No. 2020/CE-I/CT/10E/GCC Policy

CAO(C),
West Central Railway,
Jabalpur.

1. W.C. Railway vide letter under reference has sought a clarification related to ‘Payment of PVC in tunneling works contracts having provisions of GCC-2014’.

2. The issue has been examined in Board’s office. Earlier, on similar reference received from NFR, Board had advised NFR as under (copy enclosed):

“Railways can work out PVC for items of explosives based on the indexes now available and mentioned in IR GCC-2020 clause 46 A.7, keeping in view the provisions of Para 1265 of Engineering Code”

3. The W.C. Railway is also advised to follow the above.

DA: As above.

Copy: All CAOs/Indian Railways, for information and necessary action, please.
No. 2020/CE-I/CT/10E/GCCPolicy

New Delhi, dated 24.02.2021

To,
General Manager
North East Frontier Railway
Maligaon, Guwahati.

Sub: Price Variation in Works Contract
Ref: NFR’s Letters No. W/362/O/CON/PVC dated 07.01.2021 & 19.06.2020

1. NF Railway vide letter under reference has sought clarification on various issues related to ‘payment of Price Variation in Works Contract’. 

2. The issues have been examined in consultation with Finance Directorate of Railway Board and following clarifications are furnished:-

<table>
<thead>
<tr>
<th>Clarification Sought by Railways</th>
<th>Board Clarification</th>
</tr>
</thead>
</table>
| i) For contracts with price variation clause 46A.7 of GCC-2013 or earlier guidelines issued from the Railway Board, for “Steel”. It has been mentioned in the PVC clause that, SAIL’s ex-work price plus Excise duty thereof (in rupees per ton) for the relevant category of the steel supplied by the contractor, as prevailing on the first day of the month in which the “steel” was purchased by the contractor or as prevailing on the first day of the month in which “steel” was brought to the site by the contractor, whichever is lower, is shall be taken.

GST was implemented w.e.f 1st July, 2017. Under GST, all the Central and State taxes are subsumed and a single tax is levied on all commodities. In post-GST period, excise duty does not exist.

If the “base period” falls in pre-GST period and “Period under consideration” falls in post-GST period, then how to calculate PVC, needs to be clarified. | For payment of PVC for steel, if the base period is of before GST implementation i.e., before 01.07.2017 and period under consideration is post GST implementation i.e., after 01.07.2017, Railways can work out PVC for steel, considering steel cost exclusive of excise duty before 01.07.2017 and steel cost exclusive of GST after 01.07.2017, keeping in view the provisions of Para 1265 of Engineering Code. |

For contracts with price variation clause 46A.7 of GCC-2013 or earlier guidelines issued from the Railway Board, for “Cost of explosives & Detonators” in tunneling contract, it has been mentioned in the PVC clause that “Cost of...
explosives/detonators, as fixed by DGS&D in the relevant rate contract of the firm from whom purchase of explosives/detonators are made by the contractors in base month/quarter under consideration shall be taken". DGS&D and its website have been closed on 31st October, 2017. Therefore, DGS&D rates are not available now.

Hence, clarification is required as what kind of indices and from which source the rate reference should be taken for calculation price variation in "explosives & detonators" component for the old tunneling contracts where GCC-2013 is applicable.

| iii) | As per the clause No. 46A.1 of GCC-2019, "any extra NS item(s) included in subsequent variation falling outside the purview of the schedule of items of tender shall fall outside the purview of Price Variation Clause". And As per the clause No 46A.1 of GCC-2018, "any extra item(s) included in subsequent variation falling outside the purview of the Schedule of items of tender shall fall outside the purview of Price Variation Clause". However, the GCC prior to 2018 and Railway Board's guidelines are silent on the above i.e. extra items shall be considered falling outside the purview of PVC or not. In this regard, clarification is required, whether the extra items (NS items as well as USSOR items — where rates were not taken during tendering) shall be kept outside the purview of PVC in the contracts where GCC-2013/GCC-2014 is applicable. If the price variation in the extra items for old contract containing the provisions of GCC-2013/GCC-2014 or earlier guidelines of Railway Board is permitted, what should be the base month for the negotiated/extra items. |
| The terms and conditions of the contract already entered into by the Zonal Railway may be interpreted by the Railway itself. |

3. This issues with the concurrence of Finance Directorate of Ministry of Railways.

Copy forwarded for information to:
Principal Financial Advisor, NF Railway.