



भारतीय राश्ट्रीय राजमार्ग प्राधिकरण
(सड़क परिवहन और राजमार्ग मंत्रालय)
National Highways Authority of India

(Ministry of Road Transport and Highways)
जी-5 एवं 6, सेक्टर-10, द्वारका, नई दिल्ली-110075
G-5 & 6, Sector-10, Dwarka, New Delhi-110075

दूरभाष / Phone : 91-11-25074100/25074200

फैक्स / Fax : 91-11-25093507 / 25093514

NHAI/Policy Guidelines/Contracts entered by NHAI with IHMCL/2017

No.1.3.1.14/2017, Dated the 08th September, 2017

(Decision taken on file no NHAI/13062/07/2014/Elect of Electronics / IT Division)

Subject: Contracts entered by NHAI with IHMCL.

Indian Highway Management Company Limited (IHMCL) is a company incorporated under the Companies Act, to carryout Electronic Tolling and other allied works by NHAI jointly with its Concessionaires and Financial Institutions. The company is not registered under Article - 25 of Companies Act, where Government hold 100% equity and such companies are non-profit organisation, but IHMCL is a private company with majority shareholding (50%) belonging to Concessionaire. The authorised shareholding of NHAI and Financial Institutions are 25% each.

2. Technically, NHAI does not have controlling stake in the affairs of IHMCL. Subsequent to incorporation of IHMCL, with the passage of time NHAI has assigned various projects to IHMCL viz. (i) Electronic Toll Collection, (ii) Toll Management System (TMS) for cash/mixed toll lanes including CCTV Surveillance, WIM, SWB, etc. at NHAI toll plazas of Public Funded Project (iii) Traffic Survey (iv) 24x7 Helpline (Call Centre) for Road Users on National Highways (v) Development of Wayside amenities on National Highways (vi) Conducting Time & Motion Studies at all Interstate Check Posts and International Check Posts, etc. Under such projects, procurement is done by IHMCL on behalf of NHAI, which is expected to reimburse the expenses and meet management fee @ 5-10% of project cost.

3. Standard Operating Procedure (SOP) between NHAI and IHMCL has been prepared and approved by the Competent Authority (copy enclosed) which inter-alia provide for following:

- a) IHMCL shall sign a contract for each major work with NHAI defining the scope of work, timelines and terms & conditions.
- b) NHAI shall open a Bank account jointly with IHMCL for each such contract.
- c) IHMCL shall provide a budget of expenses for every quarter for each project.

4. NHAI has taken the following decisions:-

- a) Authorised signatory on behalf of NHAI for each contract with IHMCL shall be decided on case to case basis. For existing works with IHMCL, NHAI has delegated power to its authorised officer (Nodal Officer) as under, who will sign the contract agreements with IHMCL on behalf of NHAI.

Sr. no	Project	Authorised Signatory (Nodal Officer)	Concerned Division
a	FASTag based ETC	Sh. Akhilesh Kumar Srivastava, CGM (IT)	IT Division
b	WIM and Toll Plaza surveillance system	Sh. Akhilesh Kumar Srivastava, CGM (IT)	IT Division
c	Traffic Survey & T&M Study	Sh. L. P. Padhy, CGM (CO)	CO Division
d	Wayside Amenities	Sh. Ajmer Singh, CGM (CM)	Wayside Amenities Division
e	24X7 Toll Incident Management helpline	Sh. Atul Kumar, CGM (Road Safety)	Road Safety Division

- b) IHMCL is entitled for a management fee for its services which shall be agreed upon between NHAI and IHMCL and recorded in the Contract Agreements.
- c) IHMCL shall execute the work as per terms of contract agreement entered with NHAI. Before recommending fund release or at any stage, Nodal Officer of NHAI will check and certify that the work performed by IHMCL is satisfactory and acceptable. The Nodal Officer shall also ensure that the contract agreement provides a mechanism for NHAI's control on rationality of expenses incurred by IHMCL.
- d) The Nodal Officer of NHAI shall also be responsible for contract management and financial control of their project being executed by IHMCL.
- e) IHMCL will provide all desired inputs to the respective Nodal Officer(s) for preparing replies to Parliament Questions, RTI Applications, Audit and Vigilance or any other queries.

Encl: SOP as above.


(A.K. Sadhu)
Chief General Manager(Coordination)

To

All Officers and Employees of HQ/ ROs/ PIUs/ CMUs/ Site Offices.

