MAHARASHTRA STATE BOARD OF TECHNICAL EDUCATION

(Autonomous) (ISO/IEC - 27001 - 2013 Certified)

Model Answer: Summer-2022

Subject: Contracts and Accounts

Sub. Code: 22601

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 candidate and 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 model answer.
- 6) In case of some questions credit may be given by judgement 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.
- 8) As per the policy decision of Maharashtra State Government, teaching in English/Marathi and Bilingual (English + Marathi) medium is introduced at first year of AICTE diploma Programme from academic year 2021-2022. Hence if the students in first year (first and second semesters) write answers in Marathi or bilingual language (English +Marathi), the Examiner shall consider the same and assess the answer based on matching of concepts with model answer.

Que. No.	Sub. Que.	Model Answer	Marks	Total Marks
Q.1		Attempt any <u>FIVE</u> of the following:		(10)
	a)	Define Contract.		
	Ans.	Contract is an undertaking by person or firm to do work under certain	2	2
		terms and conditions.		
	b)	List four objects of the contract.		
	Ans.	Objects of contract :		
		i. To execute the work by experienced persons.		
		ii. To execute the work with most competitive rate.	each	2
		iii. To do work as per specification.	(any	
		iv. To use latest machineries and techniques.	four)	
		v. To have free hand for a supervisor to check the work done by		
		contractor without interference		
	c)	Define engineering procurement construction contract.		
	Ans.	Engineering procurement construction contract: Engineering		
		procurement construction contract is the most common form of		
		contract used to undertake construction works by the private sector on	2	2
		large scale and complex infrastructure projects. Under engineering		
		procurement construction contract sometimes commissioning of		

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Q.1	c)	structure is also included and then it is called engineering procurement		
	Ans.	construction and commissioning contract. This contract also called as		
		Turnkey contracts. The main condition of this contract is to deliver the		
		facility for a guaranteed date and it must be performed at a specified		
		level failure to comply with any requirements will usually result in the		
		contract incurring monetary liabilities.		
	d)	List four tender documents.		
	Ans.	List of tender documents:		
		i. Title page:-Regarding the agreement number.		
		ii. Index.		
		iii. Tender notice.		
		iv. General Instructions.	1/2	
		v. Special condition.	each	2
		vi. Form of contract.	(any four)	
		vii. Schedule A: Showing details of materials to be supplied by	,	
		department.		
		viii. Schedule B: Bill of quantities.		
		ix. Schedule C: Detailed item wise specifications and drawings.		
		x. Specifications: General and Detailed.		
		xi. A complete set of drawings (contact drawings).		
	e)	Write the use of indent.		
	Ans.	Use of indent:	1	2
		i. Procurement of material from store.	each	
		ii. Materials from the stock are issued on demand.		
	f)	State four necessities of valuation.		
	Ans.	Necessity:		
		i. Buying and selling the property.		
		ii. Taxation.	1/2	
		iii. Rent fixation.	each	2
		iv. Security of loans or mortgage.	(any four)	
		v. Compulsory acquisition.	ioui)	
		vi. Insurance.		

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Q.1	f)	vii. Wealth tax and estate duty.		
	Ans.	viii. Assessment of stamp fees.		
		ix. Gift tax.		
		x. Partition.		
	g)	Define book value and market value.		
	Ans.	Book value:		
		It is the value or amount mentioned in the account book at the time of		
		purchase and can be obtained on deduction done by depreciation.		
		The book value of a property at a particular year is the original cost		
		minus the amount of depreciation allowed per year and will be	1	
		gradually reduced year to year and at the end of the utility period of		
		the property, the book value will be only scrap value.		
		Market value:		2
		It is the value or amount of a property, which may be obtained at any		
		time from the open market. The market value changes from time to		
		time for various miscellaneous reasons such as changes in industry,	1	
		changes in fashions, means of transport, cost of materials and labour		
		etc.		

