CIRCULAR

Sub: - Recovery of Supervision Charges.

Ref: - 1) MERC order dt.d. 08/09/2006 on case No.70 of 2005.

In earlier practice, the Supervision Charges were being recovered @15% on Labour Component of the estimate, till MERC order Date. 8th Sept. 2006.

As per MERC order dt.d. 8th Sept. 2006, on schedule of charges it has been directed that Supervision Charges should be recovered @1.3% of Normative Charges. Accordingly Commercial Circular No.43 dt.d.27.09.06 has been issued in field for implementation.

In this context there were references from the field seeking clarification on levying of Supervision Charges. In some cases Supervision Charges are still being recovered @15% on Labour competent. Now, to have uniform practice in recovery of Supervision Charges and to comply the MERC order this circular is issued.

Illustrations for Supervision Charges are given below.

Case - A: 15% Supervision Charges

Previously 15% Supervision charge were taken on Labour Component only.

15% Supervision charge on Labour Component

| Material Cost | Rs. 100/- |
| 10% Labour Component | Rs. 10/- |

15% Supervision Charge on Labour Component Rs. 1.5/-
Case - B: 1.3% Supervision Charges

1.3% Supervision Charges on Normative Charges for example

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material Cost</td>
<td>Rs. 100/-</td>
</tr>
<tr>
<td>Labour Cost</td>
<td>Rs. 10/-</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>Rs. 110/-</strong></td>
</tr>
</tbody>
</table>

1.3% Supervision Charges on Normative charges i.e. on Sub Total Rs.110/- are **Rs.1.43/-**

It shows from the above that 1.3% Supervision charge is slightly lesser than 15% Supervision Charge.

In this context, it is further clarified that in case MSEDCL permits the consumer to carry out the works through licensed Electrical Contractor, the Supervision Charges shall be recovered at a rate of 1.3% of normative charges.

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(for necessary action)