

**DELHI DEVELOPMENT AUTHORITY
OFFICE OF THE ENGINEER MEMBER**

No.F.6(Misc)/2008/Plan/LC/Pt.II/

Dated: 7 June, 2010.

CIRCULAR NO. 649

During inspection of a work relating to C/o Swimming Pool, Training Hall, Fitness Centre, Athletic Track at CWG Village, the CTE, in one of its para No.6.2.3.1 had observed that while framing the justification of above work, VAT & CESS had been separately taken over and above the contractor's profit & overheads @ 15% in the analysis of rates, 2007 of CPWD by the DDA. Necessary clarification in this regard was sought by the CTE from the Vigilance Department of DDA. DDA replied that 15% is considered as contractor's profit and overheads in the justification which does not include VAT and Cess. VAT and Cess are new additional taxes which are to be added over the contractor's profit & over-heads while framing the justification. CTE has desired that a uniform policy may be framed regarding addition of VAT & CESS for which guide-lines may be issued by the Engineer Member, DDA to all the Chief Engineers, DDA under intimation to CVO.

Accordingly, it is clarified that the effect of following two taxes is to be added on work contract in justification of tenders and determination of rates of extra/substituted items and rates of deviated quantity as specified in the contract:-

- (i) **Building and other construction workers cess as applicable in the state/union territory.**
- (ii) **VAT at the applicable rates on works contract drawn under the jurisdiction of Govt. of Delhi.**

The effect of these two taxes shall be added as under on:-

- (a) **Justification of tenders:-**
To be added at the end of justified cost worked out on the basis of net prevailing market rates inclusive of all taxes i/c VAT on each material considered in justification.
- (b) **Sanction of extra item, substituted item and rate for the quantity deviated beyond deviation limit specified under clause 12 of the contract:-**
To be added at the end of analysis of rate after adding contractor's profit and over-heads.
But nothing shall be added in analysis of rates for service tax since being reimbursed to the contractor separately.

The element of VAT will not be applicable in following cases:-

- 1) Purchase of materials through supply orders or tenders or through DGS&D rate contracts.
- 2) Contracts/Work Orders for Hiring of vehicles.
- 3) Contracts/Work orders for Watch and Ward.
- 4) Contracts/Work orders for all kind of Horticulture works.
- 5) Contracts/Work orders for miscellaneous services such as running/maintenance of computer services, running of vehicles etc.
- 6) And other similar contracts/Work orders having no involvement of materials.

The element of Building and Other Construction Workers Cess as applicable in the state/union territory will not be applicable for purchase of materials.

These guide-lines are based on Office Memorandum No.DGW/MAN/191 dated 20-8-2009 issued by the CPWD (copy enclosed).

The above instructions may be noted by all Zonal Chief Engineers, Director (MM), Project Manager (Flyovers), Directors (Horticulture) etc. for strict compliance.

This issues with the approval of Engineer Member, DDA.

17/6/10
(R.C.ADHLAKHA)
DIRECTOR (WORKS)

Encl: As stated.

Copy forwarded to:-

1. All Zonal Chief Engineers, DDA.
2. Director (MM), DDA.
3. Project Manager (Flyover), DDA.
4. Directors (Horticulture).
5. Chief Vigilance Officer, DDA with reference to EE(Vig)-II letter No.F1(Misc)08/CTE/C-1/EE(Vig.)-II/DDA/96 dated 12-5-2010.
6. Chief Accounts Officer, DDA.



CENTRAL PUBLIC WORKS DEPARTMENT

OFFICE MEMORANDUM

No.DGW/MAN/191

ISSUED BY AUTHORITY OF DIRECTOR GENERAL OF WORKS

NIRMAN BHAVAN, NEW DELHI

DATED: 20.08.2009

Sub: Modification in para 19.4.3.1 under chapter 19 of CPWD Works Manual 2007.

Representation has been received from Contractors and Builders Association of India to add effect of VAT on work contract in justification of tenders and determination of rates of extra / substituted Items and rates of deviated quantity to be sanctioned on prevailing market rates beyond the deviation limit as specified in the contract. After careful examination of representations it has now been decided to consider the effect of VAT on work contract and provision of para 19.4.3.1 of CPWD Work Manual 2007 are modified as under:-

Para	Existing Provision	Modified Provision
19.4.3.1	Justification of tenders. Justification statement shall be prepared formaterials stated in the draft NIT/ tender documents. The effect of building material and other construction workers' cess Act 1966, VAT etc. wherever applicable and other factors which actually contributes towards the cost, but are not covered in Analysis of Rates can also be	Justification of tenders Justification statement shall be prepared formaterials stated in the draft NIT/ tender documents. Effect of following taxes is to be added:- (i) Building and other construction workers cess as applicable in the state / union territory. (ii) VAT @ 2% applicable on works contract drawn under the jurisdiction of Govt. of Delhi. The effect of these two taxes

