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# Code for E.P.C. Contracts

(Engineering, Procurement and construction)

G.O.Ms. No. 50, Dated: 2<sup>nd</sup> March, 2009  
& ANNEXURES

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## GOVERNMENT OF ANDHRA PRADESH

### ABSTRACT

Irrigation & CAD Dept., – Guidelines of EPC system through Appendix to the relevant codes of APPW "D" Code, APPW "A" Code, A.P.Financial Code vol.I, APDSS and PWD Codes for executing public works in all Engineering/Public works Department and other organizations – Orders – Issued.

#### **Irrigation & CAD (PW-REFORMS) Department**

G.O.Ms.No.50

Dated: 2<sup>nd</sup> March, 2009.

Read The Following

1. G.O.Rt.No.1652 Gen.Administration (GPM&AR) Dept. Dt: 7.4.04.
2. D.O.Lr.No. 69984/KPS/GPM&AR/04-9 from Spl.Cs to Govt.Gen.Admn. (GPM&AR) Dept. Dt.18.10.2004.
3. D.O.Lr.No. 60445/KPS/GPM&AR/05-1 from Spl.Cs to Govt. Co ordination, GPM&AR (GAD). Dt.17.5.05.
4. D.O.Lr.No. 11252/Reforms/2004-9 I & CAD (PW Reforms) Dt: 04.02.06.
5. D.O.Lr.No.CGG/EPC-Turnkey/2006, from Director General CGG Dt: 27.5.06.
6. U.O.Note.No.5292/R.I(2)/05-3, Dt:27.5.06. From Pri. Secy to Govt. Transport, Roads & Bul. Dept.
7. D.O.Lr.No.1405/ F3(2)/2006-3, from Dy. Fin. Advisor to Govt.,fin.(W&P) Dt: 11.8.2006.
8. D.O.Lr.No. 11252/Reforms/2004, I & CAD (Reforms) Dt: 14.11.2006.
9. Lr.No.14571/T4/EG/2006 from Eng.Chief (Public Health) Dt: 8.12.2006.
- 10.Lr.No. 231206/AEE1/DEE2/MC/2006 from the E-in-C, R&B Admn&Roads, Dt: 30.12.2006.
- 11.Lr.No.ENC(I)/DCE.1/OT.8/EPC/2006 From the E-in-C(Irr) Dt: 7.3.2007.
- 12.Memo.No. 11252/Reforms/2004, I & CAD Dept., Dt: 05.10.2007.
- 13.Memo.No. 11252/Reforms/2004, I & CAD Dept., Dt: 07.02.2009.

#### ORDER

1. Government, keeping in view the available human resources in the Irrigation & CAD Dept., as well as complex technical nature of works in terms of design and introduction of latest technology, took a decision to introduce internationally recognized and proven EPC methodology for execution of projects of such large size and technical complexities. Further Government of India and other organizations have been successfully executing projects through EPC methodology in various sectors such as National Highways, Power etc. Including sardar sarovar projects in Gujarat. The adoption of EPC methodology is likely to ensure involvement of major construction companies/firms with latest technical know how. In view of the introduction of EPC System for executing woks, the need to append relevant rules governing EPC Procedure for procurement to the existing Codes arose.

