सत्यमेव जयते

भारतीय राष्ट्रीय राजमार्ग प्राधिकरण
(सड़क परिवहन और राजमार्ग मंत्रालय, भारत सरकार)
National Highways Authority of India
(Ministry of Road Transport and Highways, Government of India)
जी-5 एवं 6, सेक्टर-10, द्वारका, नई दिल्ली - 110 075 • G-5 & 6, Sector-10, Dwarka, New Delhi-110075
दूरभाष/Phone : 91-11-25074100 / 25074200

NHAI/ Policy Guidelines/ Finance & Accounts/ 2025
Policy Circular No.3.1.41/ 2025 dated 02nd January, 2025

{Decision taken on E-Office File No. F.NHAI/CGM(F)/e-BG/2022/e-157054-1/Part-2 (Comp. No. 199940)}

Sub: Inclusion of Provisions regarding accepting Insurance Surety Bonds (ISB) for Mobilization Advance in EPC Contracts - reg.

In Supersession of Policy Circular No. 18.88/2023 dated 13.06.2023 and in Compliance to Ministry of Road Transport & Highways Letter No. NH-24028/14/2014-H(Vol-II) (E-134863) dated 31.05.2023 forwarded the amendments done by Department of Expenditure in GFR.2017 relating to inclusion of e-Bank Guarantee and Insurance Surety Bonds as mean to accept 'Bid Security' and 'Performance Security'. MoRTH has already approved the changes in necessary clauses in the Standard documents (RFP and MCA) of EPC , HAM and BOT (Toll) modes which are already circulated by NHAI vide Policy Circular No. 18.88/ 2023 dated 13th June, 2023.

2. It is also pointed out that Highways Section of Ministry of Road Transport & Highways vide Letter NH-24028/14/2014-H(Vol-II) (E-134863) dated 31.05.2023 has mentioned that 'For all the existing Contracts including Road Development, Toll Contracts, Ropeways and any other Contract wherein Ministry has prescribed a BG- any instrument of Bid Security/ Performance Security may be replaced by 'Insurance Surety Bond' as per availability.'

3. In light of above, it has now been decided to accept the 'Insurance Surety Bonds' for Mobilization Advance in EPC Contracts with immediate effect. The relevant existing clauses vis-à-vis amended clauses of the Standard Documents for EPC will also change accordingly for necessary compliance by all Concerned.

4. A copy of these formats is also attached at **Annexure "A"** and **Annexure "B"** for implementation.

5. This issues with the approval of Competent Authority.

02/01/2025

Encl.: As stated above

(CS. Sanjay Kumar Patel)
General Manager (Coord.)

To:

All Officers of NHAI HQ/ ROs/ PIUs/ CMUs/ Site Offices

Copy to:

1. Hindi Division for translation in Hindi.
2. Library for hosting the circular on library site.
3. Web Admin for circulation.

Annexure - A

Annex - II

(Schedule - G)

(See Clause 19.2)

Annex-II: Form for Insurance Surety Bond for Advance Payment

[DG (RD) &SS,
Ministry of Road Transport & Highways Transport Bhawan, New Delhi]

WHEREAS:

(A) [Name and address of contractor] (hereinafter called the "Contractor") has executed an agreement (hereinafter called the "Agreement") with the [name and address of the authority], (hereinafter called the "Authority") for the construction of the ***** section of [National Highway No. **] on Engineering, Procurement and Construction (the "EPC") basis, subject to and in accordance with the provisions of the Agreement

(B) In accordance with Clause 19.2 of the Agreement, the Authority shall make to the Contractor an interest bearing @Bank Rate + 3% advance payment (herein after called "Advance Payment") equal to 10% (ten per cent) of the Contract Price; and that the Advance Payment shall be made in two installments subject to the Contractor furnishing an irrevocable and unconditional Insurance Surety Bond by Insurance Company for an amount equivalent to 110% (one hundred and ten percent) of such installment to remain effective till the complete and full repayment of the installment of the Advance Payment as security for compliance with its obligations in accordance with the Agreement. The amount of {first/second} installment of the Advance Payment is Rs. ------ cr. (Rupees ------ crore) and the amount of this Insurance Surety Bond is Rs. ------- cr. (Rupees ------ crore) (the "Guarantee Amount")$.