	<p>added in arriving at the justified amount. But nothing shall be added in analysis of rates for service Tax since being reimbursed of the contractor separately.</p>	<p>shall be added as under on :-</p> <p>(a) Justification of tenders: To be added at the end of justified cost worked out on the basis of net prevailing market rates inclusive of all taxes i/c VAT on each material considered in justification</p> <p>(b) Sanction of extra item, substituted item and rate for the quantity deviated beyond deviation limit specified under clause 12 of the contract: To be added at the end of analysis of rate after adding contractors profit & over heads But nothing shall be added in analysis of rates for service Tax since being reimbursed to the contractor separately. The rate of VAT is different in different states / Union territories. Therefore, for other states / union territories, the ADG of the region shall notify the rate of VAT to be considered.</p>
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The element of VAT will not be applicable in following cases:

- 1) Purchase of materials through supply orders or tenders or through DGS&D rate contracts.
- 2) Contracts / Work orders for Hiring of vehicles
- 3) Contracts / Work orders for Watch and ward
- 4) Contract/work orders for all kind of Horticulture works.
- 5) Contracts / Work orders for miscellaneous services such as running / maintenance of computer services, running of vehicles etc.
- 6) And other similar contracts / Work orders having no involvement of materials.

	<p>added in arriving at the justified amount. But nothing shall be added in analysis of rates for service Tax since being reimbursed of the contractor separately.</p>	<p>shall be added as under on :-</p> <p>(a) Justification of tenders: To be added at the end of justified cost worked out on the basis of net prevailing market rates inclusive of all taxes i/c VAT on each material considered in justification</p> <p>(b) Sanction of extra item, substituted item and rate for the quantity deviated beyond deviation limit specified under clause 12 of the contract: To be added at the end of analysis of rate after adding contractors profit & over heads But nothing shall be added in analysis of rates for service Tax since being reimbursed to the contractor separately. The rate of VAT is different in different states / Union territories. Therefore, for other states / union territories, the ADG of the region shall notify the rate of VAT to be considered.</p>
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- 6) And other similar contracts / Work orders having no involvement of materials.

The element of building and other construction workers cess as applicable in the state / union territory will not be applicable for purchase of materials.

Modified provisions shall be applicable for the contracts where tender have been in invited after issue of the O. M.

- Sd -

Superintending Engineer (C&M)

Issued vide file No. CSQ/CM/M/16(1)/2008

Copy to:

(1) All ADGs CPWD, E-in-C PWD, Delhi Govt. (2) All CEs, CPWD, PWD Delhi Govt. They are requested to endorse a copy of this to all SEs & EEs with further directions that they should bring this change to the notice of all the concerned.

Executive Engineer (M)

D.F.A.

**DELHI DEVELOPMENT AUTHORITY
OFFICE OF ENGINEER MEMBER**

No.F.6 (Misc)/2008/Plan/Pt.I/LS/

Dated: June, 2010.

To

Shri V.K.Malik,
Superintending Engineer (C&M),
Office of Chief Engineer (CSQ),
C.P.W.D. Room No.336-A,
Nirman Bhawan, A-Wing,
New Delhi.

Sub: Inclusion of VAT & CESS in the justification of rates.

During inspection of a work relating to Construction of Swimming Pool, Training Hall, Fitness Centre, Athletic Track at CWG Village, the C.T.E., in one of its para No.6.2.3.1 had observed that while framing the justification of the above work, VAT and CESS had been separately taken over and above the contractor's profit and over-heads @ 15% in the analysis of rates, 2007 of CPWD by the DDA. DDA replied that 15% is considered as contractor's profit and over-heads in the justification which does not include VAT and CESS. VAT & CESS are new additional taxes which are to be added over the contractor's profit and over-heads while framing the justification. CTE has desired that a uniform policy may be framed regarding addition of these taxes for which guide-lines may be issued to all the Chief Engineers, DDA.

Before action on the above lines is taken, the Engineer Member, DDA has desired that the practice being followed in the CPWD may be ascertained. In this connection, you are requested kindly to intimate the procedure being adopted in the CPWD whether VAT & CESS are included in the justification at the prescribed rates on the cost of work arrived at before inclusion of contractor's profit and over-heads @ 15% or these are added over and above the contractor's profit and over-heads @ 15%. If any Circular to this effect has been issued by the CPWD, a copy of the same may also please be sent to this office for reference.

An early reply in the matter is requested please.

(R.C.ADHLAKHA)
DIRECTOR (WORKS)

[Signature]
09/6/10

157/DH/C.AO(1)
24/3/08

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%.

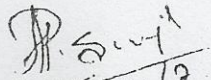
Presently an element of contractor's Profit and Overheads @ 10% is being adopted over cost of labour/material in Delhi Analysis of Rate of CPWD. This practice is being followed since Long in DDA also. Over the years substantial changes have taken place in construction techniques and construction environment 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)

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)

Arun(Cir.)



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. Sup. Meena Agarwal, IS(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:

E.M.'S OFFICE

No.EM/ (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%.