2. The Government vide G.O.Rt.No. 1652 GA (GMR&AR) Dept. Dt: 7-4-2004, have constituted a High Power Committee, to examine among other issues, the recommendations of Center for Good Governance on "The Accountability in Public Works". The committee has recommended to introduce fresh chapter in the APPWD Code at its first meeting held on 14-6-2004 and the work was entrusted to the centre for Good Governance (CGG), Hyderabad for working out details.
  3. The Centre for Good Governance has taken up the introduction of relevant chapters in the APPW "D" code by conducting number of consultative workshops with the Engineer-in-Chiefs of the respective Engineering Departments and the Board of Chief Engineers have given their consent to the Revised Draft of the APPW "D" Code. Similarly, the CGG has taken up the revision of APPW "A" Code and revised the Draft Accounts Code duly incorporating the remarks and contributions made by the Director of Accounts, and duly obtaining the concurrence of Board of Chief Engineers. The revision incorporated the provisions available in various orders issued by the Government on works and also relevant provisions available in AP Financial Code, AP Accounts Code, AP Fundamental Rules, CPWD Code, CPW "A" Code and Govt. of India Accounting Rules 1990. The issue has also been discussed with all the works department viz, R&B, MA & UD, PR & RD etc., and the Finance Department.
  4. The Finance ( W&P) Dept, accepted the recommendations in pursuance of the discussions held in wrap up Workshop on 19-8-2006 and 22-1-2007 in the Dr.MCR HRD Institute involving representatives of all the works departments, Finance, A.G., T and R & B, MA & UD, PR & RD etc., on the proposed additions to the PWD Codes i.e., (1) AP Detailed Standard Specifications (2) APPW "D" Code (3). A.P.Financial Code Volume -1 (4) APPW Accounts Code.
  5. After detailed deliberations and discussion on the above issue, the Government accept the recommendations of the High Level Committee, Board of Chief Engineers and The Finance Department and accordingly issue the orders for appending to the existing relevant codes the Guidelines on EPC contract system applicable in all Engineering/Public Works Department and other organizations. The following four parts as Appendix to the relevant Codes related to EPC System of procurement are enclosed herewith in Annexure I , II III and IV as indicated below.
    1. Code for EPC Works  
(Appendix to A.P.Detailed Standard Specifications) --- Annexure – I
    2. Code for EPC Works (Appendix to "D" Code) – Annexure – II
    3. Code for EPC Works (Appendix to Financial Code Vol.I) – Annexure – III
    4. Code for EPC Works  
(Appendix to A.P.Public Works Accounts Code) --- Annexure – IV
- These are appended to the relevant codes to accommodate EPC Procedure of Procurement while leaving the original provisions in the code as they are.
6. This order issues with the concurrence of Finance (W&P) Department vide their U.O.No. 3347/F3 (2)/2007-1, dated: 13-4-2007.  
(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

RAJIV RANJAN MISHRA  
SECRETARY TO GOVERNMENT

To

All the Engineer-in-Chief of Irrigation & CAD Department.  
All the Chief Engineers of Irrigation & CAD Department.  
The Commissioner, Commissioner of Tenders,  
The Engineer-in-Chief, PR & RD Department, Hyderabad.  
The Engineer-in-Chief (R & B) Admn.,Dept.,Hyderabad.  
The Engineer-in-Chief (PH), Hyderabad.

Copy to

All the Collectors & Dist. Magistrate of A.P.,  
All Sections in Irrign & CAD (PW/Irrgn.) Dept.  
The A.G., A.P.Hyderabad.  
The G.A. (Cabinet) Dept. w.r.t.U.O.No. 122/2009, dt: 24-2-2009.  
The G.A. (GPM&AR) Dept.  
The Finance (W&P) Dept.  
The P.S. to Ministers (PR & RD/MA & UD/T.R. & B/Housing)  
The P.S. to Prl. Secy. (SKJ)/P.S.to Secretary (AD)/P.S. to Secretary (RRM)  
The P.S. to Prl. Secretary, Housing/P.S. to Prl. Secy, M.A. & U.D. / P.S. to Secretary,T.R. & B / P.S. to Prl.  
Secretary, PR & RD./P.S. to Secretary, Housing.  
All the Advisors of Irrgn & CAD Dept.  
SF/SC.

//FORWARDED :: BY ORDER//

J.NARAKANTEERAVA  
SECTION OFFICER

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**GOVERNMENT OF ANDHRA PRADESH  
IRRIGATION & CAD (PW - REFORMS) DEPARTMENT**

**ANNEXURE – I**

(Enclosure to G.O.Ms. No. 50,  
Irrigation & CAD Department dt. 2-3-2009)

**Code for E.P.C. Contracts**

(Engineering, Procurement and construction)

**Appendix to A.P.**

**Detailed Standard Specifications**

**GOVERNMENT OF ANDHRA PRADESH  
IRRIGATION & CAD  
(PW-REFORMS) DEPARTMENT**

**ANNEXURE – I**

(Enclosure to G.O.Ms. No. 50, Irrigation & CAD Department dt. 2-3-2009)

P. Detailed Standard Specifications

Provisions for EPC Works

P.S.8

Note .2 under P.S. 8

The 'employer' is the Superintending Engineer, i.e. the agreement concluding authority. 'Engineer-In-Charge' is The Executive Engineer in charge of execution.

P.S.11

Note.1 under P.S.11:

In respect of EPC works the conventional Schedule.A giving the quantities against each item of work is dispensed with. Only project information regarding project features, major components as available are given in project profile of bid documents. Scope of work and basic project parameters of the project shall be defined in the bid documents. The bidders shall review the data / information provided in bid documents and satisfy themselves. Any doubts shall be got cleared in pre bid meeting. The contractor shall quote the bid price in lumpsum after careful analysis of cost involved for the performance work considering all basic parameters, specifications and conditions of contract. The bid offer shall be for the whole work and not for individual item / part of work. The bidder shall quote for the entire work on a single source responsibility basis. The cost of all items of work necessary to achieve the objective as setout in the basic parameters shall be included in the bid price. The total cost of work shall be mentioned.

P.S.12

Note.1 under P.S. 12:

In respect of EPC works the execution shall be strictly in accordance with bid conditions. Contractors shall not deviate from basic parameters of the project to reduce his costs. EPC being a turnkey system extra items / financial claims on the department contingent to the work other than price adjustments shall not be considered.

P.S.13

Note.1 under P.S.13:

In respect of EPC the Estimated Contract Value excluding reimbursible items put to tender value shall be the basis for comparison of tenders. The agency shall furnish the detailed estimates prepared based on approved drawings as per provisions of agreement.

P.S.14

Note.1 under P.S. 14:

In respect of EPC works drawings given, listed and indexed in bid documents are indicative. The above drawings show the system as a whole .The contractor shall carry out investigation to prepare detailed layout, designs and drawings of all components of the work within the stipulated time period, to be approved by competent departmental authority. The contractor shall follow all relevant BIS codes / circulars issued by the department from time to time for various components of the works. In case of difference of opinion on technical matters between the contractor and the Engineer-in-charge , the decision of the appellate authority shall be final and binding on the contractor.

The appellate authority is Superintending Engineer in respect of designs and drawings approved by Engineer-in-charge.

The appellate authority is Chief Engineer/ Chief Engineer (Designs) in respect of designs and drawings approved by Superintending Engineer.

The appellate authority is the Committee constituted by the Government in respect of designs and drawings approved by Chief Engineer/ Chief Engineer (Designs).

P.S.54

Note.1 under P.S. 54:

In case of EPC works, if the prime contractor desires to sublet a part of the work, he should submit the same at the time of filing bids (itself) or during execution, giving the name of the proposed sub contractor, along with details of his qualification and experience. The bid accepting authority should verify the experience of the sub contractor and if the sub contractor satisfies the qualification criteria in proportion to the value of work proposed to be sub let, including his past track record of completion and quality of work, he may permit the same. The aggregate value of works to be awarded on sub letting shall not exceed 50% of contract value. The extent of sub letting shall be added to the experience of the sub contractor and to that extent deducted from that of the main contractor.

P.S.59

Note.1 under P.S. 59

In respect of EPC works the Chief Engineer shall permit grant of extension of time up to six months and by the Govt. beyond six months based on the recommendations of State Level Standing Committee constituted by the Govt. and the Superintending Engineer conveys the same to the agency.

P.S.60

Note to P.S 60(a)

In respect of EPC works.

Termination of contract shall also be as per condition No.55 of General Conditions of EPC contract.

Note to P.S 60(b)

Extension of Time in EPC contracts shall be granted.

In respect of EPC works EOT with liquidated damages shall be granted by CE concerned upto six months and by the Govt. beyond six months based on the recommendations of State Level Standing Committee constituted by Government and the Superintending Engineer will convey with the same to the agency.

In respect of EPC contract, payments are made as per payment schedule given in Annexure.II. The payment schedule can be sub divided into sub components. Quantities are not indicated in the agreement or bill. In case of execution of unfinished work of agency the quantities have to be worked out by the department. The following is to be adopted:

- I. The deletion shall be in conformity with the sub components already fixed.
  - i. If the new agency is willing to carry out work at the amount not exceeding the sub component percentage of original agency ie., where there is no extra liability to government the same can be approved by the employer, irrespective of monetary value.
  - ii. If the new agency is willing to carry out the work and the amount exceed the sub component percentage of original agency, if the difference is within 5% of agreement value the same may be entrusted by the Committee constituted for fixing I.B.M. The difference of 5% is to be made good from original agency.
  - iii. If the agency is willing to carry out the work and the amount exceed the sub component percentage by 5% of agreement value, all such cases require prior approval of Government.

P.S.62

Note.1 under P.S. 62

In respect of EPC works the measurements shall be recorded by EPC agency in M.Books and LF Books issued by the Engineer-in-charge duly certified and numbered which shall be checked by the departmental officers as detailed in departmental codes.

P.S.63

Note.1 under P.S. 63

In respect of EPC works the quantities are not shown as in conventional.Schedule.A. As such payment for any extra work shall be regulated as under

- 1 Entrustment of the additional items contingent to the main work and within the scope of contract will be authorised by the employer and the contractor shall be bound to execute such additional items at no extra cost to the employer and the cost of such items shall be deemed to have been included in the contract price quoted.

- 2 Entrustment of additional items of work contingent to main work and outside the scope of the contract will be authorised by the employer with the prior approval of the Government and the contractor shall be bound to execute such additional items and shall be compensated at the price decided by the Government.
- 3 Whenever additional items not contingent on the main work and outside the scope of original contract are entrusted to the contractor, entrustment of such items and the price to be paid shall be referred to the Government for final decision.

P.S.68

Note.1 under P.S. 68

In respect of EPC works the amount recovered from the final bills will be retained under deposits and paid together with the EMD retained, after defect liability period as stipulated in the agreement

In case of Irrigation Department works the defect liability period is to be taken as 2 working khariff seasons or 24 months whichever is higher.

P.S.69

Note .1 under P.S. 69

In respect of EPC works the retention amount in excess of 2.5 % of value of work done shall be released against unconditional BG in multiples of Rs. 25 lakhs(in respect of contracts of Rs.100 crores and below) / Rs.50 lakhs(in respect of contracts of above Rs.100 Crores), if the rate of progress is maintained. The unconditional irrevocable BG shall be for the period till the final bill is paid. In the final bill 2.5 % of value of work done is to be retained and kept under deposits. The same shall be paid after defect liability period.



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**GOVERNMENT OF ANDHRA PRADESH  
IRRIGATION & CAD (PW - REFORMS) DEPARTMENT**

**ANNEXURE – II**

(Enclosure to G.O.Ms. No. 50,  
Irrigation & CAD Department dt. 2-3-2009)

**Code for E.P.C. Contracts**  
(Engineering, Procurement and construction)

**Appendix to A.P.  
Public Works "D" Code**

**GOVERNMENT OF ANDHRA PRADESH  
IRRIGATION & CAD  
(PW-REFORMS) DEPARTMENT**

**ANNEXURE – II**

(Enclosure to G.O.Ms. No. 50, Irrigation & CAD Department dt. 2-3-2009)

"D" Code Provisions for EPC Works

Para No.20 Note.1 under Para 20.

Superintending Engineer should prepare project profile and basic project parameters with project cost under EPC Agency. The same shall be approved by

- i) Superintending Engineer - upto Rs.50 Lakhs
- ii) Chief Engineer - More than Rs.50 Lakhs and equal to Rs.200 Lakhs
- iii) Committee constituted by Government for works costing more than Rs.200 lakhs.

Para No.99 Note .1 under Para 99

The estimate shall be prepared based on available preliminary data, the scope of works and project parameters taking into consideration the points mentioned in Para 390 and duly furnishing approximate financial break up of component parts as envisaged in Para 101 of A.P.P.W "D" Code and submitted in case of works to be taken up under EPC for according Administrative approval.

Para No.102 Note.1 under Para 102

On receipt of Administrative Approval for EPC works the department should verify the estimate prepared as envisaged in Note.1 under para 99 and if satisfied Technical sanction be accorded by the competent authority.

In case the department has any new facts which will materially affect the cost of the project they shall be taken into consideration for arriving at the estimate for according Technical sanction.

If that cost of estimate is found to exceed the Administrative approval, Revised administrative approval must be obtained before according Technical sanction.

Para No.112 Note.1

In case of works taken up under EPC estimate shall be prepared as envisaged in Note.1 under para 102 of "D" Code.

Para No.117

In respect of EPC works provision towards contingencies may be made as under subject to the ceilings indicated there in

Estimates upto Rs.1.00 crore @ 0.25% maximum Rs. 20,000/-

Estimates above 1.00 crore and upto Rs. 10.00 crore @0.20% maximum Rs. 1.00 Lakh.

Estimates above Rs.10.00 Crores and upto Rs. 100.00 Crores @0.10% Maximum Rs.5.00 lakh.

Estimates above Rs.100.00 Crores @0.05% maximum Rs.10.00 lakhs.

Para No.120 Note.1

In case of EPC works the designs are to be submitted by the executing agency which shall be approved by the competent authority. The EPC agency is responsible for the technical features of designs. The competent authority approving the designs is accountable to the department.

Note.2

The Competent authority for approval of designs /HPs is Chief Engineer/Central Designs Organisation or any other authority as specified by Govt.

Para No.150

In addition to the three methods of execution fourth method is introduced for execution of EPC works.  
(iv) By an agreement in the form approved by Government for EPC.

In regard to method (iv) the details are set forth clearly in the form of articles of agreement, tender notice and bid documents approved by Government.

Para No.151

Note1 under Para 151:

Contract documents approved by the Government for EPC works in terms of Para 153 of "D" Code shall be followed whenever tenders are invited for EPC works.

Para No.154

The following shall be added under Para 154 before sub para (1):

In respect of EPC works limited/ open tender system shall be followed.

The following shall be added under Para 154 (iii).

In case of EPC works the bidder shall furnish EMD at 1% of the value put to tender at the time of bid submission. EMD @ 2.5% of bid amount shall be paid at the time of concluding contract by successful bidder. EMD shall be in the form of DD / BG from any Nationalized /Scheduled bank.

The following shall be added as 4 under Note.6 of Para 154.

In case of EPC works

- a) Entrustment of the additional items contingent to the main work and within the scope of contract will be authorised by the employer and the contractor shall be bound to execute such additional items at no extra cost to the employer and the cost of such items shall be deemed to have been included in the contract price quoted.
- b) Entrustment of additional items of work contingent to main work and outside the scope of the contract will be authorised by the employer with the prior approval of the Government and the contractor shall be bound to execute such additional items and shall be compensated at the price decided by the Government.
- c) Whenever additional items not contingent on the main work and outside the scope of original contract are entrusted to the contractor, entrustment of such items and the price to be paid shall be referred to the Government for final decision

Para No.174

Method (iv) to be inserted after method (iii)

Para No.197

1. (i) In EPC contracts, Mobilisation advance not exceeding 5% of the contract value is payable at the prescribed stages of execution.  
(ii) Mobilisation advance on new machinery at the prescribed percentage of the value of new machinery not exceeding 5% of contract value is payable against production of original invoices in proof of purchase of the machinery by the contractor/firm/joint venture.
2. The invoices should be in the name of the contractor/firm/joint venture only and the new machinery should have been purchased only after the date of conclusion of the agreement for the work.
3. No mobilisation advance is payable on machinery purchased by an individual firm in respect of joint ventures though that individual firm is a partner in the joint venture.
4. The contractor /firm/joint venture should submit an undertaking to the effect that they have not obtained any mobilisation advance from the government against the machinery for which they are presently claiming payment of mobilisation advance. This is to ensure that mobilisation advance is paid only once against one purchase. Any wrong declaration, when comes to light, entails recovery of the entire amount

paid with penal interest in a lump sum from their immediate next work bill apart from instituting other prescribed penal actions.

5. Payment of mobilisation advance is also permissible on ordered machinery with approval of Government.
6. Recovery of mobilisation advance along with interest shall be made as per provisions of the contract.

**Para No.292**

Note.4 under para 292 of "D" Code :

1. In case of EPC works, measurements shall be recorded by EPC agency in M.Books and L.F.Books issued by the concerned EE duly numbered and certified. The M.Books and L.F.Books have to be maintained by the EPC agency through authorized graduate engineers as per procedure prescribed in Code and finally to be handed over to the department (Engineer-in-charge).
2. In Earth Work Excavation and embankment AE/AEEs have to verify and record
  - a. 1/3rd of prelevels taken by EPC agency
  - b. 100% levels in case of cut off and foundations
  - c. 25% of intermediate work done levels
  - d. 100% for final levels recorded by EPC Agency.
  - e. All measurements recorded by the EPC agency in the M-Books issued by the EE shall be checked to 100% extent by AEs/AEEs
  - f. DEEs, EEs and SEs have to check the above levels and measurements as per standing codal provisions and orders.
3. Wherever Quality Control agencies are in existence, such agency has to record its findings in M Books/LF Books besides furnishing certificates as prescribed separately.

The Engineer-in-charge has to approve the cut-off trench and other foundation in consultation with the authorized geologist.

**Para No.416. IV  
Contracts**

Note.1 under Article 193

The procedure prescribed by Government for acceptance of tenders in respect of EPC shall be followed.

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**GOVERNMENT OF ANDHRA PRADESH  
IRRIGATION & CAD (PW - REFORMS) DEPARTMENT**

**ANNEXURE – III**

(Enclosure to G.O.Ms. No. 50,  
Irrigation & CAD Department dt. 2-3-2009)

**Code for E.P.C. Contracts**  
(Engineering, Procurement and construction)

**Appendix to Financial  
Code Vol.I**

**GOVERNMENT OF ANDHRA PRADESH  
IRRIGATION & CAD  
(PW-REFORMS) DEPARTMENT**

**ANNEXURE – III**

(Enclosure to G.O.Ms. No. 50, Irrigation & CAD Department dt. 2-3-2009)

**Financial Code**

Provisions for EPC Works

**Article 51**

Note under Article 51(a)

For entrustment of EPC contracts the Government may approve a panel of firms/agencies based on certain prescribed eligibility criteria. This empanelment shall be reviewed at a periodicity of not more than 2 years.

In respect of EPC works, limited tender system inviting bids from the approved panel of firms/agencies under each category or open tender system shall be followed. The form of bid documents and contract format approved specially for EPC mode of works shall be used.

In respect of pre-qualified agencies, financial bid evaluation shall be done.

In respect of open category tenders, technical evaluation shall be done first following the criteria specified in the bid document and financial bid evaluation shall be done in respect of those who are qualified in technical bid evaluation.

**Article 163**

In addition to the four methods of execution fifth method is introduced for execution of EPC works.

(v) By an agreement in the form approved by Government for EPC works.

In regard to method (v) the details are set forth clearly in the form of articles of agreement, tender notice and tender documents approved by Government.

**Article 175**

Note 1 under Article 175:

1. In case of EPC works, measurements shall be recorded by EPC agency in M.Books and L.F.Books issued by the concerned Engineer-in-Charge duly numbered and certified. The M.Books and L.F.Books have to be maintained by the EPC agency through authorized graduate engineers as per procedure prescribed in Code and finally to be handed over to the department (Engineer-in-charge).
2. In Earth Work Excavation and embankment AE/AEEs have to verify and record
  - a. 1/3rd of prelevels taken by EPC agency
  - b. 100% levels in case of cut off and foundations
  - c. 25% of intermediate work done levels.
  - d. 100% for final levels recorded by EPC Agency.
  - e. All measurements recorded by the EPC agency in the M-Books issued by the EE shall be checked to 100% extent by AEs/AEEs
  - f. DEEs, EEs and SEs have to check the above levels and measurements as per standing codal provisions and orders.
3. Wherever Quality Control agencies are in existence, such agency has to record its findings in M Books/LF Books besides furnishing certificates as prescribed separately.

**Article 177**

Note under Article 177

Method (v) to be inserted

1. In EPC contracts, Mobilisation advance not exceeding 5% of the contract value is payable at the prescribed stages of execution. Mobilisation advance on new machinery at the prescribed percentage of the value of new machinery not exceeding 5% of contract value is payable against production of original invoices in proof of purchase of the machinery by the contractor/firm/joint venture.

2. The invoices should be in the name of the contractor/firm/joint venture only and the new machinery should have been purchased only after the date of conclusion of the agreement for the work.
3. No mobilisation advance is payable on machinery purchased by an individual firm in respect of joint ventures though that individual firm is a partner in the joint venture.
4. The contractor /firm/joint venture should submit an undertaking to the effect that they have not obtained any mobilisation advance from the government against the machinery for which they are presently claiming payment of mobilisation advance. This is to ensure that mobilisation advance is paid only once against one purchase. Any wrong declaration, when comes to light, entails recovery of the entire amount paid with penal interest in a lump from their immediate next work bill apart from instituting other prescribed penal actions.
5. Payment of mobilisation advance is also permissible on ordered machinery with approval of Government.
6. Recovery of mobilisation advance along with interest shall be made as per provisions of the contract.

Article 185

Note (2) under Article 185

The estimate shall be prepared based on available preliminary data, the scope of works and project parameters taking into consideration the points mentioned in Para 390 and duly furnishing approximate financial break up of component parts as envisaged in Para 101 of A.P.P.W "D" Code and submitted in case of works to be taken up under EPC for according Administrative approval.

Article 190

The following para to be added

In respect of EPC works the method of execution shall be as per the provisions of agreement.

Article 192

Note.4 under Article 192

In respect of EPC works bid documents approved by Government shall be adopted for inviting tenders.

Article 193

Note.1 under Article 193

The procedure prescribed by Government for acceptance of tenders in respect of EPC shall be followed.

Article 195

The following shall be added below 'f'

1. Entrustment of the additional items contingent to the main work and within the scope of contract will be authorised by the employer and the contractor shall be bound to execute such additional items at no extra cost to the employer and the cost of such items shall be deemed to have been included in the contract price quoted.
2. Entrustment of additional items of work contingent to main work and outside the scope of the contract will be authorised by the employer with the prior approval of the Government and the contractor shall be bound to execute such additional items and shall be compensated at the price decided by the Government.
3. Whenever additional items not contingent on the main work and outside the scope of original contract are entrusted to the contractor, entrustment of such items and the price to be paid shall be referred to the Government for final decision.

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**GOVERNMENT OF ANDHRA PRADESH  
IRRIGATION & CAD (PW - REFORMS) DEPARTMENT**

**ANNEXURE – IV**

(Enclosure to G.O.Ms. No. 50,  
Irrigation & CAD Department dt. 2-3-2009)

**Code for E.P.C. Contracts**  
(Engineering, Procurement and construction)  
**Appendix to A.P Public Works**  
**Accounts Code**



**GOVERNMENT OF ANDHRA PRADESH  
IRRIGATION & CAD  
(PW-REFORMS) DEPARTMENT**

**ANNEXURE – IV**

(Enclosure to G.O.Ms. No. 50, Irrigation & CAD Department dt. 2-3-2009)

Provisions for EPC Works

A.P.Public Works  
Accounts Code

Para 293

Note 4 under Para 293

In respect of EPC works, M.Books and L.F.Books have to be issued by the Executive Engineer to EPC agency duly certified and numbered for recording measurements and levels. The M.Books and L.F. Books shall be maintained by EPC Agency and bills are to be submitted to the **Engineer in Charge** by the EPC agency along with a true extract of the entire set for checking and making payment. The Engineer-in-charge has to keep the full set of true extract with him and return the originals to the agency for further use. The entire original record shall be finally handed over for record to the Engineer-in-charge by the EPC Agency.

Para 294

Note.6 under para 294 of "A" Code:

1. In case of EPC works, measurements shall be recorded by EPC agency in M.Books and L.F.Books issued by the concerned EE duly numbered and certified. The M.Books and L.F.Books have to be maintained by the EPC agency through authorized graduate engineers as per procedure prescribed in Code and finally to be handed over to the department (Engineer-in-charge).
2. In Earth Work Excavation and embankment AE/AEEs have to verify and record
  - a. 1/3rd of prelevels taken by EPC agency
  - b. 100% levels in case of cut off and foundations
  - c. 25% of intermediate work done levels
  - d. 100% for final levels recorded by EPC Agency.
  - e. All measurements recorded by the EPC agency in the M-Books issued by the EE shall be checked to 100% extent by AEs/AEEs.
  - f. DEEs, EEs and SEs have to check the above levels and measurements as per standing codal provisions and orders.
3. Wherever Quality Control agencies are in existence, such agency has to record its findings in M Books/LF Books besides furnishing certificates as prescribed separately

Para 297

The following shall be added as:

Note.3.

1. In Earth Work Excavation and embankment AE/AEEs have to verify and record
  - a. 1/3rd of prelevels taken by EPC agency
  - b. 100% levels in case of cut off and foundations
  - c. 25% of intermediate work done levels
  - d. 100% for final levels recorded by EPC Agency.
  - e. All measurements recorded by the EPC agency in the M-Books issued by the EE shall be checked to 100% extent by AEs/AEEs
  - f. DEEs, EEs and SEs have to check the above levels and measurements as per standing codal provisions and orders.
2. Wherever Quality Control agencies are in existence, such agency has to record its findings in M Books/LF Books besides furnishing certificates as prescribed separately.

Para 306

The following shall be added as :  
306 (7) -

In respect of EPC works, EPC Agency shall prepare monthly work bills based on measurements of work done and submit to Engineer – in-charge.

In respect of EPC works, payments shall be regulated in accordance with Annexure.II- Schedule of Payments component wise.

The components may be further divided into appropriate sub components and stages. The payment of each stage of sub component shall be expressed as percentage of total cost of approved bid which shall also be approved by the Superintending Engineer or Executive Engineer, if the acceptance of tenders falls within his purview and shall form part of contract. Sum of all such stages of particular component shall be equal to the percentage of that component shown in Annexure.II of Schedule of Payments.

The percentage fixed for sub component shall be correlated to the main component and volume of the work.

The eligibility for payment shall be limited to completed portions of works, subject to other conditions envisaged in the agreement and executive instructions from time to time.

In EPC System, Schedule-A indicates only firm lumpsum amount of the contract., but does not firm the basis for payments.

Bidder shall quote lump sum amount for the work as a whole.

Percentages of components shall be indicated by the department in Annexure-II to Schedule .A

The Chief Engineer is empowered to modify the percentage of components; stage wise based on the detailed investigation, detailed drawings, and detailed estimation done by the EPC agency keeping the total price bid unaltered, in respect of works accepted by authorities above the level of CE. In respect of other works, the respective authorities to accept tenders have the powers to do so.

The Superintending Engineer is empowered to modify the sub-components reach-wise /stage-wise keeping the percentages of component unaltered., if the acceptance of the tender is EE he has the power to do so.

Para 309

The following shall be added under Para 309:

The Sub Divisional Officer and Engineer-in-charge shall exercise check to see that the bill submitted by EPC agency is in accordance with agreement conditions and certified by the departmental Quality Control Authorities (or) 3rd Party Quality Control Agency (or) by both if both are deployed on the work.

Engineer-in-charge (EE) should check the claim with reference to the measurements recorded to see that the percentage at which the bill is claimed is clearly traceable into the documents on which payments are to be made. Payments shall be adjusted for recovery of advance payments, liquidated damages in terms of agreement conditions, security deposit for due fulfillment of the contract. Recoveries shall be affected towards seignorage charges on the materials used and VAT and other statutory recoveries as per State and Central Government Rules and Acts.

Para 457

The following shall be added to the exemption (1) under Note:

In respect of EPC works the retention amount in excess of 2.5% of total value of work billed for shall be released against BG in multiples of amounts specified in the agreement, if the rate of progress is maintained.