



ABSTRACT

Highways Department - Tamil Nadu Road Sector Project-II (World Bank funded Project) – Road Upgradation Works - Contract TNRSP II/EPC04: Upgrading Vridhachalam – Parangipettai Road (SH 70) km 0/000 to km 35/800- Slow Progress of Work- Liquidated Damage levied - request of the contractor for the proportionate recovery of the Liquidated Damage to enhance their cash flow – Sanctioned – Orders – Issued.

Highways and Minor Ports (HN2) Department

G.O.(D) No. 17

Dated : 30.01.2018

ஹேவிளம்பி, தை 17, திருவள்ளூர்வராண்டு 2049,

1. G.O.(Ms).No:127, Highways and Minor Ports (HN2) Department dated 14.08.2013.
2. G.O.(Ms).No:47, Highways and Minor Ports (HN2) Department dated 28.03.2013.
3. G.O.(D).No:206, Highways and Minor Ports (HN2) Department dated 23.08.2017.
4. From the Additional Chief Secretary / Project Director (A/c), Tamil Nadu Road Sector Project-II Letter No. 4864/ 2016/ Tamil Nadu Road Sector Project –II /EPC 04/ AE 3 dated 21.12.2017.

ORDER :-

In the Government Order first read above, the Government constitute a Empowered Committee under the Chairmanship of Hon'ble Minister for Highways and Minor Ports for Tamil Nadu Road Sector Project–II for deciding, inter-alia, especially the “Finance plus elements” envisaged under the Tamil Nadu Road Sector Project –II including State Highway Development Initiatives (SHDI) for improving and maintaining the Core Road Network.

2. In the Government Order second read above, the Government have approved the formation of Tamil Nadu Road Sector Project-II (TNRSP II). It is envisaged to take up following components under TNRSP II.

- (1) Road upgradation works under Engineering, Procurements and Construction (EPC) Contract and Public Private Partnership (PPP) Contract Mode.
- (2) Road Maintenance works under Output and Performance based Road Contract (OPRC) Mode.
- (3) Road Safety related works.
- (4) Institutional Capacity Enhancement.

3. In the Government Order third read above, the Government accord approval to recover the Liquidated Damages in installment to enhance their cash flow based on the assurance of the Contractor M/s.VDB Projects (P) Ltd (Engineering, Procurement and Construction 04) to carry out the works at site in full gear and to complete the work within the scheduled time; subject to the certain conditions.

4. The Additional Chief Secretary/Project Director (A/c), Tamil Nadu Road Sector Project-II has stated that the request of the Contractor to recover the Liquidated Damage at the rate of 5% of the IPC 05 amount per month totalling 20% for the period from July 2017 to October 2017 and the balance Liquidated Damage amount to be deducted proportionately of the Liquidated Damage due amount to the total outstanding value of the work done of the Milestone II from IPC 06 onwards and balance if any to be deducted in Milestone II last IPC bill to enhance their cash flow is considered based on the assurance of the Contractor to carry out the works at site in full gear and to complete the work within the scheduled time;

Subject to the following conditions, Resolved

- Recovery of Liquidated Damage at the rate of 5% of the IPC 05 amount per month totaling 20% for the period from July 2017 to October 2017 i.e Rs.1.85 Cr. (20% of Rs.9.29 Cr)
- Deduction of Liquidated Damage proportionately for the due amount (Rs.12.79 Cr.) considering the total outstanding value of work done in respect of Milestone II from IPC 06 onwards and balance if any may be deducted in Milestone II last IPC bill.
- Scheduled Completion dates for Milestone II, III & IV (Project Completion) i.e 31.03.2018, 31.05.2018 & 08.07.2018 respectively as approved by the World Bank shall be strictly adhered to.
- to release the recovered amount of damages on receipt of unconditional Bank Guarantee from the contractor for 110 % of the recovered amount.
- to recover the entire outstanding amount of Liquidated Damages from the Performance Security and Retention money of the Contractor as agreed by the Contractor in case of failure if any of the above arrangement, since the Contractor has expressed their difficulty in getting Bank Guarantee for the Liquidated Damage as security.
- to closely monitor the month wise achievement of the Contractor by the Authority and fortnight review by the Authority Engineer.

Conditions:

As agreed by the contractor, the contractor shall furnish necessary affidavit to the effect that no claims on costs (idling of machinery, over head, loss of profit if any) and time under Article 21, shall be made by the contractor now or in future in view of the consideration of recovery of damages in installments after the eligible period of recovery as per contract based on the request of the contractor.

Accordingly the Empowered Committee has approved the above Resolution.

5. Based on the Empowered Committee resolution, the Government accord approval to recover the Liquidated Damages in instalment to enhance their cash flow based on the assurance of the Contractor M/s.VDB Projects (P) Ltd (Engineering, Procurement and Construction 04) to carry out the works at site in full gear and to complete the work within the scheduled time; subject to the conditions as mentioned in Para 4 above.

(By Order of the Governor)

Rajeev Ranjan,
Additional Chief Secretary to Government

To
The Project Director,
Tamil Nadu Road Sector Project-II, Chennai-28.

Copy to:-

Hon'ble Chief Minister's Office, Secretariat, Chennai-9.
The Private Secretary to Additional Chief Secretary to Government,
Highways and Minor Ports Department, Secretariat Chennai-9
The Director General, Highways Department, Chennai-25
SF/SC

// Forwarded By Order //

V. Baghialashmi
Section Officer