

Minutes of 114th Steering Committee of Kerala State Transport Project

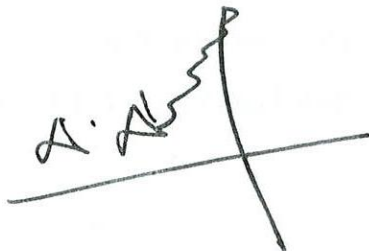
Date & Time : 25th August 2020 at 04.30 PM

Place : Committee Room of the Chief Secretary

Present:

1. **Dr. Vishwas Mehta IAS**
Chief Secretary
2. **Sri. Rajesh Kumar Singh IAS**
Additional Chief Secretary, Finance Department
3. **Sri. T.K. Jose IAS**
Additional Chief Secretary, Water Resources Department
4. **Dr. A. Jayathilak IAS**
Principal Secretary, Revenue Department
5. **Sri. Anand Singh IAS**
Secretary, Public Works Department
6. **Sri. Aravintha Babu P.K**
Secretary, Law Department
7. **Dr. Dinesh Arora IAS**
Project Director, KSTP
8. **S. Malathi,**
Additional Secretary, Transport department
9. **Smt. Darlene Carmelita D'Cruz**
Chief Engineer (Projects), KSTP
10. **Sri. Ajith Ramachandran**
Chief Engineer (Roads), PWD

Item No. 01 : **Confirmation of 113th Steering Committee Minutes**



: Confirmed.

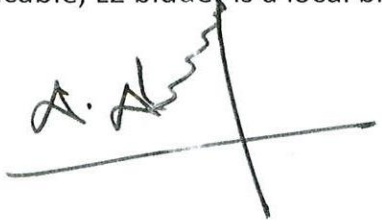
Item No. 02 : Action taken report on the decision of the 112th Steering Committee.

: The steering committee noted the action taken report. The steering committee also noted that the letter of acceptance to M/s RDS for upgrading Punalur to Ponkunnam road (SH 8) is yet to be issued. The matter is under submission to Government for information.

Item No. 03 : Bid Evaluation Report –RKI Packages in the Northern District of Kerala.

- 1. Rehabilitation and Upgrading the road, Perambilavu to Nilambur section of SH-39 from Km 30/700 to Km 62/480 (Length of 30.88 Km Excluding Km 35/975 to 36/425 and Km 58/500 to 58/950), in Mallapuram District under Rebuild Kerala Initiative (RKI)-RKI 05.**
- 2. Rehabilitation and Upgrading the roads (i) Eranhimavu to Edavanna section of SH-34 (Km 51/200 to Km 69/380 - Length of 18.18 Km), (ii) South Puthalam to Nelliparambu section of Major District Road (Km 0/000 to 13/350 – Length of 13.35 Km), Total length of 31.50 Km in Malapuram District under Rebuild Kerala Initiative (RKI)-RKI 06.**
- 3. Rehabilitation and Upgrading the road Mundur Junction to Thootha Junction of SH-53 from Km 12/800 to Km 49/600 (Length of 36.800) Km in Palakkad District under Rebuild Kerala Initiative (RKI)- RKI-07.**

The steering committee noted that the quoted amount is reasonable as compared with the recent bid prices. In case of road RKI-06, the justification of quarries closed in the region, price escalation not applicable, L2 bidder is a local bidder and quoted 45.89% higher than the estimated price, One



Minutes of 114th Steering Committee of Kerala State Transport Project
minor bridge with estimated cost of 3.96 crores was incorporated in the scope after publishing in
tender e –portal was noted.

As the bidding process is valid and the bid was satisfactorily advertised with the qualification
criteria not unduly restrictive and price is reasonable in comparison to the market values, the bid
may be accepted. This is also in line with the procurement arrangements agreed between Bank and
KSTP under loan agreement schedule which says, "No negotiations are conducted even with the
lowest evaluated responsive bidder".

The Steering Committee, after detailed discussions, resolved by consensus that:

Resolution 1:

- AE7*
1. **M/s KMC Construction Limited be awarded the work of Rehabilitation and Upgrading the road, Perambilavu to Nilambur section of SH-39 in Malappuram district (RKI-05) at their quoted rate of Rs.144 Cr.**
 2. **M/s Sreedhanya Construction Company be awarded the work of Rehabilitation and Upgrading the roads (i) Eranhimavu to Edavanna section of SH-34 &(ii) South Puthalam to Nelliparambu section of Major District Road Malappuram district (RKI-06) at their quoted rate of Rs.189.76 Cr.**
 3. **M/s KMC Construction Limited be awarded the work of Rehabilitation and Up-grading the road Mundur Junction to Thootha Junction of SH-53 in Palakkad district (RKI-07) at their quoted rate of Rs.323.10 Cr.**

AE9

Item No. 04 : Extension of time: Request for the Extension of time for the work "KSTP-II - Challenge Fund Work - Road Safety measures to Pavangadu - Korapuzha road - Ch 233+500 to Ch 239+000 in NH 66 - Kozhikode District"

Resolution No.2

Considering the heavy rain, water logging and COVID-19 pandemic the Steering Committee by consensus resolved to grant extension of time for the balance works up to 31.12.2020. If the works are not completed by 31.12.2020, decision of the proportionate LD shall be taken later.

Item No: (05) : New bank account for KSTP –KfW Projects.

FW
Kerala Public Works Department has entered into agreement with German Financial Co-operation (KfW) for Climate Resilient Reconstruction after flooding in Kerala. KSTP, as it's Project Management Unit, is in charge of day-to-day management, procurement and monitoring the Project activities. Since the financial transactions in this connection have to be accounted separately, it is necessary to keep a separate bank account. Since the existing bank accounts in KSTP are being used exclusively for KSTP's World Bank funded Projects, a new bank account is required to be opened.

The new bank account is purely intended for KfW related transactions.

Resolution No.3:

The Steering Committee by consensus resolved to grant approval for opening new savings bank accounts with SBI for KSTP for financial transactions of KfW funds.

Item No: (06) : Approval of Enhancement of Remuneration of Finance Manager.

FW
As per the agreement with World Bank, a Finance Manager with qualification of Chartered Accountant is mandatory for the smooth function of the Finance Wing of KSTP, PMT. Smt.D.S.Rema, Chartered Accountant was appointed as consultant to KSTP for discharging the duties of Finance Manager from 10.06.2010 onwards. Now she is working in as such on consultancy fees of Rs.65,000 + GST till December 2020. She has requested for an increase in her fee to Rs.75,000+GST per month. Since her service is inevitable for the smooth functioning of Finance Wing, her fee may be increased to a consultancy fee of Rs. 75,000/-plus GST.

Resolution No.4:

The Steering Committee by consensus resolved to grant approval of increase of consultancy of Smt. D.S. Rema may be granted for an enhanced consultancy fee of Rs. 75,000 + GST per month.



Item No: (07) (a) Climate-Resilient Reconstruction after Flooding in Kerala-Request for Proposals for Consulting Services for Project Management.

Two loan agreements (80+90 million Euro) were signed on 30.10.19 between the Financing KfW Bank & India (as borrower) together with one 3 million Euro Financing agreement (BMZ no-2018 704 50) for Climate-Resilient Reconstruction after flooding in Kerala. Separate agreement was also signed on 06.11.19 between the KfW Bank & the Public Works Department (PWD), Government of Kerala (GoK), the project execution agency (PEA).

The procurement process for selection of a Project Management Consultant (PMC) for KfW works was initiated and completed following all procurement procedures, based on the combined Technical and Financial evaluation.

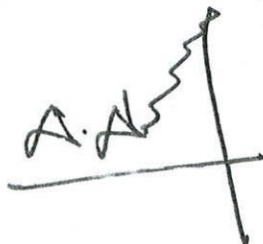
The 113th Steering Committee approved the proposal of L₁ bidder M/s Louis Berger Consulting Pvt. Ltd., India JV with the Louis Berger Group Inc., USA for an amount of Rs.17,27,95,400/-. Agreement has been executed vide agreement no. 328/KSTP/PMT/PWD/2020 dated 14/08/2020.

The Steering Committee noted.

(b) Relaxation in bid criterion in RKI Package 8 & 10 regarding specific construction experience in carrying out Cement Treated base and Cement Treated sub base.

On scrutiny of the technical bids submitted by the bidders in RKI 08- "Rehabilitation and Upgrading the road Thavalam to Mulli of Major District Road (Length 28.50 Km) in Palakkad District", it is observed that many of the bidders failed in the qualification criteria regarding experience in cement treated base and cement treated sub base, which is comparatively a new technique in the State and as such bidders having previous experience and the required machinery will be a few in Kerala.

Being a new technology, in order to get sufficient competition, RKI Package 8 was re-tendered with a relaxed qualification criteria as mentioned below with respect to the experience regarding Cement Treated Base/ Sub-base

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In place of “must meet requirement” the bid condition has been modified and relaxed to **“the bidder should demonstrate his plan to mobilize specialized agency with sufficient machinery or intention to procure own machinery for the purpose”**

For RKI 10 “Rehabilitation and Upgrading the road Mananthavady to Periya Road of Major District Road (Length of 27.30 Km) in Wayanad District”, corrigendum has been issued regarding Cement Treated Base/ Sub-base relaxing the bid criterion in the same manner as mentioned above.

The Steering Committee noted.

(c) Amendments in NHA1 bid document for selection of BOT developer for WSA development on roadside PWD lands in Kerala - 20.08.20.

Updated Bid documents of the NHA1 have been adopted as base document for customising these to the requirements of the PWD requirements. Most of the PWD's land sites are within a range of area, 1-1.2 acres, needing lesser investment from prospective BOT developer compared to the same for NHA1 sites within a range of area 2-3 acres needing larger investment. As such, bidder's eligibility requirements have been amended in terms of reduced requirements of turnover & net worth figures.

The construction phase has been reduced to 6 months from 10 months considered by the NHA1. Response times for specific pre-construction activities have also been slightly reduced as per PWD requirements. Similarly, requirements of amount of Performance security during construction phase and during Operation & Maintenance (O & M) phase have also been reduced from above considerations. The annexure C (in the RFP) for list of minimum facilities has been amended as per PWD requirements. The bid document is prepared in track mode giving fair idea of all amendments undertaken for customization to PWD requirements.

All above details are included in the comparative table attached as **(Annexure-4 (Page No – 60))**

The Steering Committee noted.



(d) Extension of bid submission date for the work of “Up-gradation of Alappuzha-Changanassery road into Semi Elevated Highway under Rebuild Kerala Initiative”.

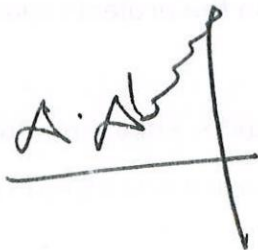
Government of Kerala has accorded Administrative Sanction for the project of Up-gradation of Alappuzha-Changanassery highway under the title “Alappuzha-Changanassery elevated highway” at an estimated cost of Rs.624.48 Crores under Rebuild Kerala Initiative. Highway Design Unit under Design Wing of PWD has prepared the Detailed Project Report for the subject work. Meanwhile, the Government has changed the title of the project as “Up-gradation of Alappuzha-Changanassery road into Semi Elevated Highway”

Tender notification for the work was published in the all India edition of Hindu and Times of India and Kerala edition of Malayala Manorama. Accordingly, the tender was published in the e-tender portal on 29.06.2020 with the deadline for submission of bids as 14.08.2020. Online pre bid meeting for the work was conducted on 15.07.2020 due to the travel restrictions imposed due to Covid 19 pandemic. The following firms have participated in the pre-bid meeting :

- a) M/s AshokaBuildcon Limited
- b) M/s SreeDhanaya Construction Company
- c) M/s ULCCS
- d) M/s Cherian Varkey Constructions Company Limited
- e) M/s RDS Projects Limited

In the meantime, some of the prospective bidders have requested time extension for bid submission because of the restrictions imposed due to COVID 19 pandemic.

Being a high-cost work under EPC mode of contract, it is needed to carry out proper site investigation and design which will take time especially as the project includes few structures and subsoil stabilization works. Since the Alappuzha-Changanassery road was flooded during the first two weeks of August, the bidders could not be able to do site investigation during that period. In the absence of proper site investigation, the bidders will overload all his uncertainties in the bid resulting in a financial loss to the Government.



Considering the aforesaid facts and due to the Onam holiday's falls in between, the last date for bid submission was extended till 07.09.2020.

The Steering Committee noted.

(e) Publishing of Tender for RKI-Package-I Roads in Northern Districts of Kerala

The 10th HLEC held on 06/08/2020 has approved the DPR of the following roads in RKI-Package-I.

Road No.	Name of Road	Category of Road	Length of Road in Km	Total Cost as per DPR (₹ in Crore)
3	Kumbla – Badiadka- Mulleria Road	MDR	29.135	158.04
4	Koyilandy-Thamarassery-Mukkam-Areekkode-Edavanna Road 1) km 0.00 to 25.310-Koyilandy to Poonoor: 2) km 25.310 to 37.930-Poonoor-Omassery 3) km 37.930 to 51.020 Omassery to Eranhimav	SH	51.02	243.15
5	Vythiri – Tharuvana Road	MDR	21.835	90.35

Accordingly, tender notice was published in the newspapers on 08/08/2020, with date of publishing of bids as on 18/08/2020 and last date of submission of bids as on 03/10/2020. The Final DPRs were shared to the KSTP Division, Kannur for verifying the factual position of the site. The Executive Engineer, KSTP Division, Kannur has reported the following,

- Road 3 - Kumbla – Badiadka- Mulleria Road - Details in the project report are found to be fit as per the site conditions.
- Road 4- Koyilandy -Thamarassery –Mukkam- Areekkode- Edavanna Road - As reported by the EE, PWD Roads, Kozhikode Division the stretch from 0+000 to 4+100 is recently improved

Minutes of 114th Steering Committee of Kerala State Transport Project with BM & BC and the stretch is continuing in DLP. Also road improvement work for a length of 600m in front of the petrol pump at Mukkam is progressing followed by the reconstruction of a culvert.

- Road 5 - Vythiri – Tharuvana Road - Upgradation is proposed from Vythiri-Padinjarethara (0+000 to 22+120). As reported by the AEE, Roads Kalpettathere is an improvement work from 0+000 to 8+500 is progressing.

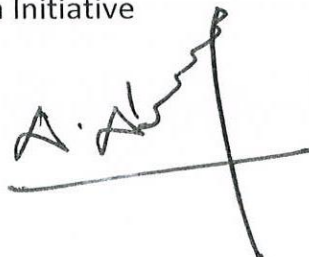
Due to the uncertainty in inclusion/exclusion of these stretches, where the PWD has executed the works, the bids were not published in e-Tender portal on 18/08/2020. The KSTP-PMT has instructed the concerned PWD Divisions of all RKI Roads to withdraw the proposed/ongoing PWD works in RKI Roads. The e-tender for Road 3 will be published on 24/08/2020 and for Road 4 and Road 5 new date of publishing of bids to be decided after modification.

The Steering Committee noted.

- (f) Permission to execute the Agreement for works and consultancies for which bids are scheduled to open before 15th September 2020.**

It is learned that the model code of conduct will come into effect in Kerala from 15th September 2020 once the election declaration for local body polls is issued. In KSTP, the bids for the following works and allied consultancy services under Rebuild Kerala Initiative (RKI) are scheduled to open before 15th September 2020.

1. Upgrading Edoor to Palathumkadav Road (Km 0.000 (Edoor) to Km 24.450 (Palathumkadav) in Kannur District under Rebuild Kerala Initiative
2. Re-tender of Rehabilitation and Upgrading the road Thavalam to Mulii of Major District Road (Length of 28.50 Km), in Palakkad District under Rebuild Kerala Initiative (RKI)
3. Rehabilitation and Upgrading the road Mananthavady to Periya Road of Major District Road (Length of 27.30 Km), in Waynad District under Rebuild Kerala Initiative (RKI)
4. Upgradation of Alappuzha-Changanassery Road into Semi Elevated Highway under Rebuild Kerala Initiative



5. Consultancy Services of Authority's Engineer for Supervision of Rehabilitation & Upgrading the State Highways & Major District Roads, having varying width, by Climatic Resilient Reconstruction, 4 roads in the Northern Districts of Mallapuram & Palakkad under Rebuild Kerala Initiative
6. Output and Performance based Road Contract Package I
 - a) Chennannur-Angamaly – 112.069 Km
 - b) Mavelikkara-Chengannur – 9.514 Km
 - c) Kozhencherry –Chengannur – 11.67 Km

KSTP would not be able to award any of the above works/consultancies to the lowest qualifying bidder once the election is declared.

In this context, it is proposed to allow Kerala State Transport Project (KSTP) to award the above work/consultancies to the L1 bidder/ consultant after technical and financial evaluation of the bids. The same will be placed before the Steering Committee after the effective period of the model code of conduct for ratification

The Steering Committee noted and permitted Kerala State Transport Project (KSTP) to award the above work/consultancies to the L1 bidder/ consultant after technical and financial evaluation of the bids. The same shall be placed before the Steering Committee after the effective period of the model code of conduct for ratification.

*noted thru all members
for approval.*

A. A.

Item No: (08)

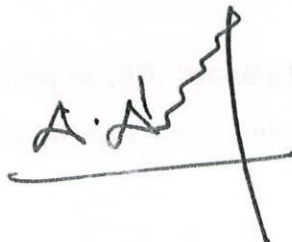
Upgradation of Ponkunnam – Thodupuzha Road - Release of Pending Payment towards unpaid items including geo textiles and decision with respect to hard rock excavation.

Upgradation of the Ponkunnam-Thodupuzha road was entrusted to the contractor M/s GHV-EKK (JV) for a contract amount of Rs.227,13,73,548/- vide agreement dated 05.05.2014. M/s MSV International was entrusted as the 'Construction Supervision Consultant as per the World Bank's criteria. The project with a completion period of 30 months started on 10.06.2014. The contractor applied for an extension of time up to 30.03.2017 for the project that was supposed to be completed by 09.12.2016. The project was completed on 28.03.2017 and taken over by KSTP. Defect Liability Period for the above project was over on 27.03.2018 and performance certificate was issued in this regard to the contractor on 30.03.2018.

The major issues related to the project are as follows:

The quantity of pay item 301.01 'Roadway Excavation in Hard rock including blasting' in the contract is 1850 Cum with a rate of Rs.6000/Cum. However, during initial stages of executing the item at site, it was estimated that about 42,900 Cum of rock need to be excavated and a variation (VO 03) in favour of this item was submitted by the Supervision Consultant. As per contract conditions (12.3), if the variation quantity is more than 25% of BOQ provision and the quantity triggers variation of the value of work by 1% of the contract price, then revision in BOQ rate is warranted, unless it is specified as a fixed rate item in the contract. However, the CSC neither gave any proposal for a new rate nor calculation of revised quantity for the item. Hence, KSTP had not issued approval for the variation order. However, a variation quantity of 25,000 Cum was accepted so that the work should not get affected. Also payment up to 90% of the quantity executed for excavation of hard rock was approved in order to avoid the cash flow problems of the contractor and thereby any retardation in progress of work.

Thereafter variation order was submitted by Supervision Consultant for a quantity of 88,117 Cum of "Hard rock excavation' at the rate of Rs.5702/Cum which was derived from the rate analysis submitted by the contractor at the time of contract. The item rate of Rs.6000/Cum was calculated after taking into consideration that 50% of the excavated hard rock can be utilized at site and after



Minutes of 114th Steering Committee of Kerala State Transport Project deducting the rate of the salvaged rock. In the calculation of revised rate instead of 50%, 100% excavated rock was considered as reusable and accordingly arrived at the revised rate of Rs.5702/Cum. However, KSTP did not accept the rate since it was too high.

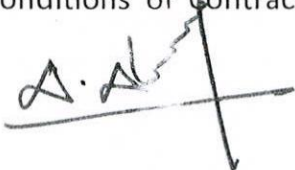
In the 87th steering committee convened on 15.07.2015, the above subject was made as an agenda in order to ratify the action of KSTP to release the payment made for the 90% of the claimed quantity. However, decision was not taken and referred for next steering committee meeting. Meanwhile the Project Director sought clarification to substantiate the rate of Rs.5702/cum proposed by the CSC and asked the Engineer to reduce the rate further as it is too high. The variation order was forwarded to Executive Engineer, Ponkunnam in order to assess the quantity although by that time the majority of quantity was already executed at site. However, the Executive Engineer has pointed out certain anomalies.

In a meeting held at Project Management Team office, KSTP on 16-03-2016, the contractor was asked to reduce the rate further. On refusing further reduction in the rate, the Project Director arbitrarily fixed a rate of Rs 4875/cum. A supplementary agreement was executed for a quantity of 463 cum (25% of the original BoQ) at Rs. 6000/cum rate and 76600 cum at Rs 4875/cum rate. The contractor signed the above agreement under protest.

The total value of this variation alone is Rs. 37,62,03,000/-, which is 16.56 percentage of the contract amount. As the Project Director KSTP is not authorized to accept a net variation beyond 15 percent of the contract value (as per the financial management manual of KSTP), the agreement as explained above is not acceptable and binding on Kerala State Transport Project, unless it is ratified by the Steering Committee/Government of Kerala along with the approval of the World Bank.

Hence, the matter was included in the agenda for the 92nd steering committee convened on 06.08.2016. However, the committee decided to refer the issue to the Chief Technical Examiner, to conduct a detailed study on the subject and to submit a report.

The contractor raised the issue in front of the Dispute Board (DB) as per clause no 20.4 of General Conditions of Contract, while the subject was under discussion at Government level.



Contractor argued for a rate of Rs.5702/cum against KSTP's claim of Rs.4875/cum. The Dispute Board after much hearing, upheld the claim of KSTP and recommended the rate of Rs.4875/cum. However, KSTP did not accept the decision since the rate/excess amount did not have the approval from neither the Steering Committee nor the World Bank.

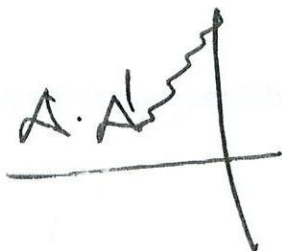
Since KSTP has not released any payment after IPC 33, the Contractor strongly protested and filed WPC 1700/2017(J) in the Hon'ble High court of Kerala for releasing payments. The Hon'ble High court of Kerala passed an interim order to release the balance amount due to the contractor after retaining an amount of Rs.40.92 Cr (which is paid in excess to the contractor on account of hard rock excavation and Geo textiles) suggested in the counter affidavit as allegedly due from KSTP. The court order was complied vide Kerala State Transport Project office order no 398/2014/KSTP/PWD/PMT dated 31-03-2017. Vide this order, it is stated that since variation in the bills submitted by the consultant require the approval of the Employer, the amount for the variation was not payable at that time. By then, the contractor had been paid an amount of Rs 210.16 Cr against the accepted contract amount of Rs 227.13 Cr.

Later as per the direction of the then Project Director, an advance payment of Rs 3 Cr was released to the contractor on 21-08-2018 and further an amount of Rs 10,09,19,990/- was released to the contractor on 03-10-2018 after processing and approving the variation orders. This was done based on contract conditions since the rate revision becomes applicable only when the quantity varies beyond 125% of BoQ and the corresponding variation amount is above 1% of the contract amount. Up to date payment released by PMT to the contractor amounts to Rs. 223.25 Cr i.e. up to IPC 41.

The Contractor also filed an Arbitration request No.55/2017 before the High Court for appointing Arbitrator in the dispute relating to rock blasting.

The issue was discussed in several steering committees and the 103rd steering committee decided to refer the details of the disputed item to the Finance and Law Secretaries for their report.

The observations of the CTE and proposal by Finance Secretary are as follows:

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Observations of the Chief Technical Examiner

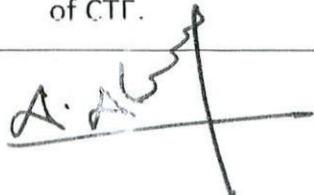
The report of CTE can be seen in three parts.

- The first part mainly deals with the award of contract considering the rate of increased quantity of hard rock.
- CTE in his report observed that there was abnormal increase in the BOQ quantities whose quoted rates were high and the contractor was allowed to execute the above items of work by KSTP which is irregular. CTE has also observed that the rates of additional quantity shall be limited to LMR.
- As per the financial Manual the project director is not empowered to accept variation in the contract amount beyond 15% of the contract amount. For making payment to the entire work executed, the approval of the Government is required. The Chief Technical Examiner worked out a rate for the excavation of hard rock based on the method of execution using rock breakers as Rs.994.88/m³ and recovery towards the issue of blasted rock as Rs.1000/m³. Hence an amount of Rs.5.12/m³ may be recovered from the Contractor. In the case of Geo textiles, the CTE observed that rate quoted by the other Bidders are less compared to the rate quoted by M/s GHV-EKK and the rate may be limited to LMR rate for the quantities increased more than 25% of BOQ provision.

Proposal by Finance Secretary

The Finance Secretary proposed to classify the decision to be taken into three and commented accordingly vide their letter dated 25.01.2019 (Annexure-5 (Page No –68)).

- Amount to be paid as per the Contract conditions against the proposals of CTE.



