

**PROCEEDINGS OF THE 6th MEETING OF THE
I.S.A.P. REVIEW COMMITTEE MEETING HELD ON 18th March 2014**

Engineer-in-Chief-cum-Secretary, Works Department chaired the 6th meeting of the Institutional Strengthening Action Plan (I.S.A.P.) Review Committee which was held on 18th March, 2014 at 16:30 Hours in the Conference Hall of Works Department of the State Secretariat. The list of Members, Officials and Professionals from consulting agency present in the meeting has been provided in Annexure.

At the outset, Mr R. R. Bohidar, SE (ISAP) welcomed all members outlining the status of RSID deliverables and the objectives of the review meeting. He informed that the RSID Consultants have submitted the revised version of (1) Draft Report on Road Sector Policy and Requirements for its Implementation (2) Preliminary Report on Study of Main Roads Funding Options & Possible Road Fund and (3) Working Papers on short to medium term Organization Restructuring, for review and approval, if found suitable.

Mr. Tony Mathew, Technical Expert, Traffic & Transportation presented the Draft Report on Road Sector Policy and Requirements for its Implementation followed by presentations on Preliminary Report on Study of Main Roads Funding Options & Possible Road Fund by Mr. Amitav Basu, Financial Analyst & Business Planning Specialist and Working Papers on short to medium term Organization Restructuring (revised document) by Dr. C. P. Bohra, Organizational Development Specialist and Dy. Team Leader, RSID.

The following observations were made by the members:

(A) Draft Report on Road Sector Policy and Requirements for its Implementation

The Road Sector Policy assignments have been deliberated with following broad points:

- Policy Development Process
- Road Sector Policy Framework
- Draft Road Sector Policy

Under Road Sector Policy Framework consists of four major heads, namely:

- Road Sector vision
- Objectives of Road Policy
- Policy Directions and Implementation

Road Sector Vision:

“To provide and maintain a quality road network which is safe, sustainable and adequate for efficient transportation of goods and people meeting the socio-economic development needs of the State.”

Objectives of Road Sector Policy:

1. *Attract and sustain private sector participation in the road sector*
2. *Ensure sustainable road development in the State with minimal social and environmental impacts with increased public support and participation.*
3. *Develop a road network to provide adequate capacity matching to traffic demand and to meet the mobility and accessibility needs of all road users.*

4. *Provide adequate and sustainable funding for road asset management and maintain the road assets at an adequate level of serviceability*
5. *Improve safety of the road network and traffic to reduce accidents and fatalities*
6. *Strengthen road sector Organisation's capacity and practices in planning, design, procurement, construction, maintenance, operation and project management.*

Way forward actions to finalise Road Sector Policy:

The Draft Road Sector Policy shall be submitted to the SLEC as requested by the World Bank. The Final Policy shall incorporate the amendments, corrections, modifications suggested by the SLEC.

Specific Observation of Committee:

The E.I.C.-cum-Secretary, Works Department, The Chairman of ISAP Review Committee suggested that the consultants shall look into this aspect to incorporate statutory provisions for delegation of magisterial powers (conferring/ enabling legislative powers) to Executive Engineers in addition to Powers given by OPWD Code to empower them to address control of encroachments and improved ROW management. The Committee Members unanimously agreed to the proposal.

(B) Preliminary Report on Study of Main Roads Funding Options & Possible Road Fund

Mr. Amitav Basu had presented the tasks with Funding options for road maintenance vis-à-vis State Budget allocation, its projection/ trend w.r.t. past allocations, Maintenance gap and estimated maintenance requirements. Based on past trend and CAGR growth rate, State budgetary allocations for maintenance have been projected in his assessment.

