



**CENTRAL PUBLIC WORKS DEPARTMENT
OFFICE MEMORANDAM**

DG/PAR/03

ISSUED BY AUTHORITY OF DIRECTOR GENERAL, CPWD

NIRMAN BHAWAN NEW DELHI

DATED: 14/02/2014

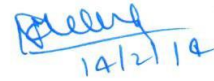
It is observed that while framing preliminary estimates some errors are made, which are resulting in inflated cost estimates. Hence following instructions are issued to bring the uniformity in the estimates;

- 1) Plinth Area Rates – 2012 includes green building measures for civil and electrical works as specified in para 6 on page 9 of PAR-2012. Still extra is added for some green building measures like rain water harvesting which is not in order. However, the green building measures which are not covered in the PAR 2012 may be added wherever necessary to satisfy the required Green Building Norms.
- 2) Service tax is sometimes added in the preliminary estimates by some field units. In this regard, it is stated that CPWD mostly constructs buildings of non – commercial nature/non-industrial. Such construction services are exempted from Service Tax. As per notification No.25/2012- Service Tax dated 20.6.2012. Therefore, service tax should be added only where applicable.
- 3) The effect of VAT is added in the estimates beyond PAR rates which is not in order. PAR-2012 rates are based on data of actual expenditure for buildings as mentioned in its forwarding note on para 2 of page 1 and memorandum on page 2 of PAR- 2012. The actual expenditure includes full effect of VAT also. Therefore nothing extra shall be added in the preliminary estimates based on PAR-2012 for effect of VAT.
- 4) Lumpsum (L.S.) provisions are taken for numbers of items. L.S provisions should be avoided to the extent possible.
- 5) Service costs given at Sr. No. 3.1 to 3.6.7 on page 7 of PAR- 2012 are given in Percentage terms. These percentages should be applied on normal Building cost (1.0 B) as indicated on same page of the PAR. However it is found that service cost is applied on item No. 1.0 (A) or on some other figure instead of applying on item 1.0. (B).
- 6) Where anticipated time from submission of the P.E. to completion of the work is more than two years, the cost enhancement should be considered @ 6.5% per annum on effective amount of project cost for the period of completion in excess of two years. The same has been clarified vide O.M. No. DGW/TAS/ANTICIPATORY COST INDEX/MAY-2009/128 dt 13.5.2009.

- 7) Extra cost for provision of false-ceiling is being made for GPOA Buildings. The cost of False- Ceiling is already included in Plinth area rates of GPOA Buildings vide item No.8.2, Page 16 of PAR-2012. Therefore it is not to be added.
- 8) As per Foot-Note at Page -7 of PAR- 2012, Quality Control Charges @1% should be taken in Estimate only when Client Department requests for third Party Quality Assurance and client's letter should be enclosed in the PE.

It is seen that many clients are criticizing CPWD for higher cost estimates furnished by it which often is the result of above said errors. All CPWD officers are requested to thoroughly check & Cross check the estimates to avoid above errors while preparing the preliminary estimates.

No. 62/ SE (TAS)/ PAR-2012/ 67 dt 14/2/2014



Executive Engineer (TAS)

Copy to:-

1. PPS to DG CPWD for information please.
2. All the Special DGs/Additional DGs
- ✓ 3. All the CEs-through CPWD website



Executive Engineer (TAS)