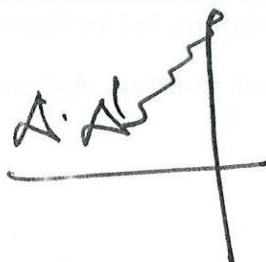
The payment may be considered in order to avoid contractual complications. However, it is noted that any payment admitted in excess of LMR prevailed is a loss to the public exchequer on account of executing high quoted items beyond scheduled quantity. Therefore, this loss shall be quantified and appropriate action shall be initiated against the concerned

- Regarding excavation of Hard rock

Releasing the payment of hard rock as per the rate proposed by you and upheld by DB seems to be unfair to the Government, as undue benefit is proposed for the contractor in this rate. The Additional Chief Secretary, Public Works Department has also remarked that this reduced rate is nowhere near the rates quoted by other contractors. Therefore, you shall work out a reasonable rate as per the provisions of contract as stipulated by you in the letter cited above that "If no rate or prices are relevant for the derivation of a new rate or price, it shall be derived from the reasonable cost of executing the work, together with profit, taking account of any other relevant matters. Further, the outcome of the Vigilance enquiry on the matter as well as the recovery of the cost of departmental rock obtained during excavation shall also be considered before deciding the payment.

- Payment for Geotextile work

This issue shall be considered after ensuring two requirements. (1) Technical requirement of geotextiles at site and (2) Whether the Geo textiles were actually executed at site as per the claim proposed. This becomes essential since the geo textiles are seen to be proposed on locations where Geo textiles are not normally provided. Since the rate admitted for this item is also abnormally higher than the estimate rate/LMR, appropriate action shall be taken to quantify the loss and to



initiate action against the concerned on account of loss to government in this regard.
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Decision taken by the 107th Steering Committee

Based on the report of the Finance Secretary, the following decisions was taken by the 107th steering committee.

1. Payment to be released as per contract conditions for items other than “hard rock excavation” and as agreed by Chief Technical Examiner. Responsibility for allowing variations to be fixed after the Post Construction Audit.
2. For hard rock, since the rate proposed by the Employer is not acceptable to the contractor, the committee decided that matter be resolved through arbitration as contractor has already approached High Court for Arbitration.

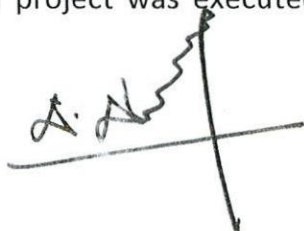
Further the contractor, in one of his letters, has enclosed the Law secretary’s report dated 06.05.2019, which he received through RTI. The report of Law Secretary has not yet been officially received in this office.

Proposal by Law Secretary is as follows:

As per the report by Law Secretary it was recommended that the following points were to be put up to cabinet for consideration.

- Since the KSTP agreed for a rate of Rs. 4875/- before the Dispute Review Board and since the Dispute Review Board’s decision has binding effect as per clause 24, the amount may be paid to the contractor.
- Regarding geotextiles, the contractor is entitled to the rate as per the contract and KSTP cannot go back on the promise made in the contract, payment therefore may be made as per the terms of contract.

The said issues have been referred to Vigilance also (**Annexure-5(2) (Page No -71)**). The Vigilance Department submitted their report to the Government. In the Vigilance Report it is stated that the said project was executed based on condition of Contract Agreement and there is no



Minutes of 114th Steering Committee of Kerala State Transport Project anomaly in the procedures as the conditions are framed on FIDIC conditions. Any deviation from this will invite huge liability to the Government in future by way of arbitration.

Observation of the Accountant General

The major observations are briefed as follows. **(Annexure-5(3) (Page No –123))**.

1. Defective DPR and unrealistic bill of quantities resulted in huge variations in various items on execution
2. Loopholes in bid documents resulted in failure to properly evaluate bids and payment of claims without checks
3. Inadequate supervision of the works by the Employer
4. Discrepancies in the measurement of hard rock excavated
5. Rate analysis of pay item no 301-02 roadway excavation in hard rock in terms of MoRTH data showed that exorbitant rates had been allowed for the item
6. Non recovery of item of carriage added on arriving the rate of excavation of hard rock
7. Non recovery of cost of rubble obtained from rock blasting and demolishing structures.
8. Loss of revenue of Rs 2.46 Cr due to non-disposal of cut earth.
9. Non recovery towards cost and royalty of cut earth transferred by the contractor for the work of Thiruvalla bypass.

The contractor M/s GHV-EKK (JV) has requested to review the decision taken in the 107th Steering Committee. **(Annexure-5(4) (Page No –131))**.

Item deferred

Meeting concluded at 5.30 PM on 24.07.2020 with thanks to the Chair.


Dr. Vishwas Mehta IAS
Chief Secretary