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Que. No.	Sub. Que.	Model Answer	Marks	Total Marks
Q.2		Attempt any <u>THREE</u> of the following:		(12)
	a)	Draw organizational structure of PWD.		
	Ans.	Government (PWD)		
		Secretary to Government		
		↓ Chief Engineer	1	
		│		
		 		
		Superintending Superintending Superintending Engineer Engineer Engineer Engineer		
		Circle-1 Circle-2 Circle-3 Circle-4	1	4
		Executive Engineer		
		Assistant Executive Engineer		
		Junior Engineer	1	
		↓	1	
		Supervisor		
		Skilled Workers Semiskilled Workers Unskilled Workers	1	
		Give the meaning of –		
	L	i) Administrative approval		
	b)	ii) Technical sanction		
	Ang	i. Administrative approval: For any work, it is necessary to take		
	Ans.	formal acceptance with respect to cost and work is called as		
		administrative approval. For this the department sends a proposal to		
		government for taking up the work. After considering all aspects like	2	
		feasibility of project, financial aspect, government accepts proposal.		
		ii. Technical sanction: Technical sanction means the sanction of the		4
		detailed estimate, design, rates and cost of work. It is sanctioned by		
		competent authority. The work is taken for the execution only after the	2	
		technical sanction.		

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Que. No.	Sub. Que.	Model Answer	Marks	Total Marks
Q.2	c)	State four functions of Junior Engineer.		
	Ans.	Following are the functions of Junior Engineer (JE):		
		i. To supervise the work in his charge.		
		ii. Maintain attendance of daily work labours.		
		iii. Taking measurement of all work in MB.		
		iv. Prepares estimates for all types of works in his section.	1	
		v. Preparation of bills running and final bills for work in his	each	4
		charge.	(any four)	
		vi. Carry out field survey for proposed project.	ioui)	
		vii. Carry out half yearly check of all stores in his charge and		
		submit report to SDO.		
		viii. Report to higher authorities for irregularities in contract,		
		specification, and shortage of supply of materials or any other		
		difficulty during execution.		
	d)	Explain four requirements of valid contract.		
	Ans.	Following are the requirements of valid contract:		
		i. Contract should be in writing and should be signed by both the		
		parties i.e. owner and contractor.	1	
		ii. The subject matter of agreement must be legal and definite.	each (any	4
		iii. If situation arises the contract can be enforced in court of law.	four)	
		iv. Parties should be competent enough to carry out work.		
		v. Both parties must give their free consent to do work.		
		vi. Contract should be attested by responsible officer.		

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ue. No.	Sub. Que.		Marks	Total Marks					
2.3		Attem	pt any <u>THREE</u> of the followin	ng:		(12)			
	a)	List eig	ght documents required for tl	he registration as a contractor.					
	Ans.	Ans. Documents required for the registration as a contractor:							
		i. Latest income tax clearance certificate.							
		iii.	Solvency certificate.		1/2				
		iv.	List of machinery with their co	ondition.	each	4			
		v.	v. List of technical staff employed along with qualification and experience.						
		vi.	Professional capacity and expe	rience certificate.					
		vii.	Attested copies of partnership	deed if any.					
		viii.	Registration fee.						
	b)	Differe	entiate between item rate o	contract and percentage rate					
	Ans.	s. contract. (Four points)							
		Sr.							
		No.	Item rate contract	Percentage rate contract					
		i.	In this contract, the	In this contract, the					
			contractor agrees to work as	contractor agrees to carry					
			per the rates quoted by him	out the work at a certain					
			for each item.	percentage below or above					
				the estimated cost.					
		ii.	This is useful when the	This is useful for the work	1 each	4			
			quality of work is required	of all nature with no item-	cucii				
			and also quantities of work	wise rates.					
			to be executed are not						
			known previously.						
		iii.	Suitable for most of public	Suitable for all type of					
			works executed by	government as well as					
			government departments.	private.					
		iv.	It is difficult to prepare	It is easy to prepare					
			comparative statement.	comparative statement.					

