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No. NH-24028/03/2026-H
GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT & HIGHWAYS
(Highways Section)

Transport Bhawan, 1, Parliament Street, New Delhi- 110001.

Dated: .04.2026

To,

1. The Chairman, National Highways Authority of India (NHAI), Dwarka, New Delhi
2. The Director General (Border Roads), Seema Sadak Bhawan, Ring Road, New Delhi-110010
3. The Managing Director, National Highways & Infrastructure Development Corporation Limited (NHIDCL), Nauroji Nagar, New Delhi - 110029
4. The Principal Secretaries/ Secretaries of all States/ UTs Public Works Department dealing with National Highways
5. The Engineers-in-Chief and Chief Engineers of all States/ UTs Public Works Department dealing with National Highways
6. All Regional Officers of Ministry of Road Transport & Highways

Subject: Cost Escalation Compensation Mechanism for National Highway projects on EPC / HAM / PBMC due to significant increase in bitumen prices - reg.

Sir,

In order to mitigate the impact of the increase in prices of bitumen affecting highways construction projects under the present global scenario and as a measure of relief to ensure uninterrupted construction and maintenance of National Highway projects, Ministry vide circular no. NH-24028/03/2026-H dt 01.04.2026 has notified relief measures for EPC and HAM projects having provisions of price escalation.

2. In continuation of the said circular, it has been further decided to pay price adjustment for significant increase in prices of Bitumen as a special provision.

2.1 Prices of bitumen (Bulk VG-40 grade) were as under:

Date	Rate of Bulk VG-40 excluding GST @ Mathura refinery (Rs. /MT)
01.02.2026	48,892
16.02.2026	48,962
05.03.2026	51,102
23.03.2026	53,892
01.04.2026	69,862
16.04.2026	82,122

2.2. Price adjustment for the significant increase in bitumen prices, only considered monthly, may be adjusted in respect of works undertaken for the period of 3 months w.e.f. 1st April 2026 to 30th June 2026 for EPC / HAM / PBMC projects having Bid Due Date on or before 31st March 2026 and where price escalation provision exists in the Contract / Concession Agreement, as per following formula: -

Price adjustment on Bitumen

The additional payment for Bitumen consumed for Bituminous work shall be made every month for changes in prices of Bitumen input in accordance with the formula given below:

$$V = Bw * (W_f - W_0)$$

Where,

V = Price adjustment for payment on Bitumen consumed for Bituminous work

Bw = Quantity of Bitumen consumed as per actual consumption (limited to the approved Job Mix formula) in the work actually done during the month

W₀ = Rate of Bitumen at the nearest refinery as on Project base date

W_f = Average rate of Bitumen at the nearest Public Sector Undertaking's (PSU) refinery for the month of work done. (e.g., if rate of bitumen has been changed twice in the month then the average rate as of 1st of month and 16th of the month shall be considered for average rate)

2.3. Price adjustment in EPC / PBMC for items other than bitumen shall be calculated as per the formula given in the contract agreement with modification as indicated in the circular of even no. dated 01.04.2026. However, to avoid duplication in respect of escalation on bitumen, total IPC (Monthly Bill) value shall be reduced by the actual cost of the bitumen consumed in that month for the purpose of calculation of price adjustment.

2.4 Price adjustment in HAM works for items other than bitumen shall be calculated as per the formula given in the concession agreement with modification as indicated in the circular of even no. dated 01.04.2026. However, to avoid duplication in respect of escalation on bitumen, total value of Milestone Payment / monthly payment shall be reduced by the actual cost of the bitumen consumed in that month for the purpose of calculation of price adjustment.

2.5 The price adjustment of bitumen as at para 2.2 above shall be added to the price adjustment for other items at para 2.3 or 2.4 above to arrive at the total price adjustment to be provided

2.6. An illustrative example for calculation of price adjustment is enclosed at **Annexure**.

3. For STMC and other contracts having no provision of escalation, Ministry's Circular No. NH-24028/03/2026-H dated 17.04.2026 shall be followed.

4. This circular shall have effect for works done in the period from 1st April to 30th June, 2026.
5. This issue with the approval of Competent Authority.

