

EP 4

No. NH-15017/90/2018-P&M
Government of India
Ministry of Road Transport & Highways
(Planning Zone)
Transport Bhawan, 1, Parliament Street, New Delhi - 11000

Dated, the 22nd October, 2018

To

1. The Chief Secretaries of all State Governments/ UTs
2. The Chairman, National Highways Authority of India (NHAI), G-5&6, Sector-10, Dwarka, New Delhi- 110075
3. Director General (Border Roads), Seema Sadak Bhawan, 4- Parliament Street, New Delhi - 110001
4. The Managing Director, NHIDCL, 3rd Floor, PTI Building, 4- Parliament Street, New Delhi - 110 001
5. The Principal Secretaries/ Secretaries of all States/ UTs Public Works Departments dealing with National Highways, Other Centrally Sponsored Schemes & State Schemes
6. The Engineers-in-Chief and Chief Engineers of all States/ UTs Public works Departments dealing with National Highways, Other Centrally Sponsored Schemes
7. All CE-ROs/ SE-ROs/ ELOs of the Ministry of RT&H

Subject: Policy for release of Bank Guarantees submitted by the Concessionaires/ Contractors towards Mobilisation Advance in Hybrid Annuity (HAM)/ EPC/ Item rate Contracts for projects on National Highways - Reg.

Madam/Sir,

Generally all Agreements, viz. EPC, Item Rate as well as BOT(HAM) Contract Agreements have provisions for payment of Mobilisation Advance not exceeding 10% of the contract price (in EPC/ Item Rate contract)/ Bid Project Cost (in HAM). The above advance is released on furnishing of an irrevocable and unconditional Bank Guarantee (BG) for an amount of 110% of such advance as security subject to the condition that BGs remains effective and valid till the complete and full repayment/ recovery of the Mobilisation Advance.

2. However, all these Contract Agreements are silent about part release of BGs on part recovery of advance.

3. This issue has been examined considering the requests received by the Ministry/ its Project Executing Agencies from the Contractors/ Concessionaires for release of part BGs submitted by them on part recovery of advances.

4. Accordingly, it has been decided to adopt the following approach henceforth and until further orders:

- (i) The Contractor/ Concessionaire shall ensure that the BG submitted towards Mobilisation Advance and Equipment Advance remain effective, valid and enforceable until the advance payment along with interest thereon (wherever applicable) has been fully recovered.

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(ii) BGs may be released progressively in parts for the amounts equivalent to the advance recovered from the running bills/ stage payments upto a maximum of 4 or 5 instalments, as is convenient to the Contractor/ Concessionaire.

(iii) The Contractor/ Concessionaire shall be at liberty to submit multiple BGs accordingly as a pre-condition for release of advances. Further, it shall also be admissible to either submit a substitute BG for the residual amount or multiple BGs for such residual amount in replacement of the existing BG.

(iv) If the terms and conditions of the BG specify its expiry date, and the advance payment has not been repaid by the date 28 days prior to the expiry date, the Contractor/ Concessionaire shall extend its validity upto the period until advance payment has been repaid.

P1 find a copy to RDP cell for updation

5. Above provisions shall be applicable for all EPC, Item rate and BOT (HAM) Contract Agreements henceforth in case of all Project Executing Agencies such as NHAI, NHIDCL, State Governments, etc., including for all ongoing works wherever applicable.

6. This issues with the approval of concurrence of Finance Wing vide U.O. No. 1117/TF-II, dated 18.10.2018 and approval of Secretary (RT&H).

Raj 22.10.18
 (Rajesh Kumar)
 Superintending Engineer (Planning)
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Copy to:

1. All JSs / CEs in the Ministry of Road Transport & Highways
2. All Technical Officers in the Ministry of Road Transport & Highways
3. The Secretary General, Indian Road Congress
5. The Director, IAHE
6. Dy. FA / Controller of Accounts
7. Technical Circular file of S&R Section
8. NIC - for uploading on Ministry's website under "What's new"

Copy for information and necessary action to:

1. PS to Secretary (RT&H)
2. Sr. PPS to DG (RD)&SS
3. PPS to Additional Secretary
4. PPS to AS&FA
5. PS to ADG(Z-I) / ADG(Z-II) / ADG(Z-III) / ADG(IV)

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JEShanna

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for info pl. secn.
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23/10/2018

24/10/18