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Que. No.	Sub. Que.	Model Answer	Marks	Total Marks
Q.3	c)	State eight conditions where lowest tender is rejected.		
	Ans.	Following are the situation where the lowest tender is rejected:		
		i. When tender is not submitted in a particular form sold by		
		department.		
		ii. The lowest tenderer may lack in experience for work.	17	
		iii. Earnest money is not enclosed along with tender.	¹ / ₂ each	4
		iv. Unsatisfactory reputation of lowest tender.	(any	
		v. Inadequate finance to execute work.	eight)	
		vi. Inadequate connection of fair rates is not received.		
		vii. Tender is not signed by contractor.		
		viii. If any page is removed from document.		
		ix. If contractors is black listed by any department.		
	d)	Define arbitrator and state four qualities of good arbitrator.		
	Ans.	Definition: During execution of work owner and contractor may		
		come across situations where disputes may arise. The process of	2	
		settling the dispute between owner and contractor is called as		
		arbitration and the person who settles such dispute is called as		
		arbitrator.		4
		Four qualities of good arbitrator are as follows:		
		i. The arbitrator should be a person having experience of work.		
		ii. He should have in depth knowledge of work.	1/2	
		iii. He should know rules, procedures of law.	each	
		iv. He should be impartial and acceptable to both parties.		

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Que. No.	Sub. Que.	Model Answer	Marks	Total Marks
Q.4		Attempt any <u>THREE</u> of the following:		(12)
	a)	State the importance of measurement book.		
	Ans.	Following are the importance of measurement book:		
		 i. Measurement Book is an important document in whichmeasurements are recorded for the work done by the contractor, or for the materials received at the site or services rendered. ii. Measurement Book belongs to the Division and serially numbered recordingto whom issued, date of issue, etc. (DEE/SDO) iii. Contractor payments are made based on the measurements recorded in the Measurement Book. iv. It is considered very important accounts record and maintainedvery carefully and accurately and form substantial evidence inthe court of law should need arises. v. Measurements are written legibly so that transactionsare readily traceable. vi. A reliable record is the object to be aimed at asit may have to be produced as evidence in a court oflaw. 	1 each (any four)	4
	b)	Explain bills and voucher. Bill: Bill is the account of work done or supply of metarials made and		
	Ans.	Bill: Bill is the account of work done or supply of materials made, and included the particulars and quantities of work done or material supplied their rates and amount. It contains the reference to the agreement number also. Generally, white forms are used for running bill and yellow forms are used for final bills. Voucher: A legal receipt prepared for the purpose of proof against payment made is called as voucher. After the payment is made bill becomes voucher. Usually form - 28 is used for the payments below Rs.10/ The most general type of voucher is a hand receipt, which is used for all miscellaneous payments and advances for which no special form is available.	2	4

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Que. No.	Sub. Que.		Marks	Total Marks		
Q.4	c)		rentiate between advance pay ent. (Four points)	ment and secured advance		
	Ans.	Sr. No.	Advance payment	Secured advance payment		
		i.	An amount paid in advance of the work done, by contractor is called as advance payment.	The payment made to the contractor on the basis of security of materials brought by contractor to site of work is called secured advance payment.		
		ii.	Under special circumstances or a special case, the advance payment is made to the contractor.	Divisional engineer has authority to allow the security advance up to the amount not more than 75% of the value of material brought to the site.	each (any four)	4
		iii.	Cost of work done should not be less than that of advanced payment made to the contractor.	The materials brought on Site of work provided are of imperishable nature.		
		iv.	The advance is adjusted through subsequent bill in which actual measurements have been taken	The advance amount is adjusted in the next running account bill proportionately to the actual consumption of materials.		
	d)	List t	 he four points to be considere	ed while framing specifications of		
	Ans.	item.				
	A115.	Follow				
		i.	picture of facts to be adopted	of specification is to present a clear d in the construction work. Hence atterial and workmanship mentioned observed.	1 each (any	4
		ii.	Specification depends upon the	e site conditions; hence it is to be	four)	

