

GOVERNMENT OF ANDHRA PRADESH
IRRIGATION & CAD (PW -REFORMS) DEPARTMENT

Dated: 04-08-2009

Memo. No. 4607/Reforms/A-1/2009-1

Sub:- Mobilization advance - Levy of interest on mobilization advance EPC Contracts beyond the agreement period - instructions issued - Reg.

Ref:- 1. Government Memo. No. 28582-A/Major.Irri.VIII(1)/2008
dt. 07-11-2008.

2. Government Memo No.23724/Reforms-A1, dated: 19-11-2008.

3. CE/ISPP/Dowalaiswaram Lr.No.CE/ISPP/DCE/OT.1/AE.2/30/ Misc/ dated: 05-02-2009.

In the reference 1st cited, it was specified at item 3 that the Waiver of interest clause on mobilization advance in view of the extension given due to delay on the part of Government due to land acquisition or forest and environmental clearance etc. shall be incorporated.

2. Further, in the Government Memo. No.2nd cited, while pointing out it has been observed that certain agreements of the works of the EPC contracts contain a clause that no interest will be levied on mobilization advance provided to the EPC agency beyond agreement period, the following instructions were issued.

- (i) The Engineers-in-Chief / Chief Engineers were directed not to provide clause to the effect that "no interest will be levied on Mobilization advance provided to the EPC agency beyond the agreement period" in future agreements.
- (ii) In case an agreement already provides the above clause, the consent of the Agency / Contractor for deletion of the same from the existing agreements in force is necessary. After obtaining the same in writing for modification of clause, supplemental agreement has to be concluded.
- (iii) If the contractor does not give his consent, write off orders have to be got obtained for the loss of interest and disciplinary action taken against the officer responsible for the loss of interest.

3. The Chief Engineer / ISPP / Dowalaiswaram in the letter 3rd cited has referred the above two Government Memos, Dt.07-11-2008 and 19-11-2008 and stated that there is a clause specifying that "no interest will be levied on mobilization advance provided to the agency beyond agreement period due to no fault of the Agency".. in the agreement concluded in Indira Sagar Right Main Canal package works and requested the Government to clarify on the levy of interest on mobilization advance beyond agreement period.

4. In this connection the following clarifications are issued:

- i) Interest on Mobilization advance may be levied beyond the Agreement period also in case extension of time is granted for completion of the work for the reasons attributable to the Agency / Contractor.

ii) If extension of time is given for the reasons like delay in land acquisition or forest, environment clearances on account Departmental procedures, it may not be necessary to Levy interest on the Mobilization advance during the extended period of agreement.

5. The memo is issued with the concurrence of Finance (W&P) Deptt. U.O. No.1779/F8(1)/09-1, Dated: 20/06/09.

SHAILENDRA KUMAR JOSHI

PRINCIPAL SECRETARY TO GOVERNMENT (PROJECTS)

To

All Engineers-in-Chief / Chief Engineers of Irrigation & CAD Department,

Copy to P.S. to Prl. Secretary (Projects),

Copy to P.S. to Secretary (RRM)

Copy to P.S. to Secretary (AD)

Copy to S.O. (T)

// FORWARDED :: BY ORDER //

SECTION OFFICER