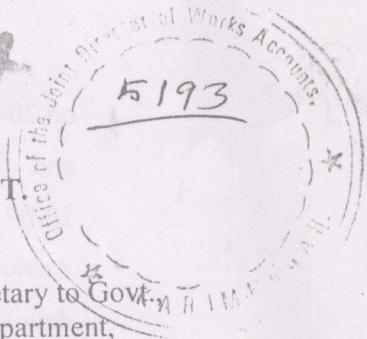


PPWU-301
17/10A

GOVERNMENT OF ANDHRA PRADESH
FINANCE (WORKS & PROJECTS) DEPARTMENT.



From
Sri G.V. Krishnaiah, B.Sc., A.I.C.W.A.,
Director of Works Accounts,
M3 Block, First Floor,
Manoranjan Complex,
M.J. Road, Hyderabad.

To
The Principal Secretary to Govt.,
Finance (W&P) Department,
"D" Block, 1st Floor,
A.P. Secretariat, Hyderabad.

Lr.No.DOWA/Hyd/Sn.II/A.5/F.EPC/2006-07/1310

Dated: 14-12-2006.

JDWA	<i>mlw/s</i>
PAO	<i>[Signature]</i>
Supdt Admn	<i>[Signature]</i>

SUB: Government Borrowing Rate – Communication by Finance Department – Recovery of Interest on Mobilisation Advance – Clarification requested by Joint Director of Works Accounts, Dowlaiswaram – Regarding.

REF: 1) G.O.Ms.No.673 Finance (W&M) Department, dated 15-10-04.
2) G.O.Ms.No.273 Finance (W&M) Department, dated 20-09-06.
3) G.O.Ms.No.303 Finance (W&M) Department, dated 19-10-06.
4) Joint Director of Works Accounts, Dowlaiswaram,
Lr.No.JDWA/SACB/ITC/D1/2006-07/10, dated 04-12-06.

In the reference 4th cited (copy enclosed) Joint Director of Works Accounts, Dowlaiswaram raised the matter of recovery of interest on Mobilisation Advances and requested a clarification on procedure to be followed in effecting the recovery of interest for ongoing contracts and for the contracts where the recovery is completed and final bills are settled. In this connection the position is as follows.

A condition is included in Government contracts about payment of Mobilisation Advance. Such advance carry interest. In some contracts rate of interest is specified in agreements. In all such cases, the rate of interest indicated in agreement is recovered on Mobilisation Advance paid on the work. In some cases rate of interest is not indicated in agreement (or) it is indicated that interest at the Government borrowing rate will be recovered.

In such cases Government effective borrowing rate is to be operated. In the reference 1st, 2nd & 3rd cited Government communicated effective borrowing rate for the years 2004-05, 2005-06 and 2006-07. The effective borrowing rate is issued

*Pl. part of the
replies
mlw/s*

*[Signature]
DTC*

Admn

on 20-09-2006. The recovery of Mobilisation Advance may have been completed and final settlement of work bills of contract might have been settled by 20-09-2006. In such cases recovery towards difference of interest on Mobilisation Advance from 1/4 to the date of communication of orders is to be recovered from deposits. Most of the deposits are now in the shape of Bank Guarantee. Recovery from Bank Guarantee requires action from department.

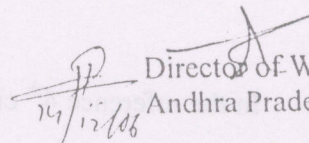
In view of the above, it is proposed to inform Joint Directors of Works Accounts of the department that

- (i) in respect of contracts where final settlement is done – difference of interest due to change of effective Borrowing rate of Interest on Mobilisation Advance need not be recovered / refunded.
- (ii) In respect of contracts in force and payment is made for work done; the difference of interest towards change of effective Borrowing rate be recovered / adjusted from work bills on hand and subsequent bills.

Government may please further examine the matter and arrange early clarification.

Yours faithfully,

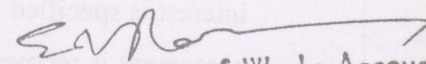
Encl: As above.


Director of Works Accounts,
Andhra Pradesh, Hyderabad.

✓ Copy to all Joint Directors of Works Accounts.

Encl. No. JDWA/K/ITC/U.I/3.1/2006.D/210 dt. 17-10-2007

Copy communicated to all the PAOs / APAs of this organisation, for information.


Joint Director of Works Accounts
S.R.S. Project

LMD, COLONY-505 527
17/10/07

To
All the PAOs / APAs of
this organisation.