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Q.4	d)	observed the nature of work and purpose for which the work is		
	Ans.	carried out.		
		iii. Well-known or familiar abbreviations in building industry are to		
		be used without giving information.		
		iv. Proper and suitable words with required meaning should only be		
		used. Unfamiliar works should not be used in specification.		
		v. Prepare the specification by observing the rules of grammar.		
		vi. The information about quality of the material and procedure of		
		workmanship to be adopted should be complete and accurate.		
		vii. Avoid cross-references.		
		viii. 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.		
		ix. The subject matter mentioned in the specification should relate		
		to the information required when the contract is given to the		
		contractor.		
		x. 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.		
		xi. The sentences of the specification should be simple and short so		
		as to avoid the risk of legal difficulties and allegations.		
		xii. Specifications of various items should be framed by keeping		
		the practical limitations of materials and workmanship in mind.		
	e)	Define specification. State three purposes of specification.		
	Ans.	Specification:	1	
		A contract document specifying the quality of material to be used and	1	
		procedure and method of workmanship to be adopted in the construction		4
		work is called as specification.		
		Following are the purposes of specifications:	1	
		i. In contract document, the specification defines or shows the quality	each (any	
		of material and workmanship.	three)	
		ii. Since the specifications are mentioned in the contract agreement, it		
		protects or keeps safe the owner from damage due to poor		

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Q.4	e)	workmanship.		
	Ans.	iii. Specification is the witness document and hence useful in court to settlethe disputes.		
		iv. It is helpful to prepare rate analysis of various items.		
		v. Specification is an important tool or document and plays the important role for arbitration.		
		vi. Specification fixes the responsibilities of owner and contractor.		
		vii. It helps to the contractor in preparing and pricing the tender.		

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Que. No.	Sub. Que.			Mode	l Answer			Marks	Total Marks
Q.5		Atten	npt any <u>TWO</u>	of the follow	ing:				(12)
	a)	Draft a tender notice for construction of workshop building of a new polytechnic costing Rs. 100 lakhs, assume suitable							
		infor	mation if requ	ired.					
	Ans.			Tende	er Notice				
		No:				Date: 13	/06/2022		
		Sealed	d item rate tend	lers in form E	32 are invited	d by Executiv	e Engineer	1	
		of XY	Z institute fro	m registered	contractors	of appropriat	e class for	1	
		the fo	llowing work.						
		Sr.	Name of	Estimated	Earnest	Security	Time		
		No.	work	cost	money	deposit	Limit		
		1	Constructio	100 Lakhs	100000/-	500000/-	18		
			n of		(1%)	(5%)	months	2	
			workshop				(includi	2	
			building of				ng		6
			a new				monso		
			polytechnic				on)		
		Blank	tender form a	t non-refunda	ble cost of F	Rs. 1000/- (Rs	s. 1100/- If		
		requir	red by post) c	an be obtain	ed from the	office secre	tary, XYZ		
		institu	ite, 10.00 a.m.	to 5.00 p.m.	during worki	ing hours of a	ll working		
		days	(except Sunday	s and Holida	ays) from 13	3/06/2022to 2	0/06/2022.	2	
		Tende	ers will be rec	eived in offi	ce of secret	ary up to 3.0	00 pm. on	2	
		20/06	/2022. and sha	all be opened	d on the sar	me day at 4.0	00 p.m. in		
		preser	nce of contracto	ors who may l	like to attend	l.			
		The a	uthorities research	rve the right	to reject any	y or all tende	ers without		
		assign	ning any reason						
							Sd/-	1	
						Executiv	e Engineer		
						Buildin	g Division		
						XY	Z Institute		

