

SUBJECT NO.5

Sub: Engg. – VUDA – Construction of HARITA Housing Project at Madhurawada Phase-I, Visakhapatnam (Balance work) – Restoration of balance works and present status – Draft Subject placed before VUDA Board for perusal and approval – Reg.

- Ref:
- 1 Original Agt. No.1/2004-05/CE/EE-VI/VUDA, Dt:09-12-2004.
 - 2 1st Supple. Agt. No.23/2006-07/CE/EE-VI/VUDA, Dt:12-01-07.
 - 3 Govt. Ltr.No.7943/E-2/2009, Dt:30-05-2009 of Principle Secretary to Government, MA&UD Department, Andhra Pradesh, Hyderabad.
 - 4 Administrative Sanction accorded for the modified Housing Project by the Vice Chairman, VUDA Dt:07-10-2007.
 - 5 2nd Supple. Agt. No.09-2009-10/CE/EE-VI/VUDA,Dt:06-11-09.
 - 6 Project Estimate approved by Vice Chairman, VUDA, Dt:29-12-2009.
 - 7 Lr.Rc.No.10/2005/CE/EE-I/VUDA, Dt:14-10-2011.
 - 8 Lr.No.3916/H2/2010 Hyderabad of Joint Director MA&UD AP Secretariat, Hyderabad, Dt:14-12-2012.
 - 9 Lr.No.3916/H2/2010 Hyderabad of Principal Secretary, MA&UD Department AP Secretariat, Hyderabad, Dt:22-12-2013.
 - 10 Permission accorded in principle during the review meeting convened by Hon'ble Minister for MA&UD Department on the project on 08-03-2013 and instructions issued thereon.
 - 11 Lr.No.3916/H2/2010 Hyderabad of Principal Secretary, MA&UD Department AP Secretariat, Hyderabad, Dt:01-04-2013 received on 02-04-2013.
 - 12 Orders of the Vice Chairman, VUDA, Dt:04-04-2013 on the letter received from Government Dt:01-04-2013.
 - 13 Administrative sanction accorded by Vice-Chairman, VUDA, dt.06-04-2013
 - 14 Tender Notice No. 01/2013-2014/EE-V/VUDA, Dt.15-04-2013
 - 15 Tenders received on 02-05-2013.
 - 16 Note Orders of the Vice Chairman, VUDA on 13-05-2013 to permit to open Financial bids.
 - 17 Note orders of the Vice Chairman, VUDA on 13-05-2013 to permit to call tenders (2nd call)
 - 18 Tender Notice No. 02/2013-2014/EE-V/VUDA, Dt.13-05-2013
 - 19 Tenders received on 27-05-2013.
 - 20 Lr.No.COT/EE-1/DEE-2/T1/808/ELLARVE/VUDA/2013, Dt.03-06-2013 along with Proc.No.COT/EE-1/DEE-2/T1/VUDA /808/ 2013, Dt.27-05-2013

- 21 Lr.No.COT/EE-1/DEE-1/T5/807/2012, Dt.04-06-2013 along with Proc.No.COT/EE-1/DEE-1/T5/807/ 2013, Dt.27-05-2013
- 22 Lr.No.COT/EE-2/DEE-3/T4/UDA/VIZAG/2013,Dt.04-06-2013 along with Proc.No.COT/EE-2/DEE-3/T4/UDA/VIZAG/2013, Dt.27-05-2013

AGENDA NOTE

Initially this project was conceived with an estimated cost of Rs.138.00 Crores comprising of 2024 (Residential flats) in High Rise Buildings in 12 blocks of HIG and MIG categories during the year 2004. The total built up area proposed as 21,81,000 Sft. including necessary infrastructure in an extent of Ac..40.00 Cts. located in Sy.No.395, 396/P and 397/P (carved out of old Sy.No.336/P of Madhurawada) and construction cost was fixed at Rs.635.00 per Sft. of built up area. Accordingly an agreement was concluded on 09-12-2004 with M/s. Jurong Infrastructure India Pvt. Ltd. But the work could not be commenced due to various reasons.