Copy to

M/s. IHMCL

STANDARD OPERATING PROCEDURE-IHMCL

Background

Indian Highways Management Company Limited (IHMCL) was incorporated on 26th December, 2012 with equity participation from NHAI, Concessionaries and Financial Institution primarily to establish organize, manage, run, conduct, contract, develop, handle, own and operate e-governance activities for Highways and Transportation sector.

As per Articles of Association of the Company, NHAI will be having 25% of the equity paid up share capital and remaining balance will be distributed among concessionaries/Developers/Institutions. No entity other than NHAI shall hold more than 10% of equity paid up share capital. NHAI shareholding pattern as on date is as follows:

- NHAI:-41.38%
- Banks/Financial Institution:- 24.81%
- Concessioner/Developer:- 33.81%

NHAI has entrusted IHMCL for the following works:-

- a. "FASTag" based ETC.
- b. Traffic Survey.
- c. Way Side amenities.
- d. WIM and Toll Plazas Surveillance System.
- e. 24x7 Toll Free Helpline.

Further, MoRTH vide its letter dated 07.07.2015 have informed NHAI that "for implementing ETC on public funded projects fund will be placed on NHAI by MoRT&H and NHAI will make payment to IHMCL. NHAI will make payment to IHMCL for traffic survey. MoRT&H will release the fund to NHAI for stretches not entrusted to NHAI. Further, expenses will be met by NHAI and MoRT&H will transfer the funds to NHAI for those NH stretches under projects which are not with NHAI. NHAI will raise demand for the same to MoRT&H based on expenditure incurred in this regard."

1. Relation between NHAI and IHMCL

NHAI being a shareholder of 41.38% of the share capital does not have a controlling stake. Moreover, it has only 2 (two) NHAI representatives on its board against 10 (ten) members. Technically, NHAI does not have any control on IHMCL.

NHAI has since been paid an amount of Rs 151.60 crores up to 31.3.2017. IHMCL has been executing the jobs entrusted by NHAI and have been submitting the utilization certificate.

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3. Operation and payment methodology:

- a. IHMCL shall sign a contract for each major work with NHAI defining the scope of work, Timeline, Terms and conditions.
- b. NHAI shall open an account jointly with IHMCL for each such contract. Payment to all related parties/ contractors/vendors including the management fee for the particular contract shall be effected from the designated account only. The Authorized signatories may be decided on a case to case basis.
- c. IHMCL shall provide a budget for expenses for a particular month by 25th of the previous month. The utilization details shall be submitted to NHAI by 7th of every month for previous month expenses, along with a copy of bank statement and copy of vouchers. All such payments shall be accounted for in the books of NHAI as expenses.
- d. Upon receiving the budgeted expenditure statement from IHMCL, NHAI shall examine and transfer appropriate amount to the designated Bank Account. Considering NHAI as the principal and the owner of bank account, no TDS shall be deducted from the payments made to designated bank account.

4. Role of IHMCL:

- a. IHMCL shall execute the work as per the terms of contract agreement entered into with NHAI.
- b. IHMCL shall be entitled for management fee for its services as may be mutually agreed and recorded in the Contract Agreement.
- c. The management fee shall be paid out of the designated Bank account. Taxes, as may be applicable shall be payable extra and similarly TDS shall be deducted against payment of Management Fee.
- d. Accounting of TDS for payment out of the designated account shall be done by NHAI.
- e. TDS, VAT, Services Tax, Labour Cess etc. are to be paid from designated bank account only.

5. Accounting Procedure:

- a. IHMCL shall disburse/remit payment to their vendor directly from designated bank account.
- b. IHMCL shall furnish the monthly expenditure statement to NHAI by 7th of the following months with original copies of Vouchers as per the proforma attached as **Annexure-A**.
- c. Based on the statement and vouchers, NHAI shall account for the expenses in its books of Accounts.

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Annexure-A

Proforma of Monthly Expenditure for the month of _____

S. No.	Voucher No.	Ch. No./ RTGS Details	Date	Nature of Expenditure	Vender's Name	Gross Amt. (in Rs.)	Deductions		Net payable Amt. (in Rs.)	Remarks
							TDS	Other Deductions, if any		

Summary		Amt. (in Rs.)
Opening Bank Balance as on first date of the Month		***
Add:- Amount received from NHAI		***
Less:- (i) Payment to Vendors		****
(ii) TDS on account of VAT paid, Service Tax, Labour Cess etc.		****
Balance as on last date of the month		*****