



GOVERNMENT OF KERALA

Local Administration (P) Department

CIRCULAR

No. 50823/P3/97/LAD.

Thiruvananthapuram, Dated, 1st December, 1997.

Sub:- Public Works to be implemented by Local Bodies - Fixing of market rate at the District level
Procedure prescribed.

Read:- 1. G.O. (P) No. 246/97/LAD dated 6-11-1997.

2. G.O. (P) No. 260/97/LAD dated 1-12-1997.

The procedure for fixing market rates has been laid down as per the G.O. read as first paper above and has been clarified further as per the G.O. second above. It is felt necessary to make it clear that the intention of fixing market rates is to allow the local bodies to execute works directly or through beneficiary committees in an open and transparent manner maintaining accurate records of actual purchases and payments. The PWD schedule rates is not the market rate and is useful when works are tendered, as a reference point. But if works are to be directly executed, it is not practical to use the PWD schedule.

While fixing the market rates, the actual market rates prevailing in different localities have to be fixed by the district level committee. Only then the executing agency will be able to keep truthful records. On no account should any excuse for fudging or adjusting records arise on technical grounds.

It is possible that estimates prepared by using such market rates would exceed the estimates of the same work prepared using the 1996 PWD schedule by more than 50%. But in actual practice the work can be done far below the 50% ceiling through efficiency of execution

by increased out-turn by the workers. In rare cases where the ceiling cannot be adhered to any excess will have to be met by shramdan or cash donations. In no case should there be any reduction in the use of the prescribed materials or changes in the specification of the work.

Also it has been brought to the notice of the Government that the fixing of the market rate vis-a-vis PWD schedule of rates is being misinterpreted by certain interested persons to suggest that every work can be paid an amount which is 50% above the PWD estimated rates. It is clarified that the 50% ceiling is only an outer limit. In fact most of the tendered works are done far below 50% and in no case should the new system be used by unscrupulous elements to push the cost upwards.

It is reiterated that benami contractors should not find their way into beneficiary committees and exploit the new system to their benefit. Attention is drawn to the Public Works Rules for Municipal bodies and Panchayats which clearly states that if benami contractors are found executing works in the name of beneficiary committees or on behalf of local bodies when they are supposed to be directly executing works, it would be deemed to be misutilisation of funds which could be recovered directly from the persons responsible as per the relevant provisions of the Kerala Panchayat Raj Act and the Kerala Municipalities Act.

S.M. VIJAYANAND,

Secretary,

Local Administration Department.