



भारतीय राष्ट्रीय राजमार्ग प्राधिकरण
(पोत परिवहन, सड़क परिवहन और राजमार्ग मंत्रालय)
National Highways Authority of India

(Ministry of Shipping, Road Transport and Highways)

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No. 11041/217/2007-Admn.

February 08, 2008

POLICY MATTERS: ADMINISTRATION/FINANCE (25/2008)

(Decision taken on Finance Division File.No. NHA/F&A/Policy / UC-Preconstruction/2007-08)

Sub: Accounting procedures for payment made to Government agencies for preconstruction activities.

As per Significant Accounting Policies of NHAI, payments made to various Central & State Government departments and other Government Agencies for various works like shifting of utilities, tree cutting and compensatory afforestation, shifting of water pipelines, construction of ROBs, etc., for various projects and maintenance of highways to the State Government departments are shown as 'Advance against deposit works' and 'Advance for maintenance of highways' respectively. Expenditure incurred against such advances based on the utilization statements furnished by respective agencies is shown as Capital Work in Progress and as expenditure on maintenance of highways respectively.

It is observed that Utilization Certificate in respect of such deposit work and advance against maintenance work are not received timely resulting in delay in adjustment of advances and accounting of agency charges. This point has also been raised by the Internal Auditors. A Committee constituted has examined the whole issue and based on the recommendation of the Committee, it is decided to adopt the following procedures/ policies on the subject;

I Payments made for utility shifting to Govt. Deptt.

Payments made to Government Departments as a composite amount consisting of the charges for utility shifting including supervision charges, the existing procedure of booking the amount in CWIP only after receipt of Utilisation Certificate may continue. However, where shifting of utilities are undertaken, by an agency (EPC contractor/ concessionaire) other than the Government Department, any payment made to the Government Department towards supervision/ agency charges, may be capitalized without insisting upon the utilization certificate from the concerned department. Proper acknowledgement of such amount by the concerned Department may be treated as sufficient for booking the expenditure to the final head of account. In case there is refund of the amount after completion of the work, necessary adjustment should be made in the respective head of account.

II Payment made for ROB

Payments for ROB are made based on the demand from Ministry of Railways. In addition sometimes departmental charges are also claimed by railways. All these codal charges are one-time payment and on fixed parameters. At the time of payment to Ministry of Railways, the expenditure may be booked to respective head of accounts (.e.g. CWIP ROB) on receipt of confirmation of the receipt of the payment from the Railways.

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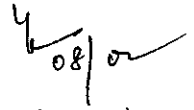
III Payments made for afforestation and tree cutting

Payment are generally made to the respective government department for (i) tree cutting and afforestation and (ii) net present value for acquisition of forest land. Payment for tree cutting is made as per the prescribed norms. In the case of afforestation and NPV the same are also paid as per the prescribed norms. However the actual expenditure by the respective departments will spread over a number of years and will go beyond the execution period of the project. Since the above payments are made to the government department and as per the prescribed norms, such payment should be capitalized (CWIP) without insisting upon the utilization certificate from the department. Proper acknowledgement of such amount by the concerned department may be treated as sufficient for booking the expenditure to the final head of account.

IV Payments made for Maintenance of Highways:

Procedure for obtaining UC as prescribed in Policy Circular No. 81/2004 dated 13th April, 2004 may continue to be followed.

This issues with the approval of the Chairman.



(V. K. Sharma)
General Manager (Admn.)

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All CGMs/GMs
All DGMs/Managers
All PIUs/CMUs

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