

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

No. 2023/F(X)-II/WP/2

New Delhi, dated 14/09/2023

**General Managers,
All Indian Railways/PUs.**

Sub: Preparation of Revised Cost Estimates in Railway Projects.

Provisions with respect to the Cost Estimates are contained in Para 701-759 of Indian Railway Engineering code. Para 708 specifically provides for Revised Cost Estimate with delegation of powers for sanction being periodically advised by Railway Board. These delegations not only seek to ensure that the provisions as contained in the Codes are followed but also facilitate progress of works and decision making at field level.

2. As per **Para 708** of Indian Railway Engineering code, 'as soon as it becomes apparent that the expenditure on a work or Project is likely to exceed the amount provided therefor in the detailed estimate or construction estimate a revised estimate should be prepared and submitted for the sanction of the competent authority. It should, unless otherwise ordered by the sanctioning authority, be prepared in the same form and with the same degree of detail as the original estimate, and should be accompanied by a comparative statement showing the excess or saving under each sub-head of account against the latest sanction. In cases where a supplementary estimate or a previous revised estimate has been sanctioned by the Railway Board, it should be made clear how the original sanction has been modified by such further sanctions'.

3. Various Delegations of powers to General Managers issued by Railway Board from time to time to deal with the cases of Revised costs are summarized below.

I. Revised Estimate: General Managers can sanction Revised Estimates in cases where excess Over original sanctioned cost/abstract cost due to reasons other than price escalation is upto 20% of original cost. However, General Managers will have full powers to sanction excess due to price escalation.

For the cases, which are beyond General Manger's powers, proposals may be sent to Board with personal concurrence of PFA/FA&CAO(C) & personal approval of General Manager along with a detailed variation statement and a suitable explanatory Note.

II. Material Modification: General Managers can sanction Material Modifications upto Rs 2.5 Cr in each case. Material Modifications which are beyond the competence of General Manager should be sent to Board with the personal concurrence of PFA/FA&CAO(C) and personal approval of General Manager.

III. M&P Estimates: M&P estimates can be sanctioned by General Managers as under:

i. For increase in cost due to price escalation not more than 100% of original estimate or Rs.2 crore, whichever is less.

ii. For increase in cost due to reasons other than price escalation including Material Modification- not more than 20% of original estimate or Rs.50 lakh, whichever is less.

Personal approval may be obtained at the level of General Manager with the personal concurrence of PFA in cases of material modifications costing above Rs. 10 lakh each.

IV. Survey Estimates: Survey Estimates can be sanctioned by GMs where variation is upto 20% on an original estimate sanctioned by higher authorities. General Manager can sanction survey estimates provided the surveys are included in the sanctioned budget and approved yardsticks are followed while remaining within the amount indicated in the Budget. This delegation does not apply to works which do not have necessary procedural approval.

V. Estimates of Lump sum works:

a) General Managers can sanction excess over estimate upto variation prescribed for estimates.

b) GMs can sanction variation in such estimate beyond permissible limits so long as the revised cost is within the limit of powers of General Managers to sanction new works under lumpsum category.

c) The works thrown forward from previous years may be taken up only if the funds required for them can be found by re-appropriation within the sanctioned allotment.

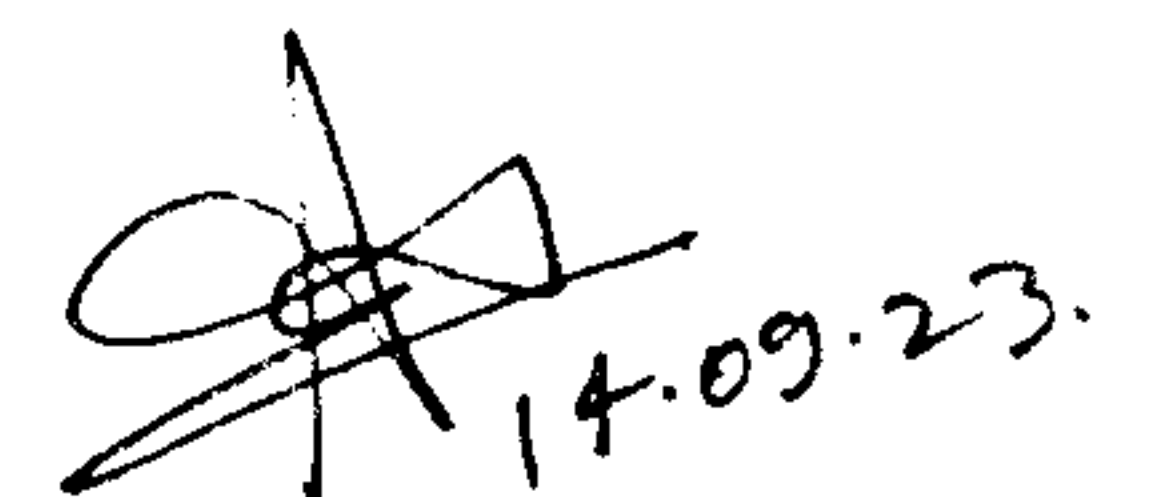
4. In order to contain the excessive Revised cost estimates, Railways are required to plan their execution of works in such a manner that time and cost overruns are minimized.

5. Following must be ensured while forwarding Revised Estimates for sanction to the Railway Board:

- Revised estimates/Material modifications should bear complete details of the revision as per codal provision including the Variation Statement/Memorandum of Differences.
- Revised cost estimates must be accompanied with explanation and justification for increase/decrease in the scope of work and quantities.
- All such proposals must be sent to Railway Board with personal concurrence of PFA/FA&CAO(C) and personal approval of GM.

