

MUNICIPAL CORPORATION OF GREATER MUMBAI

CIRCULAR

2015-16

No.Dir/ES&P/324 dated 15.07.2015

Sub:- New policy for governing extra/excess.

- Ref:-
1. Circular No.CA/FRD/I/11 dated 06.06.2009
 2. Circular No.CA/FRD/I/16 dated 08.06.2011
 3. Circular No.CA/FRD/I/57 of 13.03.2013
 4. Section No.73(a) and (b) of GCC - 2000.
 5. AMC(P)'s orders dated 11.05.2015
 6. Procedure adopted in PWD/CIDCO/MSEB etc.

At present the extra/excess proposals are dealt as per Decision Rules framed under circular No.CA/FRD/I/57 of 13.03.2013.

It was observed that the proposals which were submitted to Variation Committee are mainly for modification in scope of work and also for incorporating new works which is against the financial propriety/discipline. Since there was no cap on extra/excess percentage in the "Decision Rules" circular, the extra/excess were even beyond 50% of the contract cost came before the variation committee for approval. Considering the canons of financial discipline it was not proper to recommend such type of proposals and, therefore, the Hon'ble M.C. directed to review the existing "Decision Rules" and amend it suitably with a cap on extra/excess percentage.

To arrive at any conclusion, the policies of various other Govt. departments/organizations like PWD, MSEB, Airport Authority, BPT, Railways, CIDCO, BRTS Delhi etc. were scrutinized thoroughly and new policy for governing extra/excess has been framed.

Definition of the various terms are as follows :-

'Extra' means additional or substituted items of work activity not included in the "Bill of Quantities and Rates", however such item of work are in the prevailing "Unified Schedule of Rates" of MCGM.

'Excess' means Increase in "Bill of Quantities" of the bidding documents.

'Savings' means decrease in "Bill of Quantities" of the bidding documents.

'Underground works' means the works below ground level such as foundation of buildings and other structures, works in sewerage projects, storm water drain, water supply projects and Hydraulic Engineer.

'Unforeseen works' means the work of bursting / leakages of water pipelines, settlement of sewage lines/manholes, settlement of storm water drains in city areas.

'General works' means all the works which are not covered under the definition of 'Underground works' and 'Unforeseen works'.

'Fair items' means additional or substituted items of work activity not included in the "Bill of Quantities and Rates", and even not existing in the "Unified Schedule of Rates" of MCGM at the time of tender.

New policy for governing extra/excess

- 1) The powers of approval of excess/extra/fair items are delegated according to the attached Statement 'A'.
- 2) The following exercise is mandatory in all the cases put up for administrative approval of Dir.(E.S.&P.)/D.M.C.(E)/D.M.C.(S.E.), concerned A.M.C. and the Hon'ble M.C. as shown in attached Statement 'A' :-
 - (a) Feasibility of foreclosing the work shall be explored.
 - (b) In case, the foreclosure is not possible e.g. where all schedule members are exposed and the work cannot be entrusted to new

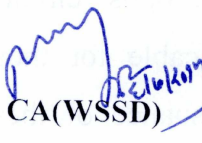
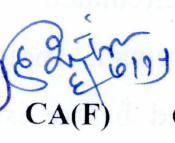
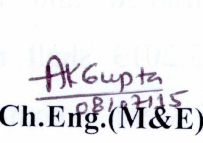


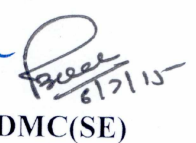
contractual agency etc., the HoD shall thoroughly justify and record the reasons in writing. Such approvals shall necessarily be the prior approvals i.e. before execution of such extra/excess items and be routed through C.A.(F)/C.A.(W.S.S.D.), as the case may be.


