

APPENDIX 4

Rules for the distribution of Establishment and tools and Plant Charges

1. Charges on account of general services like Establishment and ordinary Tools and Plant of a division or office should be classified in the accounts under the appropriate sub-head under the minor heads "Direction and Administration" and "Machinery and Equipment" as the case may be, of the major head "2059 Public Works" and, save as herein after provided, no attempt should ordinarily be made to include in the cost of an individual work (or head of account) any portion of expenditure on account of those services (see also paragraph 10.1.5)

Note – For the classification of the charges for tools and plant of a special office, see paragraph 20.3.7.

2. As an exception to the foregoing rule, the under-mentioned special establishments should be charged as indicated below:-

- (i) Work-charged establishment including Work-charged staff converted into regular Establishment as defined in paragraph 10 of the Central Public Works Department Code to the account of the work or subwork concerned.
- (ii) Purely revenue establishment (zilladars, Amins, etc) employed entirely on the management of irrigation, etc., works and on the assessment etc of connected revenue to the sub-division "Working Expenses" of the major head "2701 – Major and Medium Irrigation etc." works (Commercial) or (Non-commercial), as the case may be.
- (iii) Establishment employed for temporary period on famine relief works, to the minor head concerned under the major head "2245" Relief on account of Natural Calamities."
- (iv) Establishment employed in workshops of a quasi-commercial character; to the account of the workshop concerned.

3. The cost of special tools and plant i.e., tools, plant, machinery, etc., obtained to meet the special requirements of a particular work or project and of a nature not usually to be found in the general stores of the Administration should be treated as a direct charge to the work or project.

Similarly tools, plant and machinery required for a workshop of a quasi-commercial character should be charged direct to its accounts.

Note 1 – In case of doubt, the Chief Engineer, or other competent executive authority, will decide whether any item of tools and plant should be classified as ordinary or special.

Note 2 – The cost of tools and plant required for use on Famine Relief should be treated as "special" and classified in accordance with rule 3 above.

4. Detailed procedure for distribution of establishment, tools and plant etc., in respect of common Public Works Establishments.

(a) Establishment

(i) The “gross expenditure” on the common establishments, of PWD Buildings and Road Branch, will be recorded under the Minor Head “Direction and Administration” below “2059 – Public Works”. The Minor Head will have suitable sub-heads such as “Direction”, “Designs”, “Supervision”, “Execution”, ‘Architecture”, “Stores Control”, etc. From this ‘gross expenditure’, the distribution of the charges will be in two stages as explained below:-

(ii) The first stage of distribution will be in respect of establishment charges relatable to Capital Major Heads. The distribution of establishment charges from the omnibus Public Works major head to these heads will be calculated on percentage basis, as per the existing principles in CPWA Code; the percentages being carefully determined by the Government in such manner as to remain current for at least 3 years so as to avoid meticulous and frequent recalculations.

In respect of establishment charges relatable to works done for other Governments, Local funds, private parties etc, recoveries will be made on percentage basis to be determined by Government and credited to the Major Head “0059 – Public Works – Other Receipts”, as revenue.

The debit for the proportionate charges on Establishment apportioned to the Capital Major Heads will be adjusted under the sub-head “Buildings” under the appropriate Programme Minor Heads, against a distinct detailed head (or object classifications) “Establishment” to be opened for the purpose. The contra credit (Minus debit) under “2059 – Public Works” will be booked under a distinct sub-head – “Deduct – Establishment charges transferred on percentage basis to Capital Major Heads” below “Direction and Administration”. Such adjustments may be done monthly in the Public Works Divisional Accounts.

(iii) The next stage of distribution of the establishment charges under “Direction and Administration” below “2059 – Public Works”, will be in respect of the works charged to the major heads “2216 – Housing” and “3054 – Roads and Bridges” only. Distribution of the charges in respect of works charged to other major heads in the Revenue Section is not necessary. For this purpose, from the residuary expenditure under “Direction and Administration” at the end of the year arrived at after the adjustment at (a) above is carried out, the amounts recovered during the year from other Governments, Local bodies etc. on percentage basis for works done on their behalf and credited to Public Works as revenue will be notionally deducted to arrive at the net charges on Establishment relating to Public Works (Construction) in the “Revenue Section”. From this net amount, a pro-rata distribution of the charges to “2216 – Housing” and “3054 – Roads and Bridges” will be made according to works outlay recorded under these major heads vis-à-vis the total revenue expenditure on Public Works (Construction) in all Major Heads in the

Revenue Section. The distributable amounts so calculated will be adjusted from “2059-Public Works”, through a deduct Sub-head “Establishment Charges” transferred pro-rata to “Housing”/“Roads and Bridges”, by per contra debit to “2216 Housing Direction and Administration”, and ‘3054 – Roads and Bridges Direction and Administration’, respectively. The adjustment will be carried out by the Accounts Officer at the end of the year.

