 100 Crore, it will be at the discretion of the Administrative Ministry/Department to set up a suitable mechanism for review and acceptance of variation within 10% of the approved estimates".

5. Now after careful consideration of the extant guidelines, requirement of expeditious decision on the Change of Scope/Variation proposals and extra cost of various pre-construction activities while simultaneously maintaining strict financial discipline, following has been decided in respect of NH projects executed through State PWDs, BRO and Ministry's PIUs.

5.1 The powers delegated to RO for approval of Change of Scope / Variation proposals (related to civil works contract) and any additional cost on land acquisition, utility shifting, forest clearance, wild life clearance, price adjustment & GST and Bonus & any statutory dues is as under:

Delegated Powers to ROs				
Sl. No.	Total Project Cost	Change of scope/Variation proposals (related to civil works contract)	Any additional cost on land acquisition, utility shifting, forest clearance, wild life clearance, price adjustment, GST, Bonus & any statutory dues	
1	<Rs.200 crore	upto 5% of contract price*.	within 10% of the original sanctioned cost (Total Project Cost)**.	
2	>=Rs.200 crore	upto Rs. 10 crore but limited to 5% of contract price***.	upto Rs. 20crore**.	

*Subject to condition that overall increase in sanctioned cost is within 10% of the original sanctioned cost (Total Project Cost).

**inclusive of tender premium /COS/variation/any other approval already made.

***Subject to condition that overall increase in sanctioned cost is within 10% of the original sanctioned cost (Total Project Cost). RO will make comprehensive assessment of COS/Variation proposals for the project and in case the total amount exceeds Rs 20 Crore, the proposal shall be dealt as per para 5.2 below.

5.2 For works of sanctioned cost (Total Project Cost) Rs 200 Crore or more, a Committee will be constituted comprising of concerned Zonal ADG/CE, DFA or any other representative of IFD with specific approval of AS&FA and concerned CE of State PWD/CE (BRO)/RO (in case of projects being executed by Ministry's PIUs). The Committee will approve pre-construction activities such as land acquisition, utility shifting, forest clearance, wild life clearance, price adjustment, GST, Bonus, Supervision charges for AE/IE, any statutory dues and COS / Variation proposals (related to civil works contract) upto 10% of the original sanctioned cost (Total Project Cost) subject to the condition that Change of Scope / Variation proposals

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(related to civil works contract) will be limited to 5% of the contract price inclusive of approval, if any, already accorded by RO vide para 5.1 above. The proposal will be placed before the Committee by the concerned RO in a comprehensive manner so that all items requiring additional expenditure is preferably approved in one occasion or maximum in 2 occasions. Decision of the committee will be recorded in the minutes of meeting and the same will be conveyed to RO by Zonal ADG / CE.

5.3 In all cases of approval whether by RO (para 5.1) or Committee (para 5.2), precedence will be given to pre-construction activities and statutory dues as compared to Change of Scope/Variation proposals and ***detailed item wise reasons will be recorded in the approval note as to how the additional expenditure is essentially required for successful completion of the project and why such items were missed out from original sanction.***

5.4 Approval / Rejection pursuant to para 5.1 & 5.2 above shall be communicated by RO within 15 days of receipt of such proposal from CE, NH / CE, BRO with a copy to Zonal ADG / CE. With regards to approval / rejection pursuant to para 5.3 above, RO will submit his clear recommendations/comments to Zonal ADG/CE within 15 days of receipt of proposal from CE, NH/ CE, BRO. Zonal ADG / CE will ensure that approval / rejection is communicated within next 30 days. The periods mentioned above are inclusive of the period to seek any additional information / clarification from RO/CE, NH/CE, BRO/AE/IE/Contractor/Concessionaire.

5.5 A copy of sample approval letter by RO/Committee is enclosed at Annexure-I.

5.6 Where RCE is not required on account of tendered rates as per extant guidelines of Ministry, RO will issue revised Technical Note within 7 days of signing of agreement for Civil works contract, giving effect to modified centages based on tendered rates.

6. In cases of excess beyond 10% of original sanctioned cost (Total Project Cost), approval of authority as per extant guidelines shall be followed.

7. This issues with the approval of competent authority and comes into force with immediate effect.

Yours sincerely,
Bidur Kant Jha
29/07/2024
(Bidur Kant Jha)
Director

(New Technology for Highway Development)
For Director General (Road Development) & Special Secretary

Copy to:

1. All Technical Officers at Hqrs, MoRTH
2. All ROs and CEs of MoRTH

Copy for kind information to:

1. PSO to Secretary (R&TH)/PSO to DG(RD) & SS, PPS to AS&FA, PPS to ADGs
2. NIC-MoRTH for uploading on Ministry's website under "What's new"

Model approval letter for COS/Variation(s)

1. Salient basic details of the project are as below

Sl. No	Description	Particulars
1	Original Sanctioned Cost (Civil Works cost including GST and TPC) & date	
2	Revised Sanctioned Cost (Civil Works cost including GST and TPC) & date	
3	Contract Price (tender discount / tender premium %)	
4	Appointed date	
5	Scheduled Completion date	
6	Extension of Time granted, if any	
7	Present Progress	Physical : Financial :
8	Likely completion date	

2. ____ number of COS/variation(s) approvals at a total cost of Rs ____ Crore have already been approved.

3. **Change of Scope/Variation proposal to Civil Works Contract:**

3.1 Detail description of Change of Scope/Variation proposal (addition/deletion /modification of scope and change of specification should be clearly highlighted)

3.2 Reasons for such COS/Variation (lapses, if any, of various stakeholders like executing agency (State PWD/ BRO/Ministry PIU), DPR Consultants, Authority's Engineer which led to the requirement of change of scope and the actions proposed in respect of the same are to be highlighted.)

3.3 Cost of COS/variation proposal to civil works contract showing total positive and negative COS / variation proposal separately. Basis of calculation of rates for COS item to be detailed.

3.4 Time impact of COS to be detailed.

4. **Variation of land acquisition, utility shifting, forest clearance, wild life clearance, price adjustment, GST, Bonus, Supervision charges for AE/IE, any statutory dues:**

4.1 Reasons for variation detailing why it was not envisaged in original sanction (separately for each item involved).

4.2 Cost impact (separately for each item involved).

5. Modified abstract of Cost is as under.

Bhikar Kant Sharma