Subsequently, Supplemental Agreement was concluded on 12-01-2007 duly revising the rate of construction cost as Rs.934.00 per Sft of built up area from Rs.635.00 per Sft. fixed earlier based on the request of contractual agency and after conduct of series of meetings. The built up area was also modified as 27,35,017 Sft. Even then work was not started.

Afterwards, considering economic recession occurred globally during that period and fall in demand for residential flats number of meetings were conducted with the contractual agency and the project was down sized by reducing the number of dwelling units to 710 instead of 2024 proposed earlier. Then it was decided to take up construction of residential flats in Stilt + 5 Floors only in lieu of earlier proposed 10 storered buildings. Accordingly 2nd supplemental agreement was concluded on 06-11-2009 duly revising the rate of construction cost from Rs.934.00 per Sft to Rs.1054.00 per Sft. of built up area. The total construction cost was worked out to Rs.99.41 Crores for the proposed total built up area of 9,43,168 Sft. based on the rates arrived as per SSR for the year 2009-10 and BOQ's furnished. The execution of the work was commenced on 02-12-2009.

The contractual agency has failed to maintain the required rate of progress from the beginning and notices were also issued for slow progress of work duly imposing penalties. Despite several requests made by VUDA to speed up the work, the contractual agency started correspondence to enhance the contract price considering the steep hike in cost of building materials and labour charges in due course of time. Thereon it was replied and clarified that the contract price cannot be revised under any circumstances as it was clearly mentioned in clauses 13 & 22 of 2nd supplemental agreement.

Finally the contractual agency stopped the work abruptly from the last week of September-2011. Thereupon as per terms and conditions of Agreement, 14 days Final Notice cum Termination Notice was issued to M/s. Jurong Infrastructure (I) Pvt. Ltd., on 14-10-2011. In reply M/s. Jurong Infrastructure (I) Pvt. Ltd., has filed a petition on 25-10-2011 in the Hon'ble Principle Judge Court, Visakhapatnam praying to grant injunction on termination notice, not to grant permission to VUDA to take up the work through 3rd party and not to allow VUDA for invoking Bank Guarantees furnished on the work.

After completion of arguments the judgment was given in favour of VUDA by dismissing all the petitions filed by the contractual agency. In order to defend the interest of VUDA the value of work done was got verified by M/s. Engineering Staff College of India, (ESCI) Hyderabad for confirmation as advised by the Sr. Advocate, Hyderabad. After verification M/s. Engineering Staff College of India (ESCI), Hyderabad concluded that the value of work done arrived by VUDA for Rs.24.84 Crores is found to be correct and in order. Later the Government was requested to accord permission to carry out the balance works and to clarify the procedure to be followed for entrustment of balance work.

Thereupon Hon'ble Minister for MA & UD Department convened a meeting on 20-12-2012, with Principal Secretary to Government, MA & UD. Vice-Chairman, VUDA and Engineers of VUDA and instructed to work out the Project Economics and submit a comprehensive report. Accordingly a letter was communicated to Vice-Chairman, VUDA on 22-12-2013 (Reference 9th cited). In accordance with the directions of the Government, a comprehensive report of the said project along with the answers to the queries made were prepared and submitted for consideration and to accord permission to carry out the balance works vide Letter No 10/2005/CE/EE-I/VUDA, Dt.11-2-2013 & 21-2-2013.

Meanwhile a Technical Committee was constituted with Chief Engineer, GVMC, Superintending Engineer, Public Health Department and Chief Engineer, VUDA for scrutiny of estimates prepared for balance works to be taken up and construction cost arrived. As per the above, the Technical Committee verified the estimates prepared for balance works (based on the SoR for the year 2012-2013) and construction cost arrived and found to be reasonable. The value of balance work is worked out to Rs.114.97 Crores.

