

DI04006021: Estimation & Costing

Lecture 38: Rate Analysis: Definition, purpose and importance.

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Definition of Rate Analysis

What is Rate Analysis?

It is the process of determining the rate per unit of a particular item of work, such as cubic meter of concrete or square meter of brickwork.

- Considers cost of **materials**.
- Considers cost of **labor**.
- Includes **machinery/tools** and plant charges.
- Includes **water charges** (usually 1%).
- Includes **contractor's profit** (usually 10%).

Purpose and Importance

- To determine the actual cost per unit of item.
- To examine the viability of rates offered by contractors.
- To calculate the cost of **extra items** which are not provided in the contract bond.
- To revise the schedule of rates due to increase in the cost of material and labor or change in technique.

Components of Rate Analysis

