

**PROCEEDINGS OF THE 20<sup>th</sup> MEETING OF THE  
STATE LEVEL EMPOWERED COMMITTEE (SLEC)**

**held on July 21, 2016**

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The 20<sup>th</sup> meeting of the State Level Empowered Committee (SLEC) held on July 21, 2016 at 10:45 Hours in the Second Floor Conference Hall of the State Secretariat, Odisha, Bhubaneswar was chaired by the Chief Secretary, Odisha. The list of Members present in the meeting has been provided at Annexure 1.

EIC-cum-Secretary, Works Department presented the status of various activities of the Odisha State Roads Project (OSRP) and its components. The following decisions were taken after detailed deliberations:

**1. Civil Works**

**Completed/Nearing completion Works:** Three packages

- Package P01A, i.e. the road from Bhawanipatna to Khariar has been completed and taken over .
- In P-01B- Construction of 4 no.s of bridges in river Tel with 3.2 km approach - traffic has been allowed; finishing works such as the slope and bed protection works are in progress. This package is expected to be completed and handed over in the current month.
- Works in package P03, from Berhampur to Taptapani are also nearing completion. Part of the road stretch within the Vijayawada Ranchi corridor i.e. from Km.24.200 to Km.41/228 has already been taken over. Only about 5 % work is left near Berhampur junction, which shall be completed by August, 2016.

**Ongoing Works :**

- Following the termination of the contract for the package P04 in April, 2015, i.e. the road stretch from Jagatpur to Duhuria, the work package was subdivided into two packages. The contract for package P04A1 has been awarded to M/s Backbone-Utkal (JV) for the 25 km long road stretch from Jagatpur to Nischintakoili for an amount of Rs.107.39 Crore and the contract for package P04A2 has been awarded to M/s Varaha Infra Ltd. for the 24 km long road stretch from Nischintakoili to Duhuria for an amount of Rs.97.90Cr. Works in both the packages have started in January 2016, and the current progress is about 20% in each package. These works are stipulated to be completed in June, 2017.

- **Settlement Agreement in Package P04B**

The package P04B was awarded to M/s DPJ-NKC-JV in September, 2013 for Rs. 170.43 Crore for improvement of the road from Duhuria to Chandbali.

The progress of the package was slow upto 2015. The Contractor expressed that the progress is slow due to the following reasons and claimed compensation in December, 2015.

- i. Non-availability of stone aggregate due to delay in the issuance of notification by the Government of Odisha for the auction of minor minerals subsequent to change in regulations,
- ii. Delay in handing over of encumbrance free land/site for the entire road
- iii. Non-availability of sand from any of the legally authorized source.
- iv. No provision in the contract for the construction of diversions at locations of high embankments.

The Contractor asked for increase of 60% in the BOQ rates to compensate the delay. He served a notice to terminate the contract in December 2015, as he was entitled to get compensation from the Employer for the loss in consequence of the non-performance of the contract.

The World Bank also had raised these issues in successive Missions in May, 2015, October 2015, and in January 2016. It suggested that OWD and the Contractor should together resolve such issues quickly that are externally affecting the performance of the contract.

Following Bank's suggestions, the Employer and the Contractor, in February, 2016, discussed the urgency for completing the work *vis-à-vis* the site conditions, status of availability of materials, requirement for construction of temporary diversion, widening of carriageway width from 7 m to 10m, variations arising of these issues. It was proposed that the Employer and the Contractor forgo their claims till this settlement agreement and decided that the construction shall continue as per an Amicable Settlement Agreement being Addendum No-1 to the original contract. The Settlement Agreement shall contain the following changes.

1. Time of completion of 27 months shall be modified to 54 months and 27 days establishing the revised date of completion as 30.06.2018 due to LA, mining issues etc. Meanwhile, dedicated quarry was allotted with intervention of the Chief Secretary, Odisha and LA issues have been resolved.

2. In order to provide cash flow support to the project, amount of retention money deducted from the bills shall be released against Bank Guarantee.
3. The contract price shall be modified from Rs.170,42,73,538/- to Rs.207,14,72,415/- to increase the scope of work from 2-Lane to 2-Lane with Paved Shoulder to have continuation of same specification from Cuttack to Kendrapara and to provide diversions. All entitlements, obligations, responsibilities & requirements of the Contract to be affected accordingly.