Subsequently a meeting was convened on the subject work in the Chamber's of Hon'ble Minister for MA&UD along with Principal Secretary to Government, Vice Chairman, VUDA and Engineers concerned on 08-03-2013 and discussed on the possibilities and plan of action for completion of balance work so that the residential flats can be handed over to the respective Allottees. The Vice Chairman, VUDA submitted that, it is better to start the work firstly to create confidence among the Allottees by splitting up the total work into different packages instead of single package by keeping the period of completion as 18 months. Finally it was agreed upon to take up the balance works as requested by Vice Chairman, VUDA.

Accordingly, Government vide Letter No.3916/H2/2010, Dt.01-04-2013 communicated the clarification regarding entrustment of balance works, as below.

1. Balance work may be entrusted by
 - a. Inviting tenders
 - b. On the similar lines of original work entrusted to the contractor M/s. Jurong Infrastructure Pvt. Ltd.
 - c. As advised by the standing council of VUDA
2. Take action as per the terms of allotment conditions keeping in view that there should not be any monetary loss to VUDA in future regarding refunding the amounts without interest paid by those allottees who desires to withdraw or cancel the allotment.

Apart from the above, the legal opinion was also sought from Sri S.Ravi Senior Advocate, Hyderabad regarding the circumstances prevailing now and explaining the reasons for taking up the balance work by splitting up into different packages.

In view of uproar of allottees and convenience of speedy execution of balance work, it is proposed to take up the balance work of Harita Housing Project on Lumpsum contract system (item wise payment) since it is always safe and better for the department for all purposes.

Accordingly detailed and abstract estimates in respect of balance works related to construction of buildings in HIG, MIG-IA, MIG-IB, MIG-II and LIG categories block wise are prepared, (not exceeding Rs.10.00 Crores each work) to get good competition and to facilitate more agencies for participation in tenders. The estimates are prepared based on the SoR for the year 2012-13 and local market rates for the items not covered in the SoR.

Thereafter Vice Chairman, VUDA accorded Administrative Sanction for Rs.97.00 Crores towards balance work of construction of buildings in HIG, MIG-IA, MIGIB, MIG-II & LIG Categories on 06-04-2013. The Chief Engineer, VUDA accorded Technical Sanction for all the 10 Sub-Estimates of HIG, MIG-IA, MIGIB, MIG-II & LIG (710 units proposed in 11 blocks) amounting to Rs.97.00 Crores on 12-04-2013. The details are as noted below:

Sl. No.	Category	No. of Units	Value of work including statutory provisions Rs. in Lakhs.	Estimate Contract Value (ECV) Rs. in Lakhs.
01.	HIG – I	50	1139.00	918.00
02.	HIG – II	50	1113.00	897.00
03.	MIG-IA – I	80	1013.00	823.70
04.	MIG-IA – II	80	1080.00	879.35
05.	MIG-IB – I	60	855.00	694.80
06.	MIG-IB – II	60	945.00	769.50
07.	MIG-II – I	70	695.00	564.60
08.	MIG-II – II	70	912.00	741.20
09.	MIG-II – III	70	720.00	586.10
10.	LIG – I & II	120	1228.00	990.00
	Total	710	9700.00	7864.25

The sub estimate amounts worked out including Statutory provisions of VAT @5%, Service Tax @4.80%, Cess @1%, Insurance @ 0.50% and Lumpsum provision towards Price Adjustment @5%, Tender Premium amount @ 5% and 3rd Party Quality control Check @1.50%.

- Accordingly tenders were invited for all 10 blocks (block wise)by Chief Engineer, VUDA on 15-04-2013 through 'e' procurement platform as per G.O.Ms.No.94, Dt.1-7-2003 of I & CAD Department (Ref – 7).
- In response two tenders were received for three works and only single tender was received for the remaining seven works.
- After technical bid evaluation it was found that the tender quote is competitive since both the tenders were qualified for three works and it became single tender with excess tender premium for the remaining seven works.

