



पूर्वोत्तर रेलवे  
गोरखपुर - 273012  
North Eastern Railway  
Gorakhpur - 273012

### CE Circular/101 of 2020

**Subject: System improvement to prevent contract variations.**

- 1.0 The Cases regarding abnormally high variation in various contracts of field units have come to notice of Headquarter. This is a cause of serious concern and indicative of the fact that proper care is not being taken in preparation of estimates, tender Schedules etc. as stipulated in various Codes/Manuals. Few variation cases of division have been scrutinized at HQ level and based on observations during such scrutiny; these guidelines are being issued for strict implementation by field units.
- 2.0 **Execution of works:**
  - 2.1 The salient steps in execution of work are normally as under:
    - a) Once the work is sanctioned, detailed plan is made and got approved at competent level.
    - b) Based on approved plan, the detailed estimate is prepared and got sanctioned at competent level. ( E-703)
    - c) Wherever required, the tenders are invited based on quantities of detailed estimate, finalized and executing agency is fixed.
    - d) Execution of work. ( E-1117)
    - e) Records of Measurement (E-1313 to 1334), Bills to contractors for work done (E-1335 to 1340).
    - f) Dealing with excess to estimate ( E-1136).
  - 2.2 As soon as it becomes apparent that the expenditure on a work is likely to exceed the amount provided therefor in detailed estimate, a revised estimate should be prepared and submitted for sanction of competent authority. (E-708)
  - 2.3 Executive officers should not incur expenditure or liability on a work in excess of the sanctioned estimate without prior sanction of competent authority. (E-1136)
- 3.0 **Steps to Control Variation:**
  - 3.1 **Assessment of quantities:** The proper assessment of quantities at stage of preparation of estimate is key to control abnormal variation during execution

of work. It is reiterated that the detailed estimate should be prepared based on approved drawing. To ensure this, following steps need to be taken:-

- a) The Sectional SSE/Works should send tentative site drawing as well as the approximate SOR/NS items and quantities to divisional office. Based on this, the proper drawing should be prepared and got approved by competent authority (now powers are fully delegated to DRM for approval of all drawing and apprehension of delay in approval of drawing by HQ does not exist anymore).
- b) SSE/Estimate in division should then prepare the detailed estimate based on the items and quantities sent by sectional SSE/Works as well as based on the approved drawing duly making changes as per the approved drawing, if any. The detailed estimate should be sent to SSE/Works for verification and signature and after that only, it should be processed for finance vetting and sanction. This will eliminate need for any major variation in the items and quantities.

### **3.2 Preparation of Tender Schedule:**

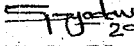
- a) The tender schedule shall be made based on sanctioned detailed estimate.
- b) It has been observed during scrutiny of variation cases that very small token value is being kept for "Any other item" in the schedule. During execution, the value of this item has been found to be exceeded manifold, resulting in large percentage variation in this item. A realistic provision (about 2% of tender value) should be provided for "Any other item" in the tender schedule to meet any unforeseen exigency and to restrict percentage variation in this item.

### **3.3 Stage Check on variation:**

- a) It has also been observed that huge payment in excess of agreement provision for various items of schedule & particularly "Any Other Item" of the schedule has been made in a number of agreements during On Account Payment, without approval of variation by Tender Accepting Authority. This is irregular. To prevent such cases, stage check on variation is essential.
- b) On receipt of every On Account Bill, the bill clerk should prepare bill statement duly indicating agreement quantity of each item and total payment proposed for the item in the On Account bill. SSO/Works will ensure that the payment is permitted for quantity of each item up to the agreement provision/approved variation. Bill clerk & SSO/Works shall record a certificate on the bill to the effect

that "It is certified that no payment is being made beyond agreement quantity/approved variation quantity in any item in the bill."

- c) This will not only eliminate the possibility of payment of quantities beyond agreement quantity without approval of variation statement by competent authority, but will also facilitate in timely processing of variation cases.
- d) The bill passing authority shall ensure that timely decision is taken about anticipated variation and take further action as required as per extant instructions.

  
29.01.2020  
(S. P. Yadav )

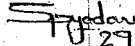
Chief Engineer Works

No. CE/NER/Work Circular/275/Pt I/W-3G

Dated: 29.01.2020

Copy for kind information & necessary action to:

1. PFA/N.E.Railway, Gorakhpur
2. CAO/Con/N.E.Railway, Gorakhpur
3. Divisional Railway Managers/ IZN, LJN & BSB
4. Sr. Divisional Engineer/ Coordination/ IZN, LJN & BSB
5. Dy. CE/ Gorakhpur Area/ Gorakhpur
6. CWM/Bridge/ Gorakhpur

  
29.01.2020  
Chief Engineer Works

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