



राष्ट्रीय इस्पात निगम लिमिटेड
(भारत सरकार का उपक्रम)
Rashtriya Ispat Nigam Limited
(A Government of India Undertaking)
CIN No. U27109AP1982GOI003404



02.05.2024

REPLY OF THE CPIO IN THE ONLINE RTI APPLICATION DATED 08/04/2024 FILED BY SRI PAKALAPATI SATYANARAYANA RAJU REGD. NO. RINLT/R/E/24/00036

Information sought:

In works contracts Estimate rates are being revised once in a year based on labour rates of previous year October for the current budget year. 100 percent Labour Escalation is being paid for rate increase over previous year rate. From the statistics of last Three Years, it is observed that Overall Contracts were awarded below estimated Contract value. If Estimate rates of Tenders revised twice in a year some portion of escalation is absorbed in contract rate and escalation and differential amount can be paid at reduced rate that is quoted rate. Is there any restriction on revision of Tender rates every six months.

Reply:

The tender rates at VSP are revised as per the prevailing approved procedure orders / circulars. Copy of Procedure Order is enclosed.

The above information is furnished as received from the concerned DPIO /Department. In case you desire to prefer an appeal against the information furnished, in pursuance with Clause no. 7(8) of RTI Act-2005, you may do so to the Appellate Authority designated by VSP as per details furnished below within a period of thirty days:

Appellate Authority

Sri Pravin Kumar
CGM (Services) & First Appellate Authority,
Room No.219, 2nd Floor,
ED(Works) Bldg, RINL/Visakhapatnam Steel Plant,
Visakhapatnam-530032.

हिरण्य

HM Sehgal
DGM (Adm.) -HOD & CPIO
General Administration Department
Visakhapatnam Steel Plant
Rashtriya Ispat Nigam Limited

Encl: as above



A NAVRATNA COMPANY

Please send your reply to:

Phones : +91 891 –
TelFax : +91 891 –
E-mail :

विशाखपट्टणम इस्पात संयंत्र, विशाखपट्टणम-530031

Visakhapatnam Steel Plant, Visakhapatnam - 530 031

Regd. Office : Visakhapatnam Steel Project, Administrative Building, Visakhapatnam - 530 031, INDIA.

पंजीकृत कार्यालय : विशाखपट्टणम इस्पात परियोजना, प्रशासनिक भवन, विशाखपट्टणम-530031, भारत

PROCEDURE ORDER

Ref.No:PO/03/16; Rev.No.1

Dated: 17.11.2003

(Rev.1, dt. 17/11/2003; Amd.1, dt. 05/01/2004; Amd.2, dt. 08/08/2005; Amd.3, dt. 14/02/2012; Amd.4, dt. 13/11/2020;Amd.5, 21/07/2023)

Subject	Guidelines for Preparation of Proper Estimates, avoidance of Cartel formation, etc. for Works Division.
Purpose	To prepare estimates in line with the market trends, eliminate freak rates and contain cartel formation.
Effective from	17.11.2003
Replaces earlier Procedure/Amendment Nos	PO/03/16 dt.24.3.2000 and Amd.No.1 dt.26.5.2003 thereto.
Sl.No.	Step/Activity
A	PREPARATION OF ESTIMATES FOR WORKS DIVISION
1.0	FOR ITEMS OF WORK PREVIOUSLY AWARDED
1.1.1	<p>(a) For items of work that were awarded in any of the preceding 3 years, estimate shall be calculated as the average of such awarded rates. However, in case the awarded rate of any previous year under consideration was less than (-)10% or more than (+)10% of the estimated rate, the reduction below (-)10% or excess over of (+)10% shall be ignored in the summation of the awarded rates (for example (-)12% will be taken as (-)10% and (+)12% will be taken as (+)10% for the purpose of average). Also if an item of work was awarded in any 1 or 2 of the preceding 3 years, average awarded rates for those years will be considered for estimate calculation. While averaging, the escalations towards labour as applicable in the latest awarded rate/contract (prevailing labour rate as on TOD) shall be added to the previously awarded rates (to the extent not added earlier) to bring them to the same rate level.</p> <p>(b) In contract cases involving supply of material, fuel, -while averaging, escalation/de-escalation as applicable (based on relevant index) in the latest awarded rate/contract (on prevailing index as on TOD) shall be added/subtracted to the previously awarded rates (to the extent not added/subtracted, in case of escalation/de-escalation) to bring them to the same rate level. The same shall be approved by HOD not below the rank of E-7. The same shall be verified by Estimates Cell.</p> <p>The following formula shall be adopted for arriving at estimate rate for items involving material:</p> <p>$R = R_0 + EL + EM$ Where, R= New estimate rate of the Item R₀ = Previous award rate limited to +/-10% of the estimate rate EL = Labour Escalation EM = Material and/or fuel Escalation/De-escalation</p> <p>EL value obtained as per procedure indicated above for labour rate escalation. To derive the value of EM, the following formula shall be adopted-</p> <p>$EM = R_0 * M * (P_1 - P_0) / P_0$ Where, R₀ = Previous award rate limited to +/-10% of the estimate rate M = Material/fuel content in the item P₁ = Unit rate or Index no. of Whole sale price in India, for relevant indices as published by RBI, LME, IMA, Rubber board, Metal price.com etc as on latest available on estimation date. P₀ = Unit rate or Index no. of Whole sale price in India, for relevant indices as published by RBI, LME, IMA, Rubber board, Metal price.com etc as on latest available on TOD of the last awarded contract. SEC shall scrutinize and vet, that the same type of indices are followed for successive occasions.</p>