He focused that in the FY 2014-15, there is a maintenance allocation of Rs. 1468 Cr against the requirement of Rs. 2019 Cr. There is a deficit/ gap of Rs. 551 Cr with user agency aspiration like better Level of Service for Odisha Roads, safe road, etc. To bridge the gap between fund available and fund requirement for maintenance, new additional attributes have been triggered and studied in addition to State budgetary allocation. The suggested sources/ attributes are:

- a. *Marginal enhancement in VAT on Fuel*
- b. *One-Time Vehicle Registration Fee*
- c. *Charges on Insurance Premium*
- d. *Road User Charges(i.e., Toll)*
- e. *Levy on Land development Fee as in Karnataka State*
- f. *Utility License Fees (for Motels, Parkings, Plazas, Garages, etc.)*

To mitigate the possible cascading effect, if we consider only 0.5 % increase of VAT on Petrol only, we can generate additional revenue in the tune of Rs. 565.42 which will suffice the maintenance requirement. Other options like one time vehicle registration charges, Insurance premium will only contribute Rs. 7.72 Cr. Revenue which may not be a profitable action vis-à-vis priority need.

Funding Mechanism suggested by the Consultant:

In the above backdrop, besides budgetary allocation, a dedicated funding for road maintenance is suggested, which would be possible through creation of a State Road Fund to meet the Maintenance requirement in Road Sector, Road Safety Investment, Partial financing to PPP Projects, Capital Investments for new initiatives such as Bypasses, Ring Roads, Flyovers, etc.

Way Forward Actions suggested by the Consultant for establishment of Odisha State Road Fund:

- Legislation for enacting State Road Fund Act similar to CRF Act, Kerala Road Fund Board Act, etc.
- Creation of State Road Fund Board
- Executive Committee
- Other Management, Administrative and Accounting/ Auditing Mechanisms.

The Consultant has proposed the possible Structure of Road Fund Executive Committee and Board.

Specific Observation of Committee:

The Committee found improper assessment with the revenue generation model of raising Rs. 565.42 Cr by increasing 0.5 % in VAT on Petrol, because, enhancing 0.5% VAT on Petrol only shall contribute additional revenue of Rs. 15 Crore in FY 2014-15. Also it is not desirable to suggest for transfer of entire revenue from VAT on petrol to proposed road fund. The assessment of requirement of funds for OWD roads in FY 2014-15 should be on 17,843 Lane-Km roads instead of 38, 843 Lane-Km roads, as this length can be finalized only after finalization of Network Master Planning. The Committee suggested the Consultant to correct their assessments and re-submit viable and realistic model.

(C) Working Papers on short to medium term Organization Restructuring

The Consultant presented the working paper on OWD restructuring keeping in view the future workloads, additional functions (like HRMS, ORAMS, IT-ICT-MIS, Legal issues etc). In the revised Working Paper, there are basically five Options of Organisational restructuring which is briefly deliberated.

Option 1: As-IS Situation

- No Structural Change in hierarchy, functions, powers, responsibility
- Some existing SEs are to be strengthened with additional responsibility for increased OWD functions like HRM, PPP, IT-ICT-MIS, LA and Environment, Road Safety, GIS and Research collaborations.
- Six additional Executive Engineers proposed.

Option – II

- Three Zonal Chief Engineers (R & B) Cadre proposed. One E.I.C. (Projects) suggested. Eight Numbers of SE proposed.

Option – III

- Three Zonal CEs are proposed as like Option –II. EIC two numbers: EIC (Administration) and EIC (Technical Services) are proposed. Two Numbers EEs and Eight numbers SEs are also proposed.

Option – IV: Functional Specialisation and Decentralisation

Option- V : Zonal Autonomy, Central Functions (Policy, Planning, Budgeting) etc.

1. The issue of centralization of procurement process was discussed to indicate its advantages. It was pointed out there was lot of delays in award of contracts by respective EEs, whereas centralized process has resulted in faster processing of tenders. In this context, Chief Engineer (DPI & Roads), Odisha opined that these process of tendering and execution shall be delayed further if the proposed three zonal Chief engineers shall be considered in the restructuring process.
2. After further analysis, it was suggested to revisit "decentralization" of "Projects" as suggested under EIC (Projects), where regional CEs have been proposed.
3. The committee suggested that recommendations shall be with the aim of making CEs fully equipped to plan, survey, investigate, design and execute the projects for efficient management. The intention is that CEs should handle such projects independently, so that any function handled by a unit under a different CE shall not be hampering the progress of the projects handled by another CE.
4. It was suggested to separate vigilance and quality management function from "project/works function" and to develop an option with above arrangement (slight modification to Option II) and analyze its pros and cons, which was agreed by the consultant.

