

E.M.'S OFFICE

No.EM1 (10)2007/Cir (Contractor's Profit) DDA/. 1310

Dated: 19.03.08

CIRCULAR No. 621

Sub: Increase in contractor's Profit and Overheads to 15%.

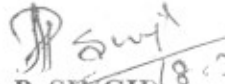
Presently an element of contractor's Profit and Overheads @ 10% is being adopted over cost of labour/material in Delhi Analysis of Rate of CPWD. This practice is being followed since Long in DDA also. Over the years substantial changes have taken place in construction techniques and construction environment resulting in substantial increase in inputs due to cost of higher technical manpower, computerization, mechanization, Quality Assurance setup, stringent environment norms and stringent contract conditions regarding higher EM, SD & PG etc.

Keeping aforesaid facts in view, the CPWD has enhanced the element of contractor's profit and overhead from 10% to 15% (7.5%+7.5%) vide Circular No. DGW/MAN/150 dated 14.12.2007; Copy of CPWD circular is enclosed.

It has been decided to follow the CPWD circular stated above in a respect of contractor's profit and overheads of 15% (7.5%+7.5%) mutatis – mutandis in all DDA works also while evaluating the cost of work and analysing the rates for working out the justification of cost.

This issue with the approval of EM.

Encls: As above.


(A.P. SINGH)
18/03/08

CHIEF ENGINEER (HQ)

Copy to:

1. All Chief Engineers i/c. CE (QAC, Design, Electrical & HQ), DDA.
2. Chief Vigilance Officer, DDA.
3. Chief Architect, DDA.
4. Chief Accounts Officer, DDA.
5. Director (MM), DDA
6. Project Manager (Flyover) Gr. I & II, DDA
7. Director (Works), DDA
8. Director (Sports), DDA
9. Dy. CAO (Plan), DDA.
10. Hindi Officer for Hindi version.

Copy also forwarded to:

1. Sr.P.S to VC, DDA, for the kind information of the latter.
2. Sr.P.S to EM, DDA, for the information of the latter.
3. Sr.P.S. to F.M., DDA, for the information of the latter.

Director (Works)



CENTRAL PUBLIC WORKS DEPARTMENT

OFFICE MEMORANDUM

No.DGW/MAN/150

ISSUED BY AUTHORITY OF DIRECTOR GENERAL OF WORKS

NIRMAN BHAVAN, NEW DELHI

DATED: 14.12.2007

Sub: Increase in contractor's Profit and Overheads to 15%

Presently an element of contractor's Profit and Overheads @ 10% is being adopted over cost of labour/material in Delhi Analysis of Rate of CPWD, This practice is being followed since long. Over the years substantial changes have taken place in construction techniques and construction environment resulting in substantial increase in inputs due to cost of higher technical manpower, computerization, mechanization, Quality Assurance setup, stringent environment norms and stringent contract conditions regarding higher EM, SD & PG etc.

Proposal for increase in the element of Contractor's Profit and Overheads was referred to Ministry of UD long back who in turn had sought the concurrence of Ministry of Finance. The matter was deliberated at length by CPWD and finally Secretary (Expdr.)(MoF) after discussion with DG(W), CPWD opined that revision of Contractor's Profit and Overheads is the prerogative of the authority approving Schedule of Rates and their Analysis etc.. However, similar provisions made by other engineering organizations in this regard may also be considered while firming up the revised Contractor's Profit and Overheads.

Accordingly this issue was discussed in a meeting convened by DG(W), CPWD with MES, DDA and MOSRTH. Based on the inputs received from these organizations and their recommendations it has been decided by DG(W) to enhance the element of Contractor's Profit and Overheads from 10% to 15% (7.5% + 7.5%).

This increase in Contractor's Profit and Overheads shall be followed in evaluating the cost of work and for preparation of Analysis of Rates for DSR items with immediate effect.

Superintending Engineer (C&M)

Issued from file no.CSQ/CM/18(7)2005

Copy to:

1. Smt. Meena Agarwal, JS(P), Min. of Finance with ref. to DG(W) UO No CSQ/CM/C/18(7)2005 dated 4.12.07.
2. Director (Works), MoUD with ref. to this office UO No.CSQ/CM/C/18(7)2005 dated 4.12.2007.
3. As per mailing list: