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Dte of Contract Management  
Military Engineer Services  
Engineer-in-Chief's Branch  
Integrated HQ of MOD (Army)  
Kashmir House, Rajaji Marg  
New Delhi-110 011

No. 66546/Manual/ 438 /E8

09 Apr 2015

List 'A' including ADG (OF & DRDO)

List 'B'

**INCLUSION OF ESCALATION CLAUSE IN MES WORKS**

1. It has been repeatedly reported that PCDA/CDA are not allowing payments for escalation in RARs/Final Bills an account of inclusion of escalation clause for contract period less than two year.

2. CGDA has issued clarification in this regard to their Regional PCsDA/CsDA/CDA (IDS) New Delhi to honour the contractual clause and processing the escalation payments pending receipt of clarification/guidelines in this regard from MoD D (Works). A copy of CGDA letter No 18020/AT-X/XXXV(PC) dt 04.2.15 is enclosed herewith for perusal and necessary action.

Encls : As above



(Bhavesh Gupta)  
Dir (Contracts)  
For Engineer-in-Chief

Copy to:-

Dir (Automation) : Please upload the letter on MES website. No hard copy being distributed.

BK/

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कार्यालय, रक्षा लेखा महानियंत्रक  
Office of the Controller General of Defence Accounts  
उलान बटार मार्ग, पालम, दिल्ली छावनी -110010  
Ulan Batar Road, Palam, Delhi Cantt -110010

No:- 18020/AT-X/XXXV(PC)

Dated:-04-02-2015

To

Regional PCsDA/CsDA/CDA(IDS) New Delhi

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Sub :- Inclusion of Escalation clause in MES Works.

Of late, it has been observed that references are being received in HQrs office regarding inclusion of escalation clause in Contract Agreements/Tenders based on the period of completion mentioned in the Administrative approval.

2. As may be aware that the views of Audit and executive authorities are different on the interpretation of Para 29(g) and Para 58(b) for inclusion or non inclusion of escalation clause in CAs. The matter has already been referred to MOD D (Works) which is under examination at their end.

3. Pending receipt of clarification/guidelines in this regard from MOD D (Works), it is advised that contractual clauses may be honoured for processing of such escalation payments to avoid legal complications at a later stage. However, these payments may be placed under objection.

RK Karna

(Joint Controller General of Defence Accounts)