

MAHARASHTRA STATE BOARD OF TECHNICAL EDUCATION (Autonomous)

(ISO/IEC - 27001 - 2005 Certified)

Model Answer: Summer 2018

Subject: Contracts and Accounts

Sub. Code: 17603

Important Instructions to examiners:

- 1) The answers should be examined by key words and not as word-to-word as given in the model answer scheme.
- 2) The model answer and the answer written by candidate may vary but the examiner may try to assess the understanding level of the candidate.
- 3) The language errors such as grammatical, spelling errors should not be given more importance. (Not applicable for subject English and Communication Skills.)
- 4) While assessing figures, examiner may give credit for principal components indicated in the figure. The figures drawn by the candidate and those in the model answer may vary. The examiner may give credit for any equivalent figure drawn.
- 5) Credits may be given step wise for numerical problems. In some cases, the assumed constant values may vary and there may be some difference in the candidate's answers and the model answer.
- 6) In case of some questions credit may be given by judgment on part of examiner of relevant answer based on candidate's understanding.
- 7) For programming language papers, credit may be given to any other program based on equivalent concept.

Que. No.	Sub. Que.	Model Answers	Marks	Total Marks
Q. 1	(a)	Attempt any <u>THREE</u> of the following:		12
	(i) Ans.	 State any four functions of a Junior Engineer. Functions of Junior Engineer (JE): Supervision of work in his charge. Maintain attendance of daily worker, labors. Taking measurement of all work in Measurement Book. Preparation of bills running and final bills for work in his charge. Prepares estimates for all types of works in his section. Carry out field survey for proposed project. Carry out half yearly check of all stores in his charge and submit report to SDO. Report to higher authorities for irregularities in contract, specification. Shortage of supply of department materials or any difficulty during execution. 	1 each (any four)	4
	(ii) Ans.	 List out any four requirements of a valid contract. Requirements of valid contract: Contract should be in writing and should be signed by both the parties i.e. owner and contractor. The subject matter of agreement must be legal and definite. If situation arises the contract can be enforced in court of law. Parties should be competent enough to carry out work. Both parties must give their free consent to do work. Contract should be attested by responsible officer. Differentiate between item rate contract and percentage rate 	1 each (any four)	4
	(III)	contract.		



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Sub. Code: 17603 **Subject: Contracts and Accounts** Oue. Total Sub. Model Answers Marks No. Que. Marks 0.1 Sr. Ans. **Item Rate Contract Percentage Rate Contract** No. In this contract, the contractor In this contract, the contractor 1. agrees to work as per the rates agrees to carry out the work at a quoted by him for each item. certain percentage below or above the estimated cost. 2. This is useful for the work of all This is useful when the quality of work is required and also nature with no item-wise rates. quantities of work to executed are not known 1 each previously. (any 3. Suitable for most of public Suitable for all type of four) works executed by government government as well as private. departments. difficult 4 is prepare is easy to prepare comparative statement. comparative statement. 5. Extra items can be cause of It allows extra items. dispute Contractor Scope for contractor 6 can submit unbalanced tender. submit unbalanced tender. Define 'Tender' and list out various types. (iv) **Tender:** The tender is defined as an offer in writing for execution of Ans. 2 certain specified work or for supply of specified materials subject to certain terms and conditions such as rates, time limits etc. **Types of Tender:** 1. Local tender. 2 2. Global tender. (any 3. Open tender. four) 4. Limited tender. 5. Negotiated tender. **(v)** State any eight conditions when the lowest tender is rejected. Ans. Conditions when the lowest tender is rejected: 1. When tender is not submitted in particular form sold by department. 2. The lowest tenderer may lack in experience for work. 1/2 3. Earnest money is not enclosed along with tender. each 4. Unsatisfactory reputation of lowest tender. (any 4 eight) 5. In adequate finance to execute work. 6. Inadequate connection of fair rates is not received. 7. Tender is not signed by contractor.