- So a decision was taken to submit the tenders received with competitive bidding for three works i.e, MIG-IB Block-2, HIG-1 & 2 Blocks for approval of Commissionerate of Tenders (COT) as per G.O.Ms.No.94, Dt:01-07-2003 of I & CAD Department since the Estimate Contract Value of the above works is more than Rs.2.00 Crores and to cancel other seven tenders where only single tender is received and to recall for getting competitive bids. (Ref- 16)
- Then the Commissionerate of Tenders accepted all the three tenders and the same were approved by Vice-Chairman, VUDA. Accordingly, works were entrusted and commenced.

With regard to remaining seven works tenders were invited (2nd call) on 13-05-2013 through e-procurement platform (Ref -17). The tenders received through online were opened by the Chief Engineer, VUDA on due date i.e.,27-05-2013. The Tender Committee (constituted by Vice-Chairman, VUDA earlier) verified Technical Bid evaluation and recommended for opening of price bid of qualified and eligible bids.

The Vice Chairman, VUDA permitted to open Financial bids and to send to Commissionerate of Tenders for scrutiny and approval of all seven tenders. Accordingly, tenders were submitted to Commissionerate of Tenders, Hyderabad for approval and the same is awaited.

In view of the above it is requested

- To ratify the action taken by the Vice Chairman, VUDA in sanctioning Administrative Sanction to a tune of Rs.97.00 Crores towards construction of buildings (balance work).
- To accord Administrative Sanction to a tune of Rs.27.77 Crores to execute the following infrastructure works
 - Base formation of roads (A.S. given and tenders finalized) - Rs.0.30 Cr.
 - BT Roads, SW Drains and Protection works - Rs.8.30 Cr.
 - Water supply and UGD arrangements - Rs.1.73 Cr.
 - Layout Electrification, Lifts & Generators - Rs.8.96 Cr.
 - Solar fencing, STP and reticulated Gas supply and other works - Rs.3.81 Cr.
 - Amenities such as Shopping, Hospital and Community Centre - Rs.4.67 Cr.
Rs.27.77 Cr.

- iii. The process followed to take up balance works of buildings by dividing into 10 packages block wise in each category not exceeding Rs.10.00 Crores instead of single package to get more competition and for early completion of work may be agreed.

Hence the matter is placed before VUDA Board for perusal and approval.

Sl No	Subj ect No	Subject	RESOLUTIONS
4	4	Engg - VUDA - Request to VUDA to meet the cost of Land Acquisition and shifting of utilities to a tune of Rs.19.00 Crores for conversion of Visakhapatnam to Bheemili Beach road into four lanes as proposed by R & B Department - Allocation of funds - Draft subject placed before VUDA Board for consideration - Reg.	THE REQUEST IS NOT CONSIDERED AND ACCORDINGLY, GOVERNMENT IS TO BE INFORMED.
5	5	Engg. - VUDA - Construction of HARITA Housing Project at Madhurawada Phase-I, Visakhapatnam (Balance work) - Restoration of balance works and present status - Draft Subject placed before VUDA Board for perusal and approval - Reg.	<p>AGREED AS PROPOSED.</p> <p>MEANWHILE, IT IS DIRECTED TO SEE THAT THE CONSTRUCTION IS COMPLETED WITHIN TIME AND HANDED OVER TO THE ALLOTTEES AT THE EARLIEST.</p> <p>Following Decisions are also taken on this issue.</p> <ul style="list-style-type: none"> As informed by the government, the request for paying the interest accrued to the installments paid by the allottees who have subsequently withdrawn on their volition need not be

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CHAIRMAN, VUDA

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Sl No	Subject No	Subject	RESOLUTIONS
			<p>further entertained.</p> <ul style="list-style-type: none">• The VC is directed to arrive at the exact cost of the project after arriving at the various revenues including interest accrued on the installments paid or to be paid by the allottees and the various expenditures of the project and come with a proposal to the board after having interaction with the allottees in this regard• The provision of penal interest is part of the allotment conditions and there are no changed circumstances to review or revisit the same• The remaining installments can be spaced out duly taking the period of completion of housing• The existing allottees can be given advantage during the allotment of resultant vacant flats due to voluntary withdrawal and VC to work out the modalities.



CHAIRMAN, VUDA

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20/10/2013