

Minutes of the Meeting of EC held on 05th Aug, 2013 for the proposals of the State of Odisha under PMGSY

State: Odisha

A Meeting of Pre-Empowered Committee for PMGSY was held under the Chairmanship of Secretary (RD) in his chamber on 05th Aug, 2013 at 10.00 AM to discuss the proposals sent by the State of Odisha for the new connectivity under ADB RCIP Tr-II and LSB under regular PMGSY (2013-14). The following were present in the meeting:-

Sh. S Vijay Kumar	Secretary, Min of Rural Development
Sh Rajesh Bhushan	Joint Secretary, Min of Rural Development
Sh. Sh. Sujan Singh,	Director (Tpt), Planning Commission
Shri N. C. Solanki	Director (P-I), NRRDA
Shri Bhupal Nanda	Director (F&A), NRRDA
Sh P K Katare	Dir (P-III), NRRDA
Shri Y. S. Dwivedi	Director (RC), MoRD
Sh. N.J. Thomas, Consultant	IFD, MoRD
State Govt Representatives	
Sh. C.J. Venugopal, Pr. Secretary	Govt. of Odisha
Sh. P.K. Pradhan, EIC	Rural Works, Odisha
Sh. H.K. Sadangi, CE	RW-III
Sh. N.R. Rout, SE	SQC

Proposal by the State

2. Director (Tech.) presented the proposal sent by the State as under:-

Item	New Connectivity	Long Span Bridges	Total
Value in Rs. Crs	584.64*	483.31**	1067.95@
No. of Road /Bridges works	343	140	343 roads 140 bridge
Length in Km	1184.06	10613.09 m	1184.06 Km 10613.09 m
Average Cost in Lakhs / Km	49.37	4.55 lakh per mtr	49.37 lakh per KM 4.55 lakh per m
Habitation Benefitted	236 of 500+ 146 of 250+ 53 of 250 less incidental		236 of 500+ 146 of 250+ 53 of 250 less incidental

* MoRD Share- Rs 573.99 crs

State Share – Rs 10.65 crs

** MoRD Share - Rs 270.66 crs

State Share – Rs 212.65 crs

@ MoRD share – Rs844.65 crs

State share = Rs223.30 crs

3. The Empowered Committee reviewed the progress and considered the institutional capacity of the State to efficiently execute the PMGSY works with the requisite attention to quality. The Empowered Committee also considered attainment of PMGSY public disclosure norms in terms

of the physical and financial and accounting data entered by the State in the programme software, OMMAS and the diligence in maintenance of the high quality assets created under the programme for the long term reduction of poverty.

Physical and financial progress

4. The physical and financial progress of works as discussed in meeting was as under:

Figures upto June '13																			
	Phase-I	Phase-II	Phase-III	Phase-IV	Phase-V		Phase-VI		Phase-VII	Phase VIII			Phase IX	Phase X (IAP)	Projects cleared till March, 2011	ADB RRS III-P(Tr. I)	Phase XI	Phase XII	Total
					PMGS Y	ADB Ph.I	PMGS Y	ADB Ph-II		PMGS Y	ADB Ph. III	ADB Ph. IV							
Year of Sanction	2000-01	2001-02	2003-04	2004-05	2005-06		2006-07		2007-08	2008-09			2010-11	2010-11		2011-12	2012-13	2012-13	
No. of Road works approved	521	571	630	418	485	257	443	400	1,720	1,475	310	334	182	1,283	9,029	284	823	511	10,647
No. of Road woks completed	519	571	613	400	451	245	402	368	1,512	1,223	269	268	50	90	6,981				6,981
Balance	2	0	17	18	34	12	41	32	208	252	41	66	132	1,193	2,048	284	823	511	3,666
Length of Road works approved (in KM)	1,068	1,692	2,012	1,645	1,917	1,189	1,413	1,612	6,617	7,117	1,499	1,512	586	5,144	35,023	1,052	3,143	2,046	41,264
Length of Road works completed (in KM)	1,050	1,645	1,893	1,510	1,672	1,078	1,263	1,370	5,496	5,676	1,237	1,114	284	700	25,988	16	44		26,047
Balance	18	47	119	136	245	111	150	242	1,121	1,441	261	398	302	4,444	9,035	1,036	3,099	2,046	15,217
Value of Projects	171	350	441	399	535	349	580	514	2,698	2,784	611	523	309	2,001	12,265	473	1,498	948	15,184
State Share									57	32			94		183				183
Amount Released	180	345	441	399	531	349	580	514	2,235	2,121	393	531	209	648	9,475	236			9,712
Expenditure	167	342	437	374	508	349	572	460	2,478	2,485	515	422	204	617	9,931	34	135		10,100