8. If any page is removed from document.

9. If contractors is black listed by any department.



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Que. No.	Sub.	Model Answers	Marks	Total Marks
Q. 1	Que. (b)	Attempt any ONE of the following:		6
	(i)	Explain the PWD method of carrying out work by departmental method.		
	Ans.	Employing labour on daily wages: 1. In this method department purchase material directly from supplier and engage labour on daily wages on muster as and when required. 2. Daily labour muster roll system, workers such as mason, carpenters labour etc. are employed directly by department on daily wages. 3. The material is supplied by department or can be purchased directly from market. 4. The attendance of total number of labour employed is maintained in muster roll form No.21 by Junior Engineer and it is checked by Assistant Engineer. 5. When muster roll is closed for payment it is necessary to measure the work during that period and enter it in measurement book. 6. The amount paid, total work done etc is also entered. Then muster is submitted to competent authority who checks it and passes it for issuing payment order. 7. The amount is then given to site engineer for making payment to labour in the form of advance. 8. The payment is made weekly, fortnightly or monthly as per requirement.	1each (any six)	6
	(ii)	State the importance of measurement book. Write the rules for entering entries in measurement book.		
	Ans.	Importance of Measurement Book: 1. It is very important account record. 2. All the payment of all works is done based on entries done in measurement record.	1 each	
		Rules for entering entries in Measurement Book: 1. Entries are made by J.E. and certified by S.D.O or A.E 2. All entries are recorded in ink directly in measurement book B. 3. No entry is allowed to be erased. 4. If any correction is required, it must be initialed by the officer who made the measurement. 5. Measurements are taken in the presence of contractor, and his signature is taken in measurement book. 6. Entries should be recorded continuously and no blank pages left or turn off. Any pages left blank should be cancelled by diagonal lines and signed by authority. The measurement book contains name of work, name of contractor, date of measurement, location, date of work order, and number of measurements.	1 each (any four)	6



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Que. No.	Sub. Que.	Model Answers	Marks	Total Marks		
Q. 2	Que.	Attempt any FOUR of the following:		16		
	(a) Ans.					
		Technical Sanction: Technical sanction means the sanction of the detailed estimate, design, rates and cost of work. It is sanctioned by competent authority. The work is taken for the execution only after the technical sanction. The government has delegated powers of technical sanctions to the officers in PWD.	2	4		
	(b) Ans.	Draw administrative setup of PWD. Administrative setup of PWD:				
		PWD				
		SECRETARY				
		CE	4	4		
		SE SE SE				
		EE EE EE AEE / SDO / Dy. E. AEE / SDO / Dy. E.				
		JE JE JE SUPERVISIOR (Civil Engg. Asst.) SUPERVISIOR				



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Que. No.	Sub. Que.	Model Answers	Marks	Total Marks
Q. 2	(c)	State advantages and disadvantages of lumpsump contract.		
	Ans.	Advantages of lumpsump contract:		
		1. Total cost of project is known before completion of work.		
		2. Progress of work is fast.	1 each	
		3. Owner need not require to appoint staff to maintain accounts.	(any	
		4. Contractor can derive more profit by proper planning.	two)	
		5. Detailed measurement of work is not required except in case of addition and alteration.		4
		Disadvantages of lumpsump contract:		
		1. This method is suitable for small work.	1	
		2. For extra items contractor may demand higher rates.	1 each (any	
		3. Extra item can be cause of dispute between owner and contractor.	two)	
		4. Quality of work is not assured.		
		5. Contractor may quote higher rate and thus higher tendering is possible.		
	(d)	Which are the conditions when 'Negotiated Contract' is suitable		
	Ans.	for work?		
		Conditions when 'Negotiated Contract' is suitable for work:		
		1. It is suitable when tender is not called for contract.		
		2. The work is given to contractor by mutual negotiation between parties but within selected contractor after studying their previous experience and reputation.	1 each	4
		3. This type of contract is suitable where time is important.		
		4. This type of contract is suitable where work has to complete at short notice.		
		Define ' Secured advance'. Write maximum limit for it.		
	(e)	Secured advance: An advance payment made to the contractor on the		
	Ans.	basis of the security of materials brought by the contractor to the site of work under construction is called as secured advance.	2	
		Maximum limit: Authority to make the secured advance is in the		4
		hand of Divisional Engineer up to the amount not exceeding 75% of the value of the materials brought to the site by contractor.	2	