6. The checklist for the Detailed/Revised Cost Estimate as issued vide letter dated 15.06.2023 is again enclosed for strict adherence.

Encl: As above



(Ashish Singh)
Director Finance (Exp)
Railway Board.

Copy to-

PFA/FA&CAO(Con), All Zonal Railways/PUs for information.

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
RAILWAY BOARD**

2023/FX-II/WP/1

New Delhi, dated 15.06.2023

**General Managers,
All Indian Railways/PUs**

Sub: Appraisal of Detailed Estimate/Revised Cost Estimates.

The procedure for preparation of estimates and check lists for submission along with the estimates have been circulated in past through various letters of Railway Board.

2. In order to streamline the process as well as to ensure early sanction of estimates, a model check list for preparation of Estimates has been prepared and the same is being circulated for guidance of Zonal Railways. The model checklist is only indicative and for guidance only.

3. Zonal Railways are advised to keep these items into consideration while appraising the Revised Cost Estimates/Detailed Estimates.

Encl: Model Checklist


(Ajeet Kumar Srivastava)
Executive Director Finance (Exp)
Railway Board

Copy to-

PFA/FA & CAO (Con), All Zonal Railways/PUs for information.

CHECK LIST FOR ESTIMATES

Justification


- Whether the estimate submitted is Consolidated Estimate containing sub-estimates of whole work/project?
- Whether the full scope of work involved along with brief history, previous sanctions, detailed justification of work, etc. has been furnished?
- Whether Head of Allocation to be charged has been indicated?
- Whether Physical/Financial Progress duly certified by Associate Finance is furnished for Revised Estimate?
- Whether the target date of completion of the work and the year-wise fund requirement, which is envisaged based on the estimate/Revised Estimate/Material Modification under sanction, has been submitted along with the estimate?
- Whether copy of Abstract Estimate is submitted with Detailed Estimate and copies of Abstract Estimate and Detailed Estimate have been submitted with Revised estimates?

Variation

- For Detailed estimate, whether consolidated as well as Department-wise Variation statement (Memorandum of Differences) with Abstract Estimate showing excess under Price Escalation/Additional items/New items, with brief justification for excesses, has been submitted?
- For Revised Estimate, whether consolidated as well as department-wise variation statement (Memorandum of Differences) with Detailed Estimate as well as Abstract Estimate showing excess under price escalation, additional items and new items with brief justification, is submitted?

Additional facilities/Material Modification

- If any additional facilities are provided in the Revised Estimate as compared to Abstract Estimate and/or Detailed Estimate, whether detailed justification indicating financial implication is furnished?
- For Revised estimate, if any additional facilities are provided in Detailed



Estimate as compared to Abstract Estimate, whether detailed justification indicating financial implication is furnished?

- Whether Technical explanatory note for increase in cost due to new items and increase in quantities is furnished? The note should bring out the technical feature leading to variations, for example, increase in the formation level, change the span and type of bridge, change of signaling std. etc. and must specify why the same was not proposed at the Abstract Estimate/Detailed Estimate stage.
- For Material Modification Estimate, whether Administrative Approval of Competent Authority is furnished?
- Whether Material Modification (MM), if any, has been duly certified. Whether MM has been prepared strictly as per Para 1109 to 1112 of Chapter 11 of Engineering code. Whether quantum of MM has been specifically mentioned?
- Whether DPR cum DE has been attached with estimate having provision of new activity, costing more than Rs. 50 Crore, as Material Modification?
- For Revised estimate or Material Modification Estimate involving work of only one Department, whether the Estimate has been routed through the Controlling department of the Work/Project?

Rate References

- Whether the rates in the Estimate have been verified by Associate Finance and the certificate to that effect is recorded in the vetting letter?
- Whether updated USSOR rates, as notified by Railway Board, have been used in preparation of estimates?
- Whether copies of Rate reference for items other than SOR have been furnished?
- Whether it has been ensured that unreasonably large provision of lump sum amount has not been kept in the estimate?
- Whether the RE submitted is the final revision in the estimate taking care of the entire requirement, obviating the need of any future revision?
- Whether M&P items and/or off-line facilities provided in the estimates are directly related to the work under consideration?

Funds & Expenditure

- Whether adequate funds exist or are committed in case of shared projects (with State Governments, National Project etc.)?
- Whether expenditure incurred is as per the sanctioned estimate? If not, whether the circumstances/justification leading to expenditure in excess of sanctioned estimate have been explained at the time of submission of RE?

Miscellaneous

- Whether Contingencies, D&G, Sports & Environment Charges, etc. have been restricted as per latest instructions? Whether Department wise break up of D&G has been furnished?
- Whether the provision of Contingency in the estimates chargeable to EBR/IF is being utilized for items absolutely necessary for completion of project and not on frills?
- Where replacement/renewals have taken place, whether necessary Credit for Released Materials (CRRM) has been provided for?
- Whether it has been ensured that the DE/RE does not has provision of additional frill items like machinery, furniture, Computers, Printer, Chair etc. not directly related to the work?
- Whether it has been ensured that excessive vehicle provision has not been made in estimate?
- In case of ROB/RUB revised estimates, whether it has been ensured that the variation in quantity due to the requirements of State Govt. has not been proposed under Railway's cost?
- Whether it has been ensured the D&G charges are not being claimed on the increase in the revised cost due to escalation?
- Whether heavy machineries etc. provisioned in the estimate are those which cannot be procured through M&P?
- Whether the number of staff quarters included in the estimate is bare minimum?

