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PART III

Laws, Regulations and Rules passed thereunder.

GOVERNMENT OF JAMMU AND KASHMIR
CIVIL SECRETARIAT—FINANCE DEPARTMENT

Notification

Jammu, the 10th March, 2017.

SRO-107.—In exercise of the powers conferred by section 118 of the Constitution of Jammu and Kashmir, the Governor is pleased to make following amendment in the Jammu and Kashmir Financial Code, Volume-I ; namely :—

In chapter IX Works under the caption “Works Under The Administrative Control of the Public Works Department”, in rule 9.10

after the note appended to sub-rule (ii), the following sub-rules shall be added ; namely :—

- iii. Unless expressly provided under a scheme of State/Central Government mobilization advance is not to be given to contractors under any circumstances ;
- iv. Provision of mobilization advance shall essentially be need based. Decision to provide such advance shall rest at the level of Chief Engineer of the Organization with concurrence of Financial Advisor/CAO in Chief Engineer's office ;
- v. Mobilization Advance shall not exceed 10% of the tendered value and should be given only if requested by the contractor in writing within one month of the order of allotment of works and rules and guidelines of a particular scheme should allow such advance ;
- vi. The contractor shall execute a bank guarantee bond from scheduled nationalized Bank or Jammu and Kashmir Bank as specified by concerned department for full amount of advance ;
- vii. Such advance shall be released in two or more Installments to be determined by the Engineer incharge (concerned Executive Engineer) at his discretion ;
- viii. The first Installment of such advance shall be released on a request made by contractor to the Engineer incharge. The 2nd and 3rd Installment shall be released only after the contractor furnishes a proof of the satisfactory utilization of the earlier, installment to the entire satisfaction of the Engineer incharge (concerned Executive Engineer) ;
- ix. Mobilization Advance shall be admissible only for works where estimated cost of tender is Rs. 2.00 crore and above ;

- x. Interest free mobilization advance, if necessary in specific cases, be clearly stipulated in the tender document and its recovery shall be time-based and not linked with progress of work to ensure that even if the contractor is not executing the work or executing it at a slow pace, the recovery of advance could commence ;
- xi. The amount of mobilization advance interest to be charged, if any ; its recovery schedule and all other relevant details shall be explicitly stipulated in the tender document upfront ;
- xii. There shall be a clear stipulation of rate of interest to be charged on delayed recoveries due to the late submission of bill by the contractor, the reason giving rise to the encashment of Bank Guarantee or any other reason ;
- xiii. In case of Machinery and Equipment advance insurance and hypothecation to the State Government shall be ensured ;
- xiv. A clause in the tender enquiry and the contract of cases providing for interest free mobilization advance shall be stipulated that if the contract is terminated due to default of the contractor, the Mobilization Advance shall be deemed as interest bearing advance at an interest rate of ___% (to be stipulated depending on the prevailing rate at the time of issue of NIT) to be compounded quarterly ;
- xv. The Mobilization Advance shall not be paid in less than two installments except in special circumstances for the reasons to be recorded, so as to keep check on contractor against the misutilization of advance, when the work is delayed considerably ;
- xvi. 'Bank Guarantee' (BG) against the mobilization advance shall be taken in as many numbers as the proposed recovery of

installments and shall be equivalent to the amount of each installment. This shall ensure that at any point of time even if the contractor's money on account of work done is not available with the Organization, recovery of such advance could be ensured by encashing the BG for the work supposed to be completed within a particular period of time ;

- xvii. Relevant format for BG should be provided in the tender document and conditions thereof should be enforced strictly, besides verifying the authenticity of BG from the issuing bank confidentially and independently ;
- xviii. The Bank Guarantee etc. taken towards security of Mobilization Advance shall be at least 110% of the advance so as to enable recovery of not only principal amount but also the interest portion, if so required.
- xix. The rate of interest on the Mobilization Advance shall be 12%. However, these rates shall be reviewed periodically by the Finance Department.

By order of the Governor.

(Sd.) NAVIN K. CHOUDHARY, IAS,
Commissioner/Secretary to Government,
Finance Department.