Specific Observation of Committee:

The Chairman of the Review Committee suggested to have a relook after analyzing the requirement of new Chief Engineer & E-I-C Posts in the light of present work load and future requirements vis-à-vis modernization of structures, specialization of functions of OWD Engineers and their new role in the emerging trend in Road Sector in the context of globalization. He also informed that for the base level posts up to Executive Engineers cadres in Field units are once being fully operational, then there shall be no problem in execution or implementation of infrastructure projects with added emerging functions. The options proposed for consideration of Zonal Chief Engineers at this stage, is deferred by the Committee.

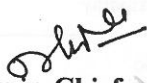
Mr. Arun Mokashi, the Team Leader RSID Consultants have requested to approve the following three deliverables under these tasks.

1. Draft Report on Road Sector Policy and Requirements for its Implementation
2. Preliminary Report on Study of Main Roads Funding Options & Possible Road Fund
3. Working Paper on Short to Medium-Term OWD Restructuring & Reorganisation

Concluding Remarks

The Review Committee unanimously advises the RSID Consultant to discuss further on Organization restructuring prior to submission of draft report on medium-to- long term strengthening of institutional framework. However, as there are two more reports are still to be submitted, the Working Paper in its present form is acceptable and approved by the Review Committee. The Draft report on Road Policy and requirements for its implementation is also acceptable in its present form. The Preliminary Report on Road Fund, as discussed above, is hereby not acceptable and the Consultant has been advised to re-submit based on observations of Committee.

The meeting ended with vote of thanks to the Chair.


**Engineer-in-Chief cum Secretary,
Works Department**

Annexure-I

Members and other Officials attended the 6th ISAP Review Committee Meeting held on March 18, 20-14.

Sl.No.	Name of the Members/Officers/officials Present	Department/Organisation	Designation
1.	Er. N.K. Pradhan	Works Department	EIC cum Secy.
2.	Er. Sukadev Meher	Works Dept.	EIC (Civil), Odisha
3.	Mr. N.K. Panda	P&C Department	Joint Director
4.	Er. R.N. Sahoo	Works Dept.	CE,(RD&QP)
5.	Er. B.C.Pradhan	Works	CE (DPI & Roads)
6.	Er. B.K. Pattnaik	Works	Addl. Secretary
7.	Er. Kamal Lochan Barik	Law Dept.	Addl. Secretary
8.	Er. Arun Kumar Mishra	Works Dept.	SE, O/o The CE, NH, Odisha
9.	Er. B. C. Tripathy	Works	SE,NABARD
10.	K. C. Sahoo	Transport Dept.	Joint Secretary
11.	Er. J. K. Das	Works	SE, PMU, Works Dept.
12.	Er. R.R. Bohidar	Works	SE, ISAP
13.	Er. P. K. Rout	Finance Dept.	Joint Secretary
14.	Dr. N.C. Pal	Works	Executive Engineer, PMU(OSRP)
15.	Er. Pradeep Kumar Nayak	Works	EE (ISAP)
16.	Er. Manoranjan Mishra	Works	EE, PMU(OSRP)
17.	Er. A.K. Sahoo	Works	AEE, PMU, OSRP (IS Cell)
Consultants Professionals/Staffs			
18.	Mr. Arun Mokashi	ICT Pvt.Ltd. Delhi	Team Leader-cum-Road Agency Management Specialist
19.	Mr. Tony Mathew	ICT Pvt. Ltd. Delhi	Consultant, ICT
20.	Dr. C.P. Bohra	ICT Pvt. Ltd. Delhi	Dy. Team Leader -cum - Organisational Development Specialist ,ICT
21.	Mr. Amitav Basu	ICT Pvt. Ltd. Delhi	Financial Analyst & Business Planning Specialist
22.	Rajesh Roy Choudhury	Arkitechno Consultants	Managing Director
23.	B.S Rajpal	ICT Pvt. Ltd. Delhi	Project Co-ordinator
24.	Amresh Kumar	ICT Pvt. Ltd. Delhi	Office Manager