

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

Transport Bhavan,
No. 1, Parliament Street,
New Delhi-110 001.

No. RW/NH-24035/4/2008-P&M/PIC

Dated the 29th March, 2011
15th April, 2011

To

The Secretaries and Engineers-in-Chief/Chief Engineers (National Highways), State Public Works Departments, Union Territories (dealing with National Highways and other Centrally Financed Schemes); Director General (Works), Central Public Works Department; Director General Border Roads; The Chairman, National Highways Authority of India; Regional Officers/ Engineer Liaison Officers of MoRTH

Sub: Amendment to existing guidelines to levy interest on mobilisation advance to contractors for works on National Highways and centrally financed schemes of this Ministry.

Sir,

I am to convey that, with the approval of competent authority, it has been decided to amend existing clause 51.1 of section 3 of SBD-2000 regarding mobilisation advance payment to the contractors by the Employer. The purpose of amendment is to levy interest on mobilisation advance payable to the contractor for all future projects for which bidding will be held after issue of this amendment. The amendment is given in the enclosed Addendum.

2. It is requested that the same may kindly be brought to the notice of all the officers concerned for strict implementation and compliance.

Yours faithfully,

Encl: As Above


(Sanjay Wakchaure)
For Director General (RD) & Special Secretary

Addendum to clause 51.1 of section 3 of SBD – 2000

| Reference No. | For | Read |
|----------------------|--|---|
| Clause 51.1 | The Employer shall make advance payment to the Contractor of the amounts stated in the Contract Data by the date stated in the Contract Data, against provision by the Contractor of an Unconditional Bank Guarantee in a form and by a bank acceptable to the Employer in amounts and currencies equal to the advance payment. The guarantee shall remain effective until the advance payment has been repaid, but the amount of the guarantee shall be progressively reduced by the amounts repaid by the Contractor. Interest will not be charged on the advance payment. | The Employer shall make advance payment (not to be paid in less than two instalments except in special circumstances for which the reasons to be recorded in writing) to the Contractor of the amounts stated in the Contract Data by the date stated in the Contract Data, against provision by the Contractor of an Unconditional Bank Guarantee in a form and by a bank acceptable to the Employer in amounts and <u>currencies equal to be at least 110% of the advance payment.</u> The guarantee shall remain effective until the advance payment has been repaid, but the amount of the guarantee shall be progressively reduced by the amounts repaid by the Contractor. The mobilisation advance would be deemed as interest bearing advance at an interest rate of 10% to be compounded, quarterly. |