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Que. No.	Sub. Que.	Model Answer	Marks	Total Marks
Q.5	b)	Define depreciation. List two methods of calculating depreciation.		
	Ans.	Explain one method in brief.		
		Depreciation:		
		The loss in the value of the property caused by its use life, wear, tear	1	
		and decay is called as depreciation.		
		Following are the methods used to calculate the depreciation.		
		i. Straight line method.	1	
		ii. Constant percentage method.	each (any	
		iii. Sinking fund method.	two)	
		iv. Quantity survey method.		
		i) Straight line method: Assumption of this method is that the		
		property loses its value by the same amount every year. A fixed		6
		amount of the original cost is deducted every year. So that at the end		
		of utility period only the scrap value is left.		
		Annual depreciation (D) = (Original cost - Scrap value) / (Life in		
		years)		
		D = (C - S) / N		
		OR		
		ii. Sinking fund method: In this method, the depreciation of the	,	
		property is assumed to be equal to the annual sinking fund pus the	3	
		interest on the fund for that year, which is supposed to be invested on		
		interest being investment.		
		OR		
		iii. Constant percentage method: In this method it is assumed that		
		the property will lose its value by a constant percentage of its value at		
		the beginning of every year.		
		Depreciated factor (D) = $1 - (S/C) 1/n$		
		OR		
		iv. Quantity survey method: In this method, the property is studied		
		in detail and loss in value due to life, wear and tear, decay,		
		obsolescence etc. is worked out. Each and every step is based on some		

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Q.5		logical ground without any fixed percentage of the cost of property.		
		Only experienced valuer can work out the amount of depreciation.		
	c)	Define outgoings and explain four outgoings with their %.		
	Ans.	Outgoings: The expenditure or expenses which are to be incurred in	2	
		connection with the property, to maintain revenue from it is called as	_	
		outgoings. These are generally assumed to be 30% of the gross		
		income.		
		Types of outgoings:		
		i Municipal Taxes: These are paid to the local authorities for the		6
		services like water supply, sanitation etc. These taxes are calculated at		
		certain percentage of rentable value of the property. These may be 15		
		% of the gross income.	1	
		ii Repairs: It is the amount spent for annual repair and maintenance	each	
		to keep property in fit condition. This amount is usually 1 to 1.5% of	(any four)	
		the total value of the property.	1001)	
		iii Sinking Fund: The fund created by regular periodic payment		
		which accumulates at the compound interest is called a sinking fund.		
		This amount is used for reconstructions of the building at the end of		
		utility period.		
		iv Management and collection charges: These are the charges which		
		include expenses on rent collector, watchman, liftman, sweeper, etc.		
		These may be 5 to 10 % of the gross rent.		
		v Insurance: It is the premium paid by the owner of the property. It		
		depends upon the sum assured. These may be 0.5% of the gross		
		income.		

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Que. No.	Sub. Que.	Model Answer	Marks	Total Marks
Q.6		Attempt any <u>TWO</u> of the following:		(12)
	a)	Give the meaning of –		
	Ans.	i) Security deposit		
		ii) Earnest money		
		iii) Validity period		
		i) Security deposit:		
		After acceptance of tender, contractor has to deposit a certain amount		
		with the department or owner is called as security deposit, it varies	2	
		from 5 to 10% of total estimated cost of work.		
		ii) Earnest money:		
		While submitting tender contractor has to deposit certain amount		
		about 1 to 2% of estimated cost with department. This amount is	2	
		termed as earnest money deposit. It ensures guarantee of the tender, so		6
		that contractor may not refuse to accept work or run away when his		
		tender is accepted.		
		iii) Validity period:		
		It is a period within which the rates quoted by the contractor are valid.	2	
		Beyond this period the contractor either may agree or he can refuse to		
		accept the rates for executive the work.		
	b)	Draft detailed specification for RCC slab in CC- 1:1:2.		
	Ans.	i) Materials:		
		a) Coarse aggregate:		
		Coarse aggregate shall be from hard broken stone of compact basalt or		
		granite or similar stone and shall be free from dust, dirt, oil and other		
		foreign matters.		
		Size of stone shall be 20 mm and down and all sizes of stones shall be		
		retained in a 5 mm square mesh and well graded. Size of stone	2	
		aggregate depends upon the thickness of concrete and nature of work.		6
		b) Fine aggregate:		
		Fine aggregate shall have coarse sand consisting of hard, sharp and		
		angular grains. Sand shall be as per the standard specification. Sand		