Yours faithfully,

(Shoba Basil)

Under Secretary to the Government of India
Telephone 011-23714001

Copy to:

1. All Technical Officers at MoRTH Headquarters
2. Secretary General, Indian Roads Congress
3. Director, IAHE
4. SE (S&R)
5. NIC - with the request to upload on MoRTH website

Copy for information to:

1. Sr. PPS to Secretary (RT&H)
2. Sr.PPS to DG(RD)&SS
3. Sr. PS to AS&FA
4. PPS to All ADGs

Annexure

Calculation of Price Variation in EPC Project

Calculation of Price Variation as per Bitumen Quantity			
S. No.	Particulars	Value	Remarks
A	Total value of work in the Month of March (In Rs. Cr.)	50,00,00,000	
B	Total cost of Bituminous work done in the Month of March (in Rs.)	12,93,14,179	
C	Total Bitumen Quantity consumed as per actual consumption in MT (Bw)	1347	Calculated as per Job Mix Formula
D	Wo (Price of Bitumen of nearest IOCL refinery on base date per MT)	42,589	Rate on Base Date excluding GST
F	Wf (Average rate of Bitumen at the nearest IOCL refinery for the month of work done. per MT) ie. March-2026	52,499	Average rate in March excluding GST
G	Price adjustment for payment on Bitumen consumed for Bituminous work (V) (in Rs.)	1,33,48,770	C*(D-F)
	Calculation of Normal Variation		
H	Total Actual Cost of Bitumen on base date (in Rs.)	5,73,67,383	(CxD)
I	Total value of work done reduced by actual cost of Bitumen (in Rs.)	44,26,32,617	(A-H)
J	Calculate variation as per clause 19.10 of CA with modification as indicated in the circular of even no. added 01.04.2026 (V1) (in Rs.)	1,10,00,000	say
	Total Price Variation (V+V1) (in Rs.)	2,43,48,770	(G+J)

Escalation based on Monthly Bill submitted - HAM Projects			
S. No.	Particulars	Value	Remarks
A	Bid Project Cost (in Rs. Cr.)	1,575.00	
B	Physical Progress (%)	74.62	
C	Physical Progress for previous Payment (%)	70.00	
D	Physical Progress for this payment (%)	4.62	B-C
E	Physical Progress Equivalent to BPC (in Rs. Cr.)	72.77	(D% of A)
E1	Eligible Payment amount for March	29.11	4%X(D/10)*A
E2	Progress of DBM equivalent to BPC (in Rs. Cr.)	7.25	% as per Schedule G
E3	Progress of BC equivalent to BPC (in Rs. Cr.)	12.62	% as per Schedule G
DBM			
F	Length of DBM in Main carriageway (km)	7.37	
G	Quantity of Bitumen (VG-40) required for 1km length of Main carriageway(MT)	73.74	Calculated from Mix Design
H	Length of DBM in Interchange (km)	1.86	
I	Quantity of Bitumen (VG-40) required for 1km length of Interchange(MT)	53.10	Calculated from Mix Design
J	Total Bitumen (VG-40) Used for this Payment (MT)	642.38	(FxG+HxI)
K	Rate of Bitumen (VG-40) in Mar-26 (in Rs. per MT)	52,497.00	Average rate in March excluding GST
L	Rate of Bitumen (VG-40) in Jan-22 (in Rs. per MT)	42,590.00	Rate on Reference Index Date excluding GST
M	Cost Escalation in VG-40 due to hike in rate (Rs CR)	0.6364	(K-L) x J
M1	Bitumen cost as per Bid due date	2.7359	
BC			
N	Length of BC in Main carriageway (km)	16.46	
O	Quantity of CRMB-60 required for 1km length of Main carriageway(MT)	85.28	Calculated from Mix Design
P	Length of BC in Interchange (km)	0.17	
Q	Quantity of CRMB-60 required for 1km length of Interchange(MT)	61.40	Calculated from Mix Design
R	Total CRMB-60 Used for this Payment (MT)	1,414.15	(NxO+PxQ)
S	Rate of CRMB-60 in Mar-26 (in Rs. per MT)	52,497.00	Average rate in March excluding GST
T	Rate of CRMB-60 in Jan-22 (in Rs. per MT)	44,000.00	Rate on Reference Index Date excluding GST
U	Cost Escalation in CRMB-60 due to hike in rate (in Rs Cr.)	1.2016	(S-T) x R
U1	Cost of CRMB as per bid due date	6.22	
V	Total Escalation due to Bitumen (in Rs. Cr.)	1.84	(M+U)
V1	Total cost of Bitumen & CRMB (in Rs. Cr.)	8.96	((M1+V1)
	Escalation amount on the other component as per WPI and CPI		
	Physical Progress amount =	72.77	E
W	Physical progress amount except Bitumen	63.81	E-V1
X	Corresponding amount for escalation calculation	25.52	0.4*W
Y	Escalation as per WPI and CPI	0.13	as per Article 23 of CA
Z	Escalation amount on other component	3.32	Y*X
Z0	Total escalation amount	5.16	Z+V

Z1	Total bill payment amount	34.26	Z0+E1
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