(b) Tools and Plant

The Procedure outlined above will be followed mutatis mutandis for distribution of “Tools and Plant” charges also.

The percentage should be levied separately for establishment and tools and plant.

Note 1 – The basis for determining the slab for levying the establishment charges shall be the estimated cost of a work, though the actual adjustment of percentage charges should be made on the expenditure incurred during the year.

Note 2 – Departmental Charges, including pensionary and audit charges should be levied on all works, the cost of which is met from the detailed head “Grants-in-aid” under the relevant programme minor head under the Major Head “2059 – Public Works”.

(c) For works executed by the Central PWD the percentage rates for establishment are intended to correspond as far as possible to the average percentage borne by the Public Works Department normal works programme which fully occupy such establishment. The rates fixed with effect from 1984-85 are as per the Annexure.

(d) For other works, Administrative Ministry/Administrator concerned are authorized to fix the percentage rates in consultation with the Accounts Officer, on condition that the percentages so fixed are not less than the actual average cost per Rs.100 of outlay on works in the Administrative Ministry/Administration concerned during the previous five years.

Note 1 – When only some of the operations necessary to the completion of a non-Government project are undertaken at one time different percentages may, if desired, be adopted for each operation, provided that if subsequently the remaining operations are undertaken, the aggregate recovery is equal to the full charge leviable under this rule.

Note 2 – Similarly, different rates of charges may, if desired, be prescribed for large and small works or for scattered and approximately the same aggregate return to Government as if a uniform rate, as determined under this rule, will give.

(e) The percentage fixed as above should be examined and readjusted, if necessary, once in every three years after consultation with the Accounts Officer.

(f) In calculating departmental charges in respect of works executed on behalf of Central & Commercial concerns (including the Ministry of Defence), other Government and non-Government bodies or individuals, one percent should be added on account of pensionary contributions.

(g) An additional charge of one percent, should be recovered in respect of works done for Railways, Defence Services, Postal or Telecom Department, All India Radio (except monitoring service), from 1.4.54, Department of Overseas Communication Service from 13.11.1947 and non-Government bodies or individuals to cover the cost of audit and accounts establishment.

Note 1 – No share of general charges on account of establishment and tools and plant should be included in the actual cost of works chargeable against the Central Road Fund.

Note 2 – Consequent on the decision to treat the Defence Accounts Department as Civil Department w.e.f. 1971-72, that Department should not charge an additional charge of one percent to cover the cost of Audit and Accounts of works (executed by MES) on behalf of the Civil. Similarly, in respect of Defence Works carried out by Civil, the Accounts Officer (concerned) should not charge the Defence Accounts Department for any services rendered in keeping the Accounts of Works, (executed by civil) on behalf of Defence.

5. The prescribed percentages may be remitted by the Administrative Ministry/Administrator concerned in the case of non-Government works costing less than Rs.1,000 Remission of charges is not permissible in other cases, as such aid as it may be desired to give to local body in the construction of a work in which Government is interested, should take the form of a cash grants-in-aid.

Note – In the case of works costing Rs.1000 and over, the Administrative Ministry/Administrator concerned are authorized to sanction a cash contribution in favour of a local body upto the actual amount of establishment and tools and plant etc., charges leviable under Rule 4 (see paragraph 16.1.3). This power cannot be exercised in respect of works executed on behalf of a private individual.

6. For works done in workshops which are of a quasi-commercial character, percentage charges should be levied in all cases, i.e., even when work is done for P.W.Divisions of the same Administration. The rates may be fixed by the Administrative Ministry/Administrator concerned in consultation with the Accounts Officer. See paragraph 14.2.5 of this Code.

Note – The percentage charges referred to in this rule may be so regulated as to include prescribed percentage charges for audit and accounts even in the case of jobs executed for other divisions and departments both under Union Government and other Governments.