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Que.	Sub.			Model A	nswers			Marks	Total
No. Q. 2	Que. (f)	What i	s first and final	navment?	Which fo	rm number	is used for		Marks
	Ans.	it? First and A sing comple This ty only. For comport grill we small we contract	nd Final Paymen le payment mad tion is called as "f pe of payment is or example, const nent wall constru ork, demolishing work for which th tor.	e for a s irst and fin usually m ruction of s ction, sept existing so he first and	mall job al paymen ade or ap sanitary bl ic tank c tructure et	or small we t". plicable for sock for school construction, ac. are the ex	ork on its small work of building, ornamental kamples of	3	4
		Form n	umber 24 is used t	for it.				1	
Q. 3		Attemp	ot any <u>FOUR</u> of t	he followii	ıg:				16
	(a) Ans.	Unbala In case each it tender i up high the tota tender i The co comple	Explain with example 'Unbalanced Tender'. Unbalanced Tender: In case of unit price contract the contractor has to quote his rate for each item. If these rates quoted by contractor are reasonable, the tender is known as balance tender. But sometimes the contractor puts up higher rates for certain items and lower rates for other items so that the total amount of tender remains practically unaffected, such a tender is known as unbalanced tender. The contractor quotes higher rates for those items which are to be completed in the early part of work so that he gets slightly excessive payment from which he can build up working capital.						
		Examp		04	T	1 1 4	. D		
		Item No.	Particulars of Item	Qty.	P	dered rates Q	R R		
		1.	Excavation in	500/m ³	Rs.	Rs. 12/-m ³	Rs. 30/-		
		2.	soft soil Excavation in soft	300/m ³	40/-m ³ Rs. 40/-m ³	Rs. 25/-m ³	Rs. 60/- m ³		
		3.	Excavation in hard	200/m ³	Rs. 40/-m ³	Rs. 80/-m ³	Rs. 100/-m ³	2	4
		4.	C.C. bedding 1:4:8	100/m ³	Rs. 400/- m ³	Rs. 500/- m ³	Rs. 300/-m ³		
		5.	Plastering in C.M.	800/m ²	Rs. 10/-m ²	Rs. 20/-m ²	Rs. 8/- m ²		
		6.	Oil painting	500/m ²	Rs. 10/-m ²	Rs. 10/-m ²	Rs. 5/- m ²		
			Total for the items		Rs. 95.000	Rs. 1,00,500/-	Rs. 1,11,900 /-		
			Remarks		Lower	Second	Third		
									Раде 6



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Que.	Sub.	Model Answers	Marks	Total
No. Q. 3	Que.	Here the contractor P has quoted very high for Item No. 1 and very low rate for Item No 3. He expects by his judgment and experience after visiting the site, that the quantity of excavation in soft exceeds the estimated quantity double and the excavation in hard rock and soft rock is negligible.	Marks	Marks
	(b) Ans.	Define 'Earnest Money'. When it is refunded? Earnest Money: While submitting tender contractor has to deposit certain amount about 1 to 2% of estimated cost with department. This amount is termed as earnest money deposit.	2	
		Refund of Earnest Money: After opening of tender earnest money deposit of all unsuccessful contractors is refunded and of successful contractor it is converted into security deposit.	2	4
	(c) Ans.	Define 'Arbitration'. Why it is needed? Arbitration: The process of settling the dispute between owner and contractor is called as arbitration.	2	
		Need of Arbitration:1. During execution of work owner and contractor may come across situations where disputes may arise. To settle this disputes arbitration is needed.2. Arbitration is needed for fair resolution of a dispute by an impartial tribunal or an experienced person.	2	4
	(d) Ans.	List the documents to be submitted at the time of registration as a contractor. Documents required for registration of contractor: The applicant has to submit the following documents along with his application. 1. Latest income tax clearance certificate. 2. Proof of financial status. 3. Solvency certificate. 4. List of machinery with their condition. 5. List of technical staff employed along with qualification and experience. 6. Professional capacity and experience certificate. 7. Attested copies of partnership deed, if any. 8. Registration fee.	½ each	4
	(e)	Suggest the type of contract suitable for: (i) Purchase of office furniture. (ii) Only one contractor for particular work is available in the area. Suitable type of contract:		
		i. Material supply contract. ii. Negotiated contract.	2 each	4



