

No. RW/NH-18019/5/2004-P&M (Pt.)

Dated, the 16th January, 2007

To

The Secretaries of States/UTs; The Chief Engineers of States/UTs dealing with National Highways

Subject : Delegation of Powers of the Ministry to Regional Officers

The matter regarding delegation of certain powers to Regional Officers has been under consideration of the Ministry for some time. A Committee was set up by the Ministry in September 2005 to examine these issues and give their recommendations regarding simplification & streamlining of the Direct Payment Procedure and delegation of certain powers to the Regional Officers. The full report of the Committee is under consideration the Ministry separately. In the meantime the Chief Engineers of the States, during the meeting held on 15.2.2005 and also during the ROs meeting held on 15.06.2005 in the Ministry expressed urgency for delegation of powers to the regional officers to regularise delay in award of works and approve variations and extra items. After consideration of the matter, in partial modification of all previous instructions/procedures, it has been decided delegate the following powers to the Regional Officers:-

1. Relaxation of stipulations in respect of time period for award of works

1.1 As per Ministry's letter No. NH-15015/29/2001-PL dated 5.7.2001 the sanctioned works are to be awarded by the State Governments within a period of 5 months if cost of the work is less than Rs. 5 crore and 6 months if cost of the work is more than Rs. 5 crore from the date of sanction. It has now been decided that in the cases of award of works beyond the stipulated period and up to 12 months from the date of sanction, the matter will be regulated as below:-

- (i) Proposal for extension of time for award beyond the stipulated time period of 5/6 months and up to 3 months will be referred by the State Chief Engineer dealing with National Highways to the Regional Officer concerned giving justification for the delay. Regional Officer if satisfied with the reasons may agree for extension of time for award. If the Regional Officer is not satisfied he may refer the matter to the Ministry. In all such cases, where ROs allow extensions, Ministry must be informed periodically.
- (ii) If the delay in award is more than 3 months beyond the stipulated time period of 5/6 months State Chief Engineer will refer the matter to the Ministry.
- (iii) Ministry while according approval to the proposal may consider appropriate reduction in the agency charges payable to the State for the job on account of delay.

1.2 In case the work is not awarded within 12 months of the date of sanction, the work stands de-sanctioned automatically.

2. Approvals for variations/extra items

2.1 The matter regarding approval of variation/extra items over the sanctioned estimate and related issues has been reconsidered and it has been decided that:-

- (i) The limit of upto 5% excess expenditure over the sanctioned amount for the job as per Ministry's Circular No. 11026/2/99-US (D.I) dated 29.10.2001 will continue.
- (ii) The existing delegation to the State Governments to accept tenders up to 5% of the sanctioned amount would also continue. In this regard it is clarified that the sanctioned amount for this purpose will be considered as the sanctioned amount of the component of work put to tender.

- (iii) The Regional Officers are hereby empowered to accept variations in the quantities of BOQ items and permit extra items such that the overall excess due to tender premium, variation and extra items is limited to 5% over the amounts for works plus the amount for contingencies provided in the sanctioned estimate, subject to the following conditions;
- The variations shall be consistent with the provisions of contract.
 - Proposal for the variations and/or extra items etc. will have to be referred to the Regional Officer by the Chief Engineer of the State dealing with the National Highways;
 - The total expenditure on the job, including expenditure on variations and extra items will not exceed the sanctioned amount plus 5%, stand in para 2.1 (i) above.
 - Savings due to tender discounts (the sanctioned amount of the items put to tender minus amount of the same items of work based on tender) will be excluded for working out the excess due to variations and extra items. In such cases, the variations which can be allowed by Regional Officer will be 5% of value of work based on tender plus the amount provided for contingency.

- For further clarification, reference is invited to the examples given in the enclosure to this circular.
- The above delegation will be applicable to both plan and non-plan works and will be reviewed after a year from the date of issue.
- This issues with the approval of the Finance Wing vide UO No. 11/TF. II/05 dated 8/7/2005.

(Enclosure to circular No. NH-18019/5/2004-P&M (Pl.) dated 13.01.2006 issued by Ministry of Shipping, Road Transport & Highways, Department of Road Transport & Highways, Government of India, New Delhi)

Example:

Consider an estimate sanctioned with work value of Rs. 100 lakh as per the following details:

S.No.	Provison	Sanction Amount (Rs. in lakhs)	%
1.	Estimated amount of work	100	
2.	Provision for contingencies	2.80	2.8% of 1
3.	Provision for w/c establishment	1.54	1.5% of 1&2
4.	Provision for Q/C	1.03	1% of 1&2
5.	Provision for Agency charges	9.25	9% of 1&2
Total		114.62--(A)	

The permissible limit of excess on the job is 5% of 114.62 i.e. Rs. 5.73 lakh. The maximum expenditure without getting the revised estimates which can be incurred, including tender premium, variations and new items is only Rs. 120.35 lakh (Rs. 114.62 lakh + Rs. 5.73 lakh).

In the above example, financial limit for variations and/or extra items, which can be permitted by R.O. is Rs.5.14 lakh i.e. 5% of Rs. 102.8 lakh (work value + amount for contingencies) if there is no tender premium. This amount shall be reduced corresponding in case of any tender premium. In case the tender premium is 5% only the amount provided for contingency plus 5% of over such amount will be available for variations and/or extra items.

The permissible excess due to tender is only 5% of the work value. In other words, the amount based on tender for the entire sanctioned work (without any change) whether a single tender is invited for the whole work, or more than one tender received, (after taking approval for spitting) should not exceed Rs. 105 lakh in the above example.

S. No.	Provision	Sanction Amount based on estimate (Rs. in lakhs)	%	Amount based on tender (Rs. in lakhs)
1.	Estimated amount of work	100		90
2.	Provision for contingencies	2.80	2.8% of 1	2.8
3.	Provision for w/c establishment	1.54	1.5% of 1 & 2	1.54
4.	Provision for Q/c	1.03	1% of 1 & 2	1.03
5.	Provision for Agency charges	9.25	9% of 1 & 2	8.35 (9% of 92.8)
		114.62-(A)		103.72

The amount upto which RO may allow extra and/or variations is only Rs. 108.36 (103.72+4.64 (5% of 92.8) in the case of tender discount.