

No. RM-1(4)/71

Dated the 24th August, 1973.

To

The Secretary to the Govt. of Assam/Bihar/Gujarat/Himachal Pradesh/Madhya Pradesh/Maharashtra/Orissa/Punjab/Rajasthan/Uttar Pradesh/West Bengal

Sub : Disposal of Central Government Road and Bridge Making Machinery to State Governments

As the State Governments are already aware some road/bridge construction machinery were purchased out of Central Funds and supplied to the State P.W.D. for execution of works relating to I.D.A., L.R.P., Emergency, Strategic road and other Centrally financed works. It is now proposed to retain the ownership of only heavy, sophisticated and allied equipments with the Ministry and dispose of the remaining equipments to the States. The list of such machinery presently with your State/that are intended to be disposed of is enclosed. It is proposed to meet the demand of your State, for these machines, in the first instance before considering the demands of other needy States, in order to avoid shifting the equipment from one State to another which will also be uneconomical and involve liability of damage/shortage in transit.

2. Disposal of these machines will be at the book value, on "as is where is" basis and on the basis of demand being received from you in time. The book value will be the purchase cost at site if the machinery is sold without any use or the depreciated cost on the basis of actual number of hours worked.

3. The sale of these equipments would be on the basis of sale value being treated as loan assistance to the State that will be extended by this Ministry on receipt of the State Government's request for price adjustment being made in this manner. This loan is to be repaid by the State Government and the same will be governed by the following terms and conditions :

- (i) The equipment shall be utilised by the State for the execution of Centrally financed works on the basis of usage charges being debited against Central projects.
- (ii) These shall be used on State Works, only when specially permitted by this Ministry, after ascertaining that the requisite quantum of work for the use of the machinery is not available in the State for execution of Centrally financed works.
- (iii) As and when there may be any special or emergency requirement for such equipment, the Central Government should be entitled to withdraw and utilise them in such manner as found necessary by them on the basis of usage charges for their such utilisation being duly credited to the State account.
- (iv) The items of machinery for which transfer orders may have been issued earlier, in favour of the State, for the execution of Central Works in Fourth Plan, will also be governed by these terms and conditions.
- (v) The loan will be deemed to have been paid to the State Govt. only after firm purchase settlement has been made and transfer of such equipment to the State Government effected. The loan would be deemed to have been drawn as on First October of the year in which the firm purchase settlement has been made and transfer of equipment to the State Government effected irrespective of the actual date of such transfer.
- (vi) The loan will carry an interest of 5% per annum or such rate as may be fixed by the Government of India from year to year in respect of loans granted to the State Government.
- (vii) The loan will be repayable in 5 (Five) years in equal annual instalments together with interest on the outstanding balance commencing from the first anniversary of its deemed date of drawal. A rebate of ¼% in interest rate will be admissible for timely payment of principal and interest.
- (viii) In the event of any default in repayment of loan and/or payment of interest, a penal rate of compound interest at the rate of 2½% per annum would be charged over and above the rate of loan interest from the due date of payment to the actual date of payment.
- (ix) The State Government shall at all times maintain and keep in good order and repair all machines and accessories thereof at their own cost.
- (x) For the use of these machines on Central/Centrally sponsored works, the State Government shall be entitled to debit the usage charges against the approved Central works estimates at rates based on the formula contained in this Ministry's Circular letter No. IDA/W-25(10)/63 dated the 28th December, 1965 (copy enclosed), subject to such provision as may be made by the Government of India from time to time. The accounts in respect of the same may be properly maintained and kept ready for inspection by Officers of this Ministry at any time. The log Book and History sheets are also to be maintained by the State Government for the Plant transferred to them in the manner explained in this Ministry's circular letter No. IDA/W-25(10)/63 dated the 8th October, 1964 (copy with its enclosures enclosed) and all the documents relating to the use and maintenance of equipment will be opened to inspection at any time by the representative of this Ministry.
- (ix) In regard to conditions (ii), (ix) and (x) the State Government shall furnish all information reports and returns which the Government of India may either generally or specially, prescribe in this regard and shall allow access and facility and assistance for inspection as may be required by Government of India or any of its officers so authorised in this regard.

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(xii) No machinery or accessory thereof shall be disposed of by any manner so long as the loan or any part thereof remains unpaid by State Government.

5. You are requested to send your State's requirements, afresh for the sale transfer of the machinery as per list attached on the terms and conditions referred to above, latest by the 15th September, 1973 to enable this Ministry to consider the same for issue of necessary orders for release of the machinery, so that the same can in future be utilised on works on the above described basis.

Encls : Not printed.