(C) We,..... through our branch at ..... (the "Insurance Company" have agreed to furnish this Insurance Surety Bond (hereinafter called the "Guarantee") for the Guarantee Amount.

NOW, THEREFORE, the Insurance Company hereby, unconditionally and irrevocably, guarantees and affirms as follows:

(1) The Insurance Company hereby unconditionally and irrevocably guarantees the due and faithful repayment on time of the aforesaid instalment of the Advance Payment under and in accordance with the Agreement, and agrees and undertakes to pay to the authority, upon its mere first written demand, and without any demur, reservation, recourse, contest or protest, and without any reference to the Contractor, such sum or sums up to an aggregate sum of the Guarantee Amount as the Authority shall claim, without the Authority being required to prove or to show grounds or reasons for its demand and/or for the sum specified therein.

A letter from the Authority, under the hand of an officer not below the rank of [General Manager in the National Highways Authority of India], that the Contractor has committed default in the due and faithful performance of all or any of its obligations for the repayment of the instalment of the Advance Payment under and in accordance with the Agreement shall be conclusive, final and binding on the Insurance Company.

The Insurance Company further agrees that the Authority shall be the sole judge as to whether the Contractor is in default in due and faithful performance of its obligations during and under the Agreement and its decision that the Contractor is in default shall be final and binding on the Insurance Company, notwithstanding any differences between the Authority and the Contractor, or any dispute between them pending before any court, tribunal, arbitrators or any other authority or body, or by the discharge of the Contractor for any reason whatsoever.

(2) In order to give effect to this Insurance Surety Bond, the Authority shall be entitled to act as if the Insurance Company were the principal debtor and any change in the constitution of the Contractor and/or the Insurance company, whether by their absorption with any other body or corporation or otherwise, shall not in any way or manner affect the liability or obligation of the Insurance Company under this Guarantee.

(3) It shall not be necessary, and the Insurance Company hereby waives any necessity, for the Authority to proceed against the Contractor before presenting to the Insurance Company its demand under this Guarantee.

(4) The Authority shall have the liberty, without affecting in any manner the liability of the Insurance Company under this Guarantee, to vary at any time, the terms and conditions of the Advance Payment or to extend the time or period of its repayment or to postpone for any time, and from time to time, any of the rights and powers exercisable by the Authority against the Contractor, and either to enforce or forbear from enforcing any of the terms and conditions contained in the Agreement and/or the securities available to the Authority, and the Insurance Company shall not be released from its liability and obligation under these presents by any exercise by the Authority of the liberty with reference to the matters aforesaid or by reason of time being given to the Contractor or any other forbearance, indulgence, act or omission on the part of the Authority or of any other matter or thing whatsoever which under any law relating to sureties and guarantors would but for this provision have the effect of releasing the Insurance Surety Bond from its liability and obligation under this Guarantee and the Insurance Company hereby waives all of its rights under any such law.

(5) This Insurance Surety Bond is in addition to and not in substitution of any other guarantee or security now or which may hereafter be held by the Authority in respect of or relating to the Advance Payment.

(6) Notwithstanding anything contained herein before, the liability of Insurance Company under this Guarantee is restricted to the Guarantee Amount and this Guarantee will remain in force for the period specified in paragraph 8 below and unless a demand or claim in writing is made by the Authority on the Insurance Company under this Guarantee all rights of the Authority under this Insurance Surety Bond shall be forfeited and the Insurance Company shall be relieved from its liabilities hereunder.

(7) The Insurance Surety Bond shall cease to be in force and effect on****.$ Unless a demand or claim under this Guarantee is made in writing on or before the aforesaid date, the Insurance Company shall be discharged from its liabilities hereunder.

(8) The Insurance Company undertakes not to revoke this Guarantee during its currency, except with the previous express consent of the Authority in writing, and declares and

warrants that it has the power to issue this Guarantee and the undersigned has full powers to do so on behalf of the Insurance Company.

(9) Any notice by way of request, demand or otherwise hereunder may be sent by post addressed to the Insurance Company at its above referred **branch**, which shall be deemed to have been duly authorised to receive such notice and to effect payment thereof forthwith, and if sent by post it shall be deemed to have been given at the time when it ought to have been delivered in due course of post and in proving such notice, when given by post, it shall be sufficient to prove that the envelope containing the notice was posted and a certificate signed by an officer of the Authority that the envelope was so posted shall be conclusive.

