

Government of India
Ministry of Road Transport & Highways
(EAP Zone)

Transport Bhawan
1, Parliament Street
New Delhi-110 001

No.RW/NH-37010/4/2010/PIC-EAP(Printing)

Dated the 29th August, 2017

To

1. The Principal Secretaries/Secretaries of all States/UTs Public Works Department dealing with National Highways, other Centrally Sponsored Schemes & State Schemes.
2. The Engineers-in-Chief and Chief Engineers of all States/UTs Public Works Department dealing with National Highways, other Centrally Sponsored Schemes & State Schemes.
3. Director General (Border Roads), Seema Sadak Bhawan, Ring Road, New Delhi-110010
4. The Chairman, National Highways Authority of India (NHAI), G-5&6, Sector-10, Dwarka, New Delhi-110 075.
5. The Managing Director, National Highway Infrastructure Development Corporation Ltd., 3rd floor, PTI Building, Parliament Street, New Delhi-110 001

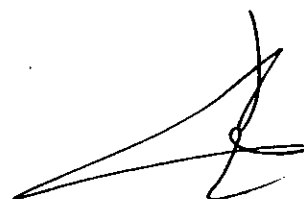
Subject: Clarifications to the Bank Rate mentioned in Cl. 19.2.1 of Standard EPC Agreement for National Highways and centrally sponsored Road & Bridge Works proposed to be implemented on Engineering, Procurement & Construction (EPC) mode-Reg.

Sir,-

As per Cl.19.2.1 of the Standard EPC Agreement "*The Advance Payment for mobilization expenses and for acquisition of key new construction equipment would be deemed as interest bearing advance at Bank Rate, to be compounded annually. The interest would be recovered along with the recovery of mobilization Advance Payment in equal installments as per provision laid down for the mobilization advance recovery.*"

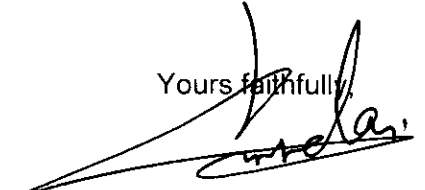
2. Bank Rate is declared by the Reserve Bank of India (RBI) from time to time and cannot be treated as a fixed Interest Rate on the Advance Payment. Therefore, the interest portion from the date of payment of Advance Payment till recovery of the same may be calculated considering the flexible interest rate i.e. Bank Rate to be compounded annually. To avoid any doubt, a typical example for interest rate to be charged on Advance recovery has been elaborated below:

- (i) Date of release of advance payment: 15.04.2016
- (ii) Prevailing Bank Rate as on 15.04.2016 is 7.00 %
- (iii) Bank Rate changed on 04.10.2016 to 6.75 %
- (iv) Interest on Advance Payment for period between 15.04.2016 and 03.10.2016 is calculated using interest rate of 7.00% compounded annually.



- (v) Bank Rate changed on 06.04.2017 to 6.50%.
 - (vi) Interest on Advance Payment for period between 04.10.2016 and 05.04.2017 is calculated using interest rate of 6.75% compounded annually.
 - (vii) Similar process is continued till complete recovery of Advance Payment.
3. The contents of this circular may be brought to the notice of all the concerned for immediate compliance.
 4. This issues with approval of Competent Authority.

Yours faithfully,



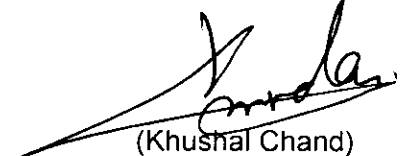
(Khushal Chand)
Superintending Engineer (EAP)

Copy To:

1. All Technical Officers at the Headquarters
2. Secretary General, Indian Roads Congress
3. Director, IAHE, NOIDA
4. All ROs and ELOs of MoRT&H.

Copy for information to:

1. PPS to Secretary (RT&H), PPS to DG(RD) & SS, PS to AS&FA, PS to JS(EAP), PS to ADG (IC).
2. NIC- with the request to upload in the Ministry's portal



(Khushal Chand)
Superintending Engineer (EAP)