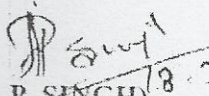
Presently an element of contractor's Profit and Overheads @ 10% is being adopted over cost of labour/material in Delhi Analysis of Rate of CPWD. This practice is being followed since Long in DDA also. Over the years substantial changes have taken place in construction techniques and construction environment 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)

CHIEF ENGINEER (HQ)

Copy to:

1. All Chief Engineers i.e. 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
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Director (Works)

D.F.A.

**DELHI DEVELOPMENT AUTHORITY
OFFICE OF THE ENGINEER MEMBER**

No.

Dated: 2nd June, 2010.

CIRCULAR

During inspection of a work relating to C/o Swimming Pool, Training Hall, Fitness Centre, Athletic Track at CWG Village, the CTE, in one of its para No.6.2.3.1 had observed that while framing the justification of above work, VAT & CESS had been separately taken over and above the Contractor's profit & overheads @ 15% in the analysis of rates, 2007 of CPWD by the DDA. Necessary clarification in this regard was sought from the Vigilance Department of DDA. DDA replied that 15% is considered as contractor's profit and overheads in the justification which does not include the VAT and Cess. VAT and Cess are new additional taxes which are to be added over the CP & OH while framing the justification. CTE has desired that a uniform policy may be framed regarding addition of VAT & CESS for which guide-lines may be issued by the Engineer Member, DDA to all the Chief Engineers, DDA under intimation to CVO.

Accordingly, it is clarified that the VAT & CESS, at the rates prescribed from time to time, are to be added over the Contractor's profit and overheads while framing the justification in the Zone so that there is uniformity in this regard.

The above instructions may please be noted by all Zonal CEs. etc. for strict compliance.

This issues with the approval of Engineer Member, DDA.

(R.C.ADHILAKHA)
DIRECTOR (WORKS)

[Signature]
02/6/10

Copy forwarded to:-

1. All Zonal Chief Engineers, DDA.
2. Director (MM), DDA.
3. Project Manager (Flyover), DDA.
4. Chief Vigilance Officer, DDA with reference to EE(Vig)-II letter No.F1(Misc)08/CTE/C-1/EE(Vig.)-II/DDA/96 dated 12-5-2010.

डाकरी नं. 218
रि. 1-6-10
उप-मुख्य लेखा अधिकारी (योगता)
दिल्ली विकास प्राधिकरण

CONFIDENTIAL

**DELHI DEVELOPMENT AUTHORITY
VIGILANCE BRANCH**

No.F1(Misc.)08/CTE/C-1/EE(Vig.)-II/DDA 196

Dt. 12-5-10

To,

The Engineer Member,
D.D.A., Vikas Sadan,
New Delhi.

Sub: C/o Common Wealth Games Village for Common Wealth Games, Delhi 2010 near Akshardham Temple off Road No. NH-24.
SH: C/o "swimming pool, Training Hall, Fitness Centre, Athletic track at CWG Village.
Agency: M/s. Sportina Payce Infrastructure Pvt. Ltd.
D.O.I. : 29.05.09, 30.05.09 & 02.06.09
Ref : CTE's No. 05-09-H-02-SH-23/85633 dt. 10.5.10.

Sir,

May please refer to above mentioned letter dt. 10.5.10 from CVC on the subject wherein CTE's para No. 6.2.3.1 has been referred to EM, DDA. It is, therefore, requested that the necessary guideline may be issued to all CE's under intimation to CVO so that the same is intimated to CTE. The chronology of the para No. 6.2.3.1 is enclosed herewith for your ready reference.

Encl: As above.

Ex. Engineer (Vig)-II

Discussed with Dir. (Works).
Circular is to be drafted as
per guide-lines given by the
Vig. Branch in their letter dated
14-3-10 to C.T.E. 13/5/10
02/6/10

Mr. Rakesh Sehrawat

Discussed. A draft instruction to be conveyed may
be kindly be drafted and put up for Emr. / Subsequent
Dr. (Plan) by Director (Plan) 13/5/10
11/6/10

Recd. (Plan)
10/5
02/6/10.

CHRONOLOGY

CTE's original Para No	CTE's Para	Reply of EE/CGD-2 dt. 7.11.09 to Vigilance Unit.	Reply of Vigilance Unit dt. 19.3.10 to CTE.	Réjoinder from CTE dt. 10.5.10.
6.2.3.1.	In the justification the rates VAT @ 2% and cess @ 1 % has been added over and above the CP & OH of 15%. The component of VAT and cess might be included in the CP & OH. In the analysis of rates 2007 by CPWD on the C.P & OH @ 15% has been taken. VAT or Cess has not been separately taken. Necessary clarification be furnished.	15% is contractor profit and overheads, VAT & Cess are new addition taxes are to be added over as above the C.P & OH of 15% during the training of justification. Accordingly the justification was prepared.	15% is considered as contractor's profit & overhead in the justification which does not include the VAT & Cess. VAT & Cess are new additional taxes which are to be added over the CP & OH while framing the justification. In view of it para may not be pursued further.	A uniform policy is required to be issued regarding addition of VAT & CESS. Para referred to EM (DDA).

Hannu S.
12-5-2010
Ex. Engineer (Vig.)-II