The EIC-cum-Secretary, Works Department clarified that the Contractor has ensured all mobilization after the resolution of the LA & mining issues, in January, 2016 and has started achieving a good and steady progress. He further clarified that the impact of price adjustment as per the Contract conditions shall be nominal and that the above settlement proposal would help in eliminating rebidding of the package which would result in huge cost and time overrun along with contractual litigation costs. The World Bank has already given in principle approval for the settlement agreement vide their e-mail dated 5<sup>th</sup> July, 2016.

The Committee agreed to the above proposal of settlement and decided to place it before the Cabinet for approval.

- **Approval of Tender for Packages P02A & P02B.**

The work Package No-P02 (Anandapur-Bhadrak-Chandbali Road) was split into two parts comprising SH-53 & SH-09. The work of SH-53, i.e. from Bhadrak to Anandpur is being executed by the original contractor M/s Corsan Corviam Construcción SA, Spain. The balance work of SH-09 was split into two packages P02A & P02B after discussion with Bank during September, 2015, for which Tenders were invited in December, 2015 and evaluation was completed in February, 2016. But both the bids were rejected by the Bank on the ground of low response and higher quoted rates. It was rebid in April, 2016 and Bank has already given clearance to both the bids. The status of the bids are provided below.

- a. P02A (Bhadrak - Pirhat): Rs. 79.32 Crore (3.86% Excess over estimated cost of Rs.76.40 Crore) is in favour of M/s Fortune Group, Bhadrak, Odisha
- b. P02B (Pirhat - Chandbali): Rs.104.23 Crore (8.26% Excess over estimated cost of Rs.96.28 Crore) is in favour of M/s NKC projects, Gurgaon, Haryana

The Committee deliberated and recommended that the bids be placed before the Cabinet for approval.

## 2. Continuation of Existing Arrangement in PMU

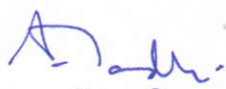
The Loan No.-IN7577 for Odisha State Roads Project has been closed by the World Bank on June 30, 2016. A proposal has been submitted to the DEA for a new project comprising the existing commitments of Rs. 730.00 Cr. and new proposal for upgradation of roads and culverts for Rs.560.00Cr. vide D.O letter No19822 dt.14.7.16 of Additional Chief Secretary, Finance .

The EIC-cum-Secretary, Works Department explained that in order to avail the retro-active finance for the ongoing OSRP works, the PMU shall continue to function with the existing institutional and operational arrangement for one year. The cost shall include salary of deputed Government officers, contractual staff, staff hired from H.R agency, individual consultants, hire charges of vehicles , logistics support to PIU of NHIP under the Chief Engineer, National Highways along with day to day operational costs. Accordingly the services of Financial Management Specialist , Social Development Adviser, NGOs shall have to be extended for one more year i.e upto June 30, 2017. Further, the implementation of social and environmental safeguards shall also be continued as per the Bank's guidelines. Impact evaluation of social safeguards shall be carried out through M/s Naba Krushna Choudhury Centre for Development Studies as per scope and budget approved by the World Bank. He further stated that the agreed activities under Institutional Strengthening component shall also be continued.

The Committee deliberated and approved the above proposal for continuing the PMU for a period of one more year i.e upto June 30, 2017 along with the arrangements described above as per the approved rates and norms.

All expenditure on OSRP after the closure date of 30<sup>th</sup> June shall be met out of Plan Works of Works Department which will be retroactively financed by the Bank in the event of sanction of new loan.

The meeting ended with a vote of thanks to the Chair.

  
22.7  
Chief Secretary, Odisha

**LIST OF ATTENDEES IN THE 20<sup>th</sup> SLEC MEETING**  
**ON JULY 21, 2016**

1. Sri Aditya Prasad Padhi, IAS, Chief Secretary, Odisha
2. Sri R. Balakrishnan, IAS, Development Commissioner-cum- Additional Chief Secretary, Odisha  
& Additional Chief Secretary, Finance Department
3. Dr. Mona Sharma, IAS, Principal Secretary, Revenue & Disaster Management
4. Sri N.K. Pradhan, EIC-cum-Secretary, Works Department
5. Sri Debidutta Biswal, Special Secretary, Forest & Environment Department
6. Sri O.P.Patel, Chief Engineer, DPI & Roads, Odisha