(10) This Insurance Surety Bond shall come into force with immediate effect and shall remain in force and effect up to the date specified in paragraph 8 above or until it is released earlier by the Authority pursuant to the provisions of the Agreement.

Signed and sealed this ..... day of ..... 20..... at .....

SIGNED, SEALED AND DELIVERED

For and on behalf of the Insurance Company by:

(Signature)
(Name)
(Designation)
(Code Number)
(Address)

NOTES:

(i) The Insurance Surety Bond should contain the name, designation and code number of the officer(s) signing the Insurance Surety bond.

(ii) The Address, telephone number and other detail of the head of the Insurance Company as well as issuing branch should be mentioned on the covering letter of issuing branch.

$ Insert a date being 90 (ninety) days after the end of one year from the date of payment of the Advance payment to the Contractor (in accordance with Clause 19.2 of the Agreement).

Annexure- B

Draft Article 19 of Standard EPC agreement

S.no.	Clause	Existing Clause	Amended Clause
Changes in RFP-Article 19 (Payments)			
	Clause 19.2 (ii)	In addition to above, the Authority shall make an additional interest-bearing Advance Payment against newly purchased key Construction equipment required for the works as per agreed Construction programme and brought to the site, if so requested by the Contractor subject to the same terms and conditions specified for Advance Payment for mobilisation expenses in this Agreement. The maximum of such advance shall be 5% (five per cent) of the Contract Price against **Bank Guarantee.** This advance shall be further subject to the condition that: (a) such new equipment are considered by the Authority's Engineer to be necessary for the works and (b) These new equipment should be procured in the name of Contractor and is verified by Authority's Engineer to have been brought to site. The Advance Payment for mobilization expenses and for acquisition of key new Construction equipment would be deemed as interest bearing advance at the applicable interest rate (@"Bank rate + 3%"), to be compounded annually on a reducing balance basis. The interest would be recovered along with the recovery of mobilization Advance Payment as per provision laid down for the mobilization advance recovery.	In addition to above, the Authority shall make an additional interest-bearing Advance Payment against newly purchased key Construction equipment required for the works as per agreed Construction programme and brought to the site, if so requested by the Contractor subject to the same terms and conditions specified for Advance Payment for mobilisation expenses in this Agreement. The maximum of such advance shall be 5% (five per cent) of the Contract Price against **Bank Guarantee or Insurance Surety Bond.** This advance shall be further subject to the condition that: (a) such new equipment are considered by the Authority's Engineer to be necessary for the works and (b) These new equipment should be procured in the name of Contractor and is verified by Authority's Engineer to have been brought to site. The Advance Payment for mobilization expenses and for acquisition of key new Construction equipment would be deemed as interest bearing advance at the applicable interest rate (@"Bank rate + 3%"), to be compounded annually on a reducing balance basis. The interest would be recovered along with the recovery of mobilization Advance Payment as per provision laid down for the mobilization advance recovery.