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			 I	
Que. No.	Sub. Que.	Model Answers	Marks	Total Marks
Q. 4	(a)	Attempt any THREE of the following:		12
	(i) Ans.	Enlist various modes of payment to contractor. Following are the modes of payment to the contractor: 1. Interim payment. 2. Advance payment. 3. Secured advance. 4. On account payment. 5. First and final payment. 6. Retention money. 7. Reduced rate payment. 8. Final payment. 9. Mobilization advance.	1 each (any four)	4
	(ii) Ans.	Process of submission of tender: The contractor is required to submit their tender on or before the date and time mentioned by department / authority. Tender is submitted in envelopes marked as I and II. Envelope I: It contains, 1. Covering letter to tender. 2. This envelope contains earnest money deposit in the form indicated in the notice of invitation to tender. 3. Income tax clearance certificate. 4. Solvency certificate from bank. 5. Certificate of registration as contractor. 6. Details of technical personal as contractor. 7. List of work of similar nature and magnitude carried out by tenderer. 8. Details of plants and machinery available. 9. Complete details of work in hand at the time of submission of tender. 10. Details about firm. Covering letter to tender.	2	
		Envelope II: This envelope contains the priced tender form. Cover: It contains all above two envelopes and it is properly sealed and endorsed on outside face tender for name of project. (Note: Students write three envelopes process of submission of tender should be considered.)	1	4



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Que.	Sub.	Model Answers	Marks	Total
No.	Que.			Marks
Q. 4	(iii)	Enlist various types of specification and explain any one in detail.		
	Ans.	Types of specification: 1. Brief specification.		
		2. Detailed specification.	1/2	
		3. Standard specification.	each	
		4. Manufacturers specification.	cacii	
		The state of the s		
		1. Brief specification: The general specification used for estimating the project is the brief specifications. The specification which gives the brief description of various items of work, specifying the materials, quantities, proportion of materials and gives general idea about the whole work.	2	
		<u>OR</u>		
		2. Detailed specification: The specification in which detailed information of the various quantities of materials, procedure of workmanship to be adopted, nature and class of work is mentioned. The details specification describes the item of work in details, accurately and complete in all respects in relation to the drawings of the work.	2	
		<u>OR</u>		
		3. Standard specification: Detailed specifications for various works are drawn up by an engineering department and these specifications are printed and used as a standard specification. Hence most of the items in works are made to standardized specifications.	2	
		<u>OR</u>		
		4. Manufacturers specifications: This type of specifications in which the properties of products such as strength, thickness, depth, elasticity, chemical composition etc. are mentioned.	2	4
	(iv) Ans.	List out various factors affecting value of a property. Factors affecting value of a property:		
		1. Forces of demand and supply.		
		2. Cost of construction.		
		3. Increase in population.	1/2	4
		4. Riots, war, flood and other natural calamities.	each	4
		5. Improvement of public schemes.6. Interest on banks.	(any eight)	
		7. Cost of labour.	eight)	
		8. Inflation.		
		9. Monopoly of a property in market.		
		10. Location of property.		
		11. Returns from property.		
		12. Life and age of building.		
	1		l	



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Sub. Code: 17603 **Subject: Contracts and Accounts** Oue. Total Sub. Marks **Model Answers** No. Que. Marks Attempt any ONE of the following: 0.4 **(b)** 6 Explain BOT project with respect to objectives, advantages and (i) disadvantages. B.O.T. Ans. B.O.T. is a form of project where government grants permission to private firm to construct and administrate certain public infrastructure by financing and authorizing them to pay off loans reclaim investment 2 by allowing them to collect tools, fees, rent as stated in contract and after concession period is over, ownership is transferred back to government. **Objectives of B.O.T.** 1. To encourage private investment. 1/2 2. To promote foreign investment, techniques and technology in each country. Advantages of B.O.T. 1. Use of private sector financing to provide new source of 11/2 2. Accelerate the development of project. 3. Use of latest techniques and machineries for fast completion of projects. Disadvantages of B.O.T. 1. Not suitable for Small works. 2. Transaction costs are high. 3. The success of B.O.T. project depends upon successful rising $1\frac{1}{2}$ 6 of necessary finance. (ii) What are the points to be confirmed before making final bill? Points to be confirmed before making final bill: Ans. 1. The junior engineer should certify the satisfactory completion of work. 2. All measurement should be taken accurately. 3. All entries in the measurement book with regards to measurement and quantities of work are checked. 4. The description of item is according to the contract schedule. 5. The quantities executed are according to the sanctioned plans 1 each and estimate. (any 6 6. Arithmetical calculations of measurement of quantities of item six) are verified. 7. When the bill is running account, then it is compared with the quantities etc. with the previous bills.



