



042-99059011

No.594/AC(Tech)/P&D/2022-23
GOVERNMENT OF THE PUNJAB
(INFRASTRUCTURE DEVELOPMENT WING)
PLANNING & DEVELOPMENT BOARD

Dated: Lahore the 9th September, 2022

To

1. The Senior Member, Board of Revenue, Punjab.
2. The Registrar, Lahore High Court, Lahore.
3. All Administrative Secretaries to Government of Punjab.
4. Provincial Police Officer /Inspector General Police, Lahore.
5. All Commissioners in the Punjab.
6. All Deputy Commissioners in the Punjab

Subject: PRICE VARIATION ALLOWABLE CUSHION DUE TO IMPACT OF INFLATION ON CONSTRUCTION MATERIALS

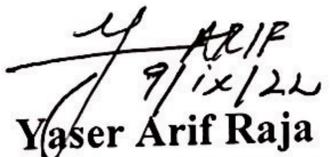
The public sector engineering departments have indicated risk of delays in completion of on-going schemes due to abnormal price hike of construction materials and proposed to devise a mechanism of timely payment of price variation as per Clause-55 of contract agreement. Series of consultative sessions were held at P&D Board to reach unanimous mechanism. Accordingly, it is considered appropriate that ten (10) percent cushion may be allowed for price variation in PC-Is of on-going schemes through issuance of revised administrative approval (s).

2. In order to address the afore-stated issue, following operating procedures have been devised to address price inflation and escalation adjustments in due course of revised administrative approvals for on-going schemes / allotted works:-

- i. This provision is only for the projects / schemes, approved and awarded prior to 30-06-2022.
- ii. Provision up to 10% price variation is only for estimation purpose. However, the payment should be made as per actual in accordance with Clause-55 of Contract Agreement.
- iii. The executing agencies may submit revised cost estimates within 10% cushion of price variation without involving change in scope to their respective Administrative Departments for schemes falling under the purview of PDWP / DDSC for issuance of revised administrative approval(s).

- iv. This said dispensation / provision may also be adopted by DDWP / DDC with due diligence where applicable.
- v. In certain cases where actual cost impact of price escalation exceeds the allowable threshold of ten (10%), such cases shall be brought to the respective approving forum.
- vi. In case of any savings in the said provision, same should not be utilized for any other purpose.
- vii. Prior to substantial completion of the schemes, revised PC-Is should be submitted to the respective forums by incorporating actual price variation for consideration /approval.

This provision in cost estimates is being allowed as one time special dispensation only to streamline the procedures for revised approvals of on-going schemes valid till 31-12-2022.


9/12/22
Yaser Arif Raja
Assistant Chief (Tech-II)
P&D BOARD

CC.

- Principle Secretary to the Chief Minister, Punjab, Lahore.
- All Members, P&D Board.
- Additional Secretary (G)/Staff Officer to the Chief Secretary, Punjab, Lahore.
- PSO to the Chairman P&D Board.