	Clause 19.2 (iii)	The Contractor may apply to the Authority for the first instalment of the Advance Payment at any time after the Appointed Date, along with an irrevocable and **unconditional guarantee from a Bank** for an amount equivalent to 110% (one hundred and ten per cent) of such instalment, substantially in the form provided at Annex-III of Schedule-G, to remain effective till the complete and full repayment thereof.	The Contractor may apply to the Authority for the first instalment of the Advance Payment at any time after the Appointed Date, along with an irrevocable and unconditional guarantee from bank **or Insurance Surety Bond** from **Insurance Company** for an amount equivalent to 110% (one hundred and ten per cent) of such instalment, substantially in the form provided at Annex-III of Schedule-G, to remain effective till the complete and full repayment thereof.
	Clause 19.2 (iv)	At any time, after 60 (sixty) days from the Appointed Date, the Contractor may apply to the Authority for the second instalment of the Advance Payment along with an irrevocable and unconditional guarantee from a Bank for an amount equivalent to 110% (one hundred and ten per cent) of such instalment, substantially in the form provided at Annex-III of Schedule-G, to remain effective till the complete and full repayment thereof. The Contractor has the option of splitting the Bank Guarantee against Advance Payment for mobilization expenses into parts, each not less than 2.75% (two point seven five per cent) of the Contract Price. Each part of the guarantee shall remain effective till full repayment of such part advance corresponding to this bank guarantee. Such part of Bank Guarantee shall be returned to the Contractor on recovery under the Agreement of the full amount of such part guarantee within 30 (thirty) days of the said recovery.	At any time, after 60 (sixty) days from the Appointed Date, the Contractor may apply to the Authority for the second instalment of the Advance Payment along with an irrevocable and unconditional guarantee from a Bank **or Insurance Surety Bond** from **Insurance Company** for an amount equivalent to 110% (one hundred and ten per cent) of such instalment, substantially in the form provided at Annex-III of Schedule-G, to remain effective till the complete and full repayment thereof. The Contractor has the option of splitting the Bank Guarantee **or Insurance Surety Bond** against Advance Payment for mobilization expenses into parts, each not less than 2.75% (two point seven five per cent) of the Contract Price. Each part of the guarantee **or Insurance Surety Bond** shall remain effective till full repayment of such part advance corresponding to this bank guarantee **or Insurance Surety Bond**. Such part of Bank Guarantee **or Insurance Surety Bond** shall be returned to the Contractor on recovery under the Agreement of the full amount of such

			part guarantee **or Insurance Surety Bond** within 30 (thirty) days of the said recovery.
	Clause 19.2 (vi)	The Advance Payment shall be repaid through percentage deductions from the stage payments determined by the Authority's Engineer in accordance with Clause 19.5, as follows: (a) deductions shall commence in the first Stage Payment Statement; (b) deductions shall be made at the rate of 15% (fifteen percent) of each Stage Payment Statement until such time as the advance payment has been repaid; provided that the advance payment shall be completely repaid prior to the time when 80% (eighty percent) of the Schedule Construction Period is over; © if total certified stage payments (excluding the Advance Payment and deductions and repayments of retention) does not exceed 20% (twenty percent) of the Contract Price within [50% of the Scheduled Construction Period] from the Appointed Date then the Advance Payment including interest shall be recovered by encashment of the Bank Guarantee for the Advance Payment.	The Advance Payment shall be repaid through percentage deductions from the stage payments determined by the Authority's Engineer in accordance with Clause 19.5, as follows: (a) deductions shall commence in the first Stage Payment Statement; (b) deductions shall be made at the rate of 15% (fifteen percent) of each Stage Payment Statement until such time as the advance payment has been repaid; provided that the advance payment shall be completely repaid prior to the time when 80% (eighty percent) of the Schedule Construction Period is over; © if total certified stage payments (excluding the Advance Payment and deductions and repayments of retention) does not exceed 20% (twenty percent) of the Contract Price within [50% of the Scheduled Construction Period] from the Appointed Date then the Advance Payment including interest shall be recovered by encashment of the Bank Guarantee or Insurance Surety Bond for the Advance Payment.
	Clause 19.2 (vii)	If the Advance Payment has not been fully repaid prior to Termination under Clause 21.7 or Article 23, as the case may be, the whole of the balance then outstanding shall immediately become due and payable by the Contractor to the Authority. Without prejudice to the provisions of Clause 19.2 (vi), in	If the Advance Payment has not been fully repaid prior to Termination under Clause 21.7 or Article 23, as the case may be, the whole of the balance then outstanding shall immediately become due and payable by the

		the event of Termination for Contractor Default, the Advance Payment shall be deemed to carry interest @ "Bank Rate+5%" per annum from the date of Advance Payment to the date of recovery by encashment of the Bank Guarantee for the Advance Payment. For the avoidance of doubt, the aforesaid interest shall be payable on the unrecovered balance.	Contractor to the Authority. Without prejudice to the provisions of Clause 19.2 (vi), in the event of Termination for Contractor Default, the Advance Payment shall be deemed to carry interest @ "Bank Rate+5%" per annum from the date of Advance Payment to the date of recovery by encashment of the Bank Guarantee **or Insurance Surety bond** for the Advance Payment. For the avoidance of doubt, the aforesaid interest shall be payable on the unrecovered balance.