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Sub. Code: 17603 **Subject: Contracts and Accounts** Oue. Total Sub. Marks **Model Answers** No. Que. Marks 0.5 Attempt any TWO of the following: 16 Draft a tender notice for construction of Boys hostel at your place (a) costing Rs. 2.5 Crore. Assume suitable data. Ans. **Assumptions:** Authority inviting tender is Executive Engineer. 1. 2. Situation at **Tender Notice** (Public Works Department) Date: No.: Sealed item rate tenders in form 'B2' are invited by Executive 2 Engineer P.W.D. Division, from registered contractors of class III for following works. Sr. Name of Time of Esti-**Earnest** Security **Deposit** completion No. work mated money in Rs. in Rs. cost in Rs. 3 22 month Construction (including of Boy's 2.5 2,50,000 12,50,000 Hostel Crore rainy season) Blank tender form at non-refundable cost of Rs. /- if required by post) can be obtained from the office of Executive Engineer (P.W.D.) Division, __up to 4.00 p.m. during working hours on all working days (Except Sundays and holidays) from to 2 Tenders will be received in office of Executive Engineer up to 3.00 pm on and shall be opened on same day at 4.00 pm in presence of contractors who may like to attend. 1 8 The right reserves to reject any or all tenders, without assigning any reasons. Sd/-**Executive Engineer** (b) Suggest the suitable rent per month for a building having plot area of 300 m² purchased at Rs. 300/ m² construction area is of 150 m² @ 1500/ m² Total out goings are 30% of gross rent. Returns expected on construction cost @ 12% Returns expected on cost of land @ 8% Ans. Given: Plot area = 300 m^2 @ Rs. $300 / \text{ m}^2$ Building = 150 m^2 @ Rs. $1500/\text{m}^2$

Total out goings = 30% of gross rent.

Sub.

Que.

Model Answers

Total

Marks



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No.

Que.

Sub. Code: 17603 No. Oue. Marks Q. 5 Returns expected on construction cost @ 12% Returns expected on cost of land @ 8%. To find cost of plot: **Step 1:** Cost of plot $= 300 \times 300 = 90.000$ 1 To find cost of construction: **Step 2:** Cost of construction = $150 \times 1500 = 2,25,000$ 1 To find net return: **Step 3**: Net Return on construction @ 8% = $\frac{8}{100} \times 90,000 = 7,200$ Net Return on plot @ $12\% = \frac{12}{100} \times 2,25,000 = 27,000$ 3 Total Net Rent per year = 7200 + 27,000 = 34,200**Step 4:** To find gross rent: Assuming Gross Rent = GGross Rent = Net Rent + Outgoings $G = 34200 + \left\lceil \frac{30}{100} \times G \right\rceil$ 2 G = 48857.14**Step 5**: To find rent per month: $\therefore \text{ Rent per month } = \frac{48857.14}{12}$ $=4071.42 \cong 4072$ 1 8 Rent per month is Rs. 4072/-٠. Differentiate between (c) Market value and book value **(i)** Sr. Ans. Market Value **Book Value** No. It is the value or amount It is the value or amount of a property, which may mentioned in the account be obtained at any time book at the time of from the open market. purchase and can 2 each obtained on deduction done (any by depreciation. two) Book value is readily 2. Market value readily available. available. Frequency of fluctuations Frequency of fluctuations 3. are frequent. are not frequent. When book value is greater 4. When market value is than market value there is greater than book value there is loss. profit. **Total** Que. Sub.

