



དངུལ་རྩིས་སློབ་པོ།
FINANCE MINISTER

དངུལ་རྩིས་ལྷན་ཁག།
ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHO DZONG
THIMPHU



MoF/DNP/GPPMD-14/2021-22/ 197

24 August 2021

NOTIFICATION

Subject: Price Escalation on All bids whose submission deadline was on or before 31 December 2020 for the balance works

1. All bids whose submission deadline was on or before 31st December 2020 shall be subject to price escalation in the form of price adjustment for the balance work from the day of issuance of notification, irrespective of the duration of the work.
2. All Procuring Agencies shall carry out actual measurement of works that have been completed till date and keep it segregated for payment and alternatively measure all works executed from the date of this Notification.
3. This Notification shall not apply to the bid submission deadline after 1st January 2021.
4. Price Adjustment shall apply only for works carried out within the stipulated time or extensions granted by the Procuring Agency and shall not apply to work carried out beyond the stipulated time for reasons attributable to the Contractor.
5. The Price Adjustment for material shall be calculated on the basis of the following formulae, such calculation being done for every successive period of 3 months after issuance of this notification:

$$V_M = W * 0.80 * 0.75 * \frac{(M - M_0)}{M_0}$$

where:

V_M = amount of variation for materials payable to/recoverable from the contractor for the period under review;



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W = value of the work done during the period under review minus (amount of secured advance recovered in the same period + value of works executed under variations for which the variations are paid in the new rate);

- M_0 = Material Index for the month in which the tender was submitted;
- M = the average value of the Material Indices for the 3 months period under review

6. For the applications of the above formulae, the appropriate Index Numbers (Consumer Price Index) for all items published by the National Statistical Bureau shall be adopted.
7. The Price Adjustment for labour shall be calculated on the basis of the following formulae.

$$V_L = W * 0.80 * 0.25 * \frac{(L - L_0)}{5 * L_0}$$

i.e.,

$$V_L = W * 0.80 * 0.25 * 0.19$$

where:

V = amount of variation for labour payable to/recoverable from the contractor for the period under review;

W = value of the work done during the period under review minus (amount of secured advance recovered in the same period + value of works executed under variations for which the variations are paid in the new rate);

L_0 = Nu. 275.83 (Average labour rate in BSR 2020);

L = Nu. 544.54 (Average labour rate in BSR 2021).

This Notification shall be effective from the date of issuance of this Notification.



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For further clarification please contact GPPMD, DNP at 02-336962 or email-
gppmd@mof.gov.bt


(Namgay Tshering)
Finance Minister

Copy to:

1. The Hon'ble Prime Minister, Gyalyong Tshongkhang, Thimphu.
2. Dasho Zimpon, Office of the Gyalpoi Zimpon, Thimphu.
3. The Auditor General, Royal Audit Authority, Thimphu.
4. All Constitutional Heads, Government Secretaries, Dzongdags and Thrompons, Autonomous Bodies and Gups.