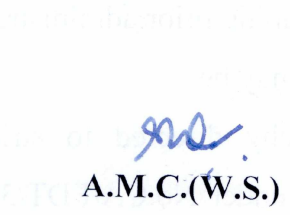
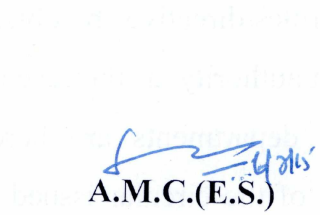
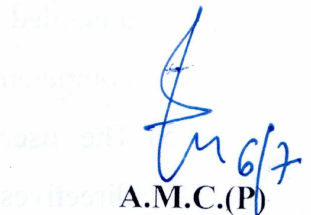
- 3) The directives issued vide circular No.CA/FRD/I/57 of 13.03.2013 of “Decision Rules” as to precautions to be taken while executing the works e.g. thorough site inspection, subsoil investigation, taking trial pits etc. as well as the penal action against the concerned engineering staff failing to make proper estimation i.e. point No.(i), (ii) (iii), (v), (vi) and (viii) shall remain applicable in toto hereafter also. However, the penal action will be initiated against the Consultant/Engineer if the cost of saving exceeds the limits as shown in Statement ‘A’.
- 4) The “Decision Rules” framed and circulated apropos circular No.CA/FRD/I/57 of 13.03.2013 shall remain applicable for those extra/excess works which were executed before issuance of these amended rules/directives by obtaining prior administrative approval of competent authority, as the case may be.
- 5) The user departments are hereby directed to strictly follow the directives of the circular issued under No.CA/FDT/33 of 09.01.2008 as to issuance of certificate/undertaking and will not be allowed to alter/amend the scope of work originally approved on any pretext.
- 6) All the above directives shall be incorporated in the tender document/work order and agreement.
- 7) The continuation of existing service/maintenance contract beyond contract period is not permissible. In such cases, the HoD’s should call the tenders well in advance so that the new agency will be available immediately after expiry of earlier contract. However, due to unforeseen reasons or retendering, the new agency is not appointed

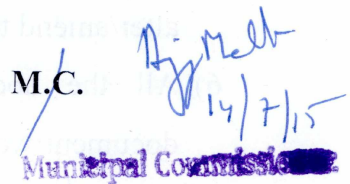
and situation compels to continue the work with earlier agency in that case prior approval of concerned A.M.C. with full justification is mandatory. Such prior approval shall be taken at least 3 months before the date of expiry of the contract. In case this procedure is not followed the concerned officials including the HoD shall be held responsible.

- 8) Prior administrative approval of the competent authority mentioned in the accompanying statement is mandatory for execution of extra/excess work or variation as mentioned above. However, if quantity of excess items executed in the work is less than 5%, prior/post facto approval of the competent authority shall be obtained.

These amended "Decision Rules" will come into effect immediately from the issue of this circular.

 CA(WSSD)  CA(F)  Ch.Eng.(M&E)  Dir.(ES&P)  DMC(E)  DMC(SE)

 A.M.C.(City)  A.M.C.(W.S.)  A.M.C.(E.S.)  A.M.C.(P)

M.C.  Municipal Council

Statement 'A'

Excess

Nature of work	Permissible limit of % of excess in individual item	Permissible limit of % of saving in individual item	Approving authority	
			Dir(ES&P)/DMC(E)/DMC(SE)	Concerned AMC
General Works	20%	20%	Upto 5%	Above 5% upto 15%
Underground works	25%	25%	Upto 5%	Above 5% upto 20%
Unforeseen works	35%	35%	Upto 5%	Above 5% upto 25%

Payment terms :
Excess items shall be paid as per the rate quoted by the tenderer at the time of tender.

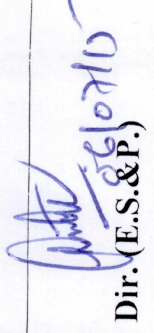
Extra/Fair

	Permissible limit of % of contract cost	Approving authority Concerned AMC
For all nature of works	Upto 5% only	Upto 5%

Payment terms :
Extra items shall be paid as per the rate prevailing in "Unified Schedule of Rates" of MCGM at the time of tender at rebate quoted by the contractor or at par in case of premium quoted by the contractor at the time of tender.
Fair items shall be got approved by the Committee framed. The engineer in-charge shall work out these fair items at fair and reasonable market rates on the basis of material, labour and operations of construction equipment required to execute the item and allowing 15% to cover profits and overhead charges (i.e. including taxes, duties, octroi, LBT, etc.) on the same lines of rate analysis prepared for the items that are in "Unified Schedule of Rates" of MCGM.
The rates of fair items shall be valid for one year only. Moreover, no escalation will be admissible on the fair items till the completion of such work, in which the fair items are executed.



Chief Accountant (Finance)


Dir. (E.S.&P.)