Model Answers

Marks

Marks



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Q. 5	(ii)	Denreci	ation and Obsolescence				
Q. 3	Ans.		Sr				
		No.	Depreciation	Obsolescence			
		1.	The physical loss in the value of the property caused by its use life, wear, tear and decay, is called as depreciation.	because of change in	2 each	8	
		3.	Depreciation depends upon the age of the property. More is the life; more will be the depreciation. Depreciation can be determined by various	depends upon the age of	two)		
Q. 6			methods.	by only method.		16	
Q. 0		Attempt	t any <u>FOUR</u> of the following	;		10	
	Ans.	Draft the footing at 1. Proposed at 2. Concert at 2. Steel: or defort from concert at 2. Steel: or defort from concert at 2. Con					
		work. Form v concreting tapped in	work: The formwork shall	be oiled from inside before te shall be laid in the forms and omb surface shall appear on			
Que. No.	Sub. Que.		Model An	swers	Marks	Total Marks	



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Que. Sub. No. Que.	Model Answers	Marks	Total Marks
(b) Ans.	 What are the points to be observed while framing the specification? The main intention or object of specification is to present a clear picture of facts to be adopted in the construction work. Hence clear facts of the quality of material and workmanship mentioned in the specification should be observed. Specification depends upon the site conditions, hence it is to be observed the nature of work and purpose for which the work is carried out. Well-known or familiar abbreviations in building industry are to be used without giving information. Proper and suitable words with required meaning should only be used. Unfamiliar works should not be used in specification. Prepare the specification by observing the rules of grammar. The information about quality of the material and procedure of workmanship to be adopted should be complete and accurate. Avoid cross-references. The specification should state looking to view that what the contractor shall or shall not do and not what the contractor should or should not do. 	1 each (any four)	4 Total
Q. 6	The formwork and centering shall be made of dressed timber of well-seasoned wooden boards to give a smooth and even surface and the joints shall not allow leakage of cement paste. Laying of concrete: Concrete shall be laid continuously, if laying is suspended for rest, then end shall be sloped at an angle of 30° and made rough for proper bonding and key. When the work is resumed, the previous sloped portion shall be made rough, clean and watered. A coat of neat cement paste shall be applied on this roughened portion and fresh concrete shall be laid. Compaction: Concrete shall be compacted by mechanical vibrators so as to have a dense concrete. Over-vibration shall be prevented. Hand compaction shall be done with the help of punning rods and tamping rods and tamping with the wooden tampers so that concrete is thoroughly compacted and completely walked into the corners of the form work. After removal of the form work, the concrete surface shall be free from any defects such as honey combing, air holes, cracks etc. Curing: Freshly laid concrete shall be protected from direct sun, rain etc. When the concrete is set or harden about 2 hours after its laying, it shall be protected with gunny bags. After 24 hours of laying; the concrete surface shall be cured by flooding with water by making small ponds. The minimum period for curing shall be 14 days. 5. Measurement: Length, breadth and depth or thickness shall be measured correct to a cm and the consolidated cubic contents of the concrete shall be calculated net to the nearest 0.01 cubic meter. Concrete laid in excess of the dimensions shown in the drawings shall not be measured.	4	4



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Q. 6		 The subject matter mentioned in the specification should relate to the information required when the contract is given to the contractor. Unfair specifications are not desirable, meaning that throwing all the possible risks on the shoulders of contractors is unfair and hence such specification should not be mentioned. The sentences of the specification should be simple and short so as to avoid the risk of legal difficulties and allegations. Specifications of various items should be framed by keeping the practical limitations of materials and workmanship in mind. 		
	(c) Ans.	 What are the legal aspects of specification? Specification of various items becomes the important documents as per as legal aspect like contract and agreements are concerned. Hence the drawing and specifications are two important contract documents considered as a legal documents. The tender documents and agreements towards legal aspect are incomplete and invalid without specifications. Specifications have more legal strength and hence most of the contract state that in case of discrepancy between the drawings and specifications, the specification act as a legal proof. In case of disputes between the owner and the contractor, specifications act as a useful legal documents to solve the problem in between two party. 	1 each	4
	(d) Ans.	List out any eight purposes of valuation. 1. Buying and selling the property. 2. Taxation. 3. Rent fixation. 4. Security of loans or mortgage. 5. Compulsory acquisition. 6. Insurance. 7. Wealth tax and estate duty. 8. Assessment of stamp fees. 9. Gift tax. 10. Partition.	each (any eight)	4
	(e) Ans.	Define sinking fund and years purchase. Sinking Fund: Fund created by regular periodic payments which accumulate at the compound interest is a sinking fund. Amount of sinking fund is used at the end of utility period of the structure. Years Purchase: Years purchase is the capital sum required to be invested so as to receive an annuity of Rs. 100, at certain rate of interest.	2	4