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Q. 6	b)	shall be clean and free from dust, dirt, oil and other organic matter.		
	Ans.	c) Cement:		
		Cement shall be fresh, not old & as per the standard I.S. specification		
		and shall have required compressive strength and fineness.		
		d) Water:		
		Water shall be clean water, free from any impurities and free from		
		alkaline and acid matters; water shall be suitable for drinking purpose.		
		e) Reinforcement: It shall be of mild steel free from corrosion .All		
		barsshall be made and placed as per bar schedule and design. Proper		
		overlapping shall be provided.		
		ii) Proportion :		
		The proportion of concrete shall be such that it should give strength of		
		at least 20 N/mm ² .1:1:2 proportion of cement, sand and course		
		aggregate by volume shall be used, unless otherwise specified.		
		All ingredients shall be dry. Bulking of sand allowance shall be made		
		for wet sand.		
		Mixing of concrete:		
		a) Machine Mixing:	2	
		Cement, sand and coarse aggregate shall be taken into the mixer in	_	
		required proportion. The mixing time shall not be less than 3 minutes		
		Mixed concrete shall be discharge on a masonry platform or on a		
		flat iron sheet.		
		b) Hand Mixing:		
		Hand mixing is allowed for small work only. Mixing of ingredients		
		shall be done on masonry platform or flat iron sheet. Then water shall		
		be added slowly and gradually and then turning the mix up anddown		
		at least three times by spade till to obtain a plastic mix of the required		
		workability and water-cement ratio.		
		iii) Form work/Centering:		
		Form work and centering shall be used as per the standard		
		specifications Internal surface of formwork shall be applied by oil so		
		as to avoid sticking of concrete during removal of the formwork.		

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Q. 6	b)	iv) Laying of concrete:		
	Ans.	Concrete shall be laid gently and compacted with rods and tamping		
		with wooden tampers or with mechanical vibrating machine until a		
		dense concrete is obtained.		
		Immersion type vibrators or needle vibrators shall be used for thick		
		concrete or mass concrete. Surface vibrators or form vibrators shall be		
		used for thin concrete. There shall not be overvibration.		
		Concrete shall be laid continuously.		
		v) Curing:		
		When concrete is on the point of hardening, after and about two hours		
		laying, then it shall be kept wet by covering with wet gunny bags for		
		24 hours and then cured by flooding with water. Making mud wall 75	2	
		mm high or by covering with wet sand continuously for 15 days.		
		vi) Measurement:		
		The measurement shall be taken as per the drawing or as per		
		instruction of the engineer. The measurement shall be in cubic meter		
		without deducting volume of steel. The rate of RCC shall be for the		
		complete item which includes shuttering, tools and plants. The		
		measurement shall confirm as per IS 1200.		
	c)	A land measuring 200 sq.m. is purchased at a rate of Rs.3500/- per		
		sq.m. and building of 100 sq.m. area is constructed on it. The cost		
		of construction is 7000/- per sq.m. If the return on the cost of land		
		is 8% and building is to be 10%. Calculate monthly rent of		
		property. Assume all outgoings 30% of gross rent.		
	Ans.			
		Cost of land = $200 \times 3500 = 7,00,000/$ -	1/2	
		Cost of building = $100 \times 700 = 7,00,000/$ -	1/2	
		Step 1 : To calculate Net rent :		
		10% on cost of building = $\frac{10}{100} \times 7,00,000$		
		= 70,000/-	1/2	

Model Answer: Summer-2022

Subject: Contracts and Accounts

Que. No.	Sub. Que.	Model Answer	Marks	Total Marks
Q. 6	c) Ans.	8% on cost of land = $\frac{8}{100} \times 700000$ = 56000/-	1/2	
		Net rent = Net return per annum Net rent = 70000 + 56000 = 1,26,000/- Step 2 : To calculate Gross rent : Gross rent = Net rent + outgoing	1	6
		Gross rent = Net rent + 30% of Gross Rent $GR = 126000 + 0.3 GR$	1	
		$0.70~\mathrm{GR}~=126000$ $\mathrm{GR}~=1,80,000/\text{-}$ Step 3 : To calculate Gross rent per month :	1	
		∴ Gross rent per month = 180000/12 = 15000/- Gross rent per month is 15000/-	1	