7. The percentage referred to in rule 4 are leviable on the actual outlay booked in the accounts i.e., on the net outlay where there are any refunds or writes back. No item of

expenditure should be excluded from the levy on the plea that it involves little or no departmental supervision, etc, but the prescribed percentage charges for tools and plant should not be levied in the case of non-Government works on which tools and plant of the department are not used.

Note – Under this rule, even the cost of land acquired through the district and revenue authorities is not exempt when it is adjusted in the divisional accounts as part of the cost of a non-Government work; but if it is not included in the estimate for the work and is not passed through the Public Works accounts, no percentage charge is leviable on account of it.

8. Recoveries made in accordance with the preceding rules should be classified as indicated in Statement E of Appendix 2, the adjustment being made once a year in March, except in the cases of Deposit Works (see paragraph 16.2.4). Local Loan Works, Takavi Works and works done occasionally for other departments, Governments, etc. Where the percentage leviable are required to be adjusted whenever the cost of work done is adjusted by charge to the deposit, remittance or other account concerned. In the case of Capital Works the adjustment may be done monthly vide rule 4(a) (ii).

9. In the case of workshops of a quasi-commercial character, any other work, for which special establishment is entertained, an addition of such percentage, limited to 5 percent of the cost of this establishment, as may be fixed by the Administrative Ministry/Administrator concerned on a consideration of the special features of each case, may be made to cover supervision charges thereon.

10. For allotment of funds, it is not necessary, to include in the estimates for individual works, any provision on account of establishment and tools and plant charges, unless percentage charges levied by other Governments or departments are, under the rules, included in the cost of work. See also paragraph 10.1.5 of this Code. For administrative purposes, such provision is made in the project estimates of works of which it is desirable to forecast the ultimate financial results.

11. The cost of special tools and plant (such as cranes, etc) debited to a single head in the accounts may be distributed over the several sub-heads of works in accordance with such methods as the Administrative Ministry/Administrator concerned may determine in consultation with the Accounts Officer. Similarly, if the cost of depreciated value of any special tools and plant obtained for, or used on a project is required to be distributed over different units of the project, the forms of subsidiary accounts to be kept to facilitate that distribution will be settled by the Administrative Ministry/Administrator concerned after consultation with the Accounts Officer.

STATEMENT SHOWING THE RATES OF DEPARTMENTAL CHARGES LEVIABLE ON CPWD WORKS EFFECTIVE FROM 1.6.84 AND THEIR BREAK-UP

Objectives of Work	All Maintenance works and minor works costing upto Rs.one lakh	Construction works costing upto Rs. two crores	Construction works costing between Rs.two and five crores	Construction works costing more than Rs.five crores
(1)	(2)	(3)	(4)	(5)
(A) Establishment Charges				
1. Preparation of preliminary sketches	½ %	¼%	¼%	¼%
2. Preparation of detailed working drawings	1%	¾%	½%	¼%
3. Preparation of preliminary estimates	¼%	¼%	¼%	¼%
4. Preparation of detailed Estimates	½%	¾%	½%	¼%
5. Preparation of structural designs	1%	1%	¾%	¾%
6. Execution	19 ¼%	7 ¾%	4 ¾%	4 ¼%
Total	22 ½ %	10 ¾%	7%	6%
(B) T&P (Machinery Equipment)	¾%	¾%	½%	½%
(C) Audit and Account	¼%	¼%	¼%	¼%
(D) Pensionery	¼%	¼%	¼%	¼%
	23 ¾%	12%	8%	7%

Notes:

1. In the case of works for CGHS where architectural services are provided by Central Design Bureau of CGHS necessary rebate @ 1% has to be given in Estt.Charges
2. The indicated rates of tools and plants are exclusive of the cost of special tools and plant, the cost of which will be charged to the estimate for the work.

3. The DDA will be allowed a rebate in the departmental charges on account of preparation of preliminary sketches, and detailed architectural drawings relating to their works as per the figures given in the break up of departmental charges.
4. No D.C. for Government works and those of autonomous bodies fully funded by Central Government are Preliminary Estimates
 - (i) This comes into force with effect from 27.9.2001
 - (ii) The levy of D.C. on current works including those to be sanctioned will be governed as per provision in the sanctioned estimate.
 - (iii) It should be ascertained whether an Autonomous Body is fully funded or not by Central Government by obtaining a letter from the head of such an undertaking or from the head of finance department of the Undertaking that it is fully funded by the Government.