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Himachal Pradesh
Public Works Department

No. PW/CTR/32-20/Gent.Inst. 18733-60
To

Dated:- 24/3/25

All the Chief Engineer's
Working Under HPPWD,

All the Superintending Engineer's
Working Under HPPWD,

Subject: - Contractor's profit for the Services Rendered by other Departments such as Electricity Board/Jal Shakti, HIMUDA etc. for which the funds are provided by HPPWD.

The matter has been discussed in the meeting of the Committee constituted for consideration of "Contractor's profit for the Services Rendered by other Departments such as Electricity Board/Jal Shakti, HIMUDA etc. for which the funds are provided by HPPWD" held on 20-03-2025 in this office. It has been decided that 10% Contractors profit & overhead charges is being allowed in the running cases where the services are being rendered by other Departments which as Electricity Board/Jal Shakti/HIMUDA etc. for which A/A & E/S is accorded by the client Department and the contractor is being paid by HPPWD for execution.

The Committee members discussed the matter in length and observed that 10% of CP & OH charges are excessive and proposed that the CP & OH charges should be as per following calculations.

For a work amounting to Rs. 1.00 Lakh

The profit of contractor @10%	=10,000
Income Tax to be paid @30%	=3000
Education Cess @4%	=120
Total	=3120
Labour Cess @1%	=1000
Total	=4120
GST@18% by reversible method (multiplying factor 0.2127)	= 876
Total	=4996
Miscellaneous expenditure on accounts handling etc.by the contractor	=1000
	=5996 i.e 5.996% Say 6%

The Committee unanimously decided that 6% CP & OH charges shall be allowed in such running and future cases instead of 10% only. It is therefore, directed to comply the letter and spirit accordingly.

Engineer-in-Chief,
HPPWD, Shimla-2.

1. Copy of above is forwarded to EE (IT) for information and up-load the same on the Departmental website.

Engineer-in-Chief,
HPPWD, Shimla-2.