

EDP

Office Of the Principal Controller of Defence Accounts(BR)

SEEMA SADAK BHAWAN RING ROAD, NARIANA DELHI CANTT.-110010

File No.W.Cell/O/1131/Order File

Dated: 24/06/2014

To,

- 1 The CDA(BR) Guwahati
Udayan Vihar
Guwahati-171
- 2 The JCDA(BR)
Sector 48 C
Chandigarh
- 3 The Accounts Office

C/o 56/99 APO
(As per standard list)

Subject: Payment of Escalation Charges.

Based on a reference of this office bearing No even dated 16/04/2013 regarding clarification on Escalation Charges, HQ's office has issued necessary clarification vide their No AT/VI/6134/Payment of Escla Charges dated 20/06/2014, which is reproduced below for necessary guidance and action.

"In the above context, it is intimated that the provisions of para 32(h) of DWP 2007 are very clear. Variations due to coming into force of any fresh law or statutory rule are within the ambit of the term 'statutory escalation' used in para 32(h) of DWP 2007 wherein no revised Admin Approval would be required.

Further for increase in the cost due to application of the escalation clause as per the terms & conditions of contract for the changes in prices of key inputs such as labour, material and fuel, during the operation of a contract for a given set of the technical requirements, RAE is not warranted even if the total expenditure exceeds the tolerance amount. Sanction of the CFA in the form of a corrigendum or a revised admin approval, if the final cost of works inclusive of escalation exceeds the tolerance limit, would be required only before the final bill is paid.

A copy of CGDA letter No. 18082/AT-X/XV dated 06-10-2005 on the above subject, which is self explanatory, is also enclosed herewith for your guidance and necessary action please. "

Sandhu
24/6

ACDA (Works Cell)