The Secretary observed that the State is yet to complete 2,048 road works out of the works sanctioned prior to 30th March, 2011 which should have been completed as per guidelines.

Updation of Habitations details on OMMAS:

5. The State intimated that it has submitted the Hard Copy of the habitation details to NRRDA. However, the updation has not been carried to include the left-out habitations, habitations connected under State schemes etc. The Secretary asked the State to update the status on OMMAS in consultation with Director (Tech) and send the reconciled details duly tallied with OMMAS to NRRDA before issue of clearance for present proposal.

Implementation and executional capacity of the State:

6. Dir(P-I) presented the Executional capacity of the State as under:

Execution Capacity of the State					
#	Basis	No. of PIUs		Work Load per PIU (Rs. In Crore)	Total
1	PIU	Normal Areas	25	50	1,250
		IAP	25	75	1,875
		Total:	50	125	3,125
#	Basis	No. of SQMs		Capacity of a SQM to inspect work worth (Rs. In Crore)	Cost of Work (Rs. In Crore)
2	SQM	35		144	5,040

Average construction cost per km Rs. 0.48 Crore

#	Basis	Year (s)			Maximum Expenditure + 10% per year (Rs. In Crore)
		2010-11	2011-12	2012-13	
3	Expenditure (Rs. in Crore)	Normal PMGSY	1,924	578	233
		IAP	-	658	956
		Total	1,924	1,236	1,189
					2,561

Work load required according to expenditure of Rs. 2,561 Crore is = Rs. 2,561*3 = Rs.7,683 Crore

Lowest of the above parameters = Rs. 3,125 Crore

Balance work in Hand (30.06.2013) = Rs. 5,267 Crore (-) Rs.0.00 Crore (to be dropped) (-) Rs.8.00 Crore

(Savings) = Rs. 5,259 Crore

1. According to expenditure - Rs. 1,042 Crore - Rs.1,042 Crore * 1 = Rs.1,042 Crore

2. According to Maintenance - Rs. 1,042 Crore - Rs.1,042 Crore * 0.90 = Rs. 938 Crore

3. According to Quality - Rs. 1,042 Crore = Rs. 1,042 Crore * .12 = Rs. 125 Crore (Capacity according to index is sum of all = Rs. 2,105 Cr.)

Dir (P-I) informed that the State has engaged 25 PIUs in IAP districts and 25 PIUs in the Non-IAP districts. Considering capacity of each PIU as Rs. 50 crore in Non-IAP districts and Rs. 75 crore in IAP districts, the current capacity of the State to handle the work load is Rs. 3,125 crore. The State is already having projects work load of Rs. 5,000 crore in hand to be completed. Hence to execute additional projects it requires to enhance its implementation capacity.

The Pri Secretary, State Govt explained that the State has planned to increase the strength of PIUs from 50 to 60. Also it has planned to engage Central PSU/State PSU in selected IAP district.

The Secretary asked the State to send the PIU-wise work-load after considering the present proposal and its strategy to handle the workload efficiently.

Also the State agreed to increase its PIU strength to 70 PIUs including CPSUs strength before issue of tenders for the present proposals.

Overburdening PIUs:

7. Secretary (RD) cautioned that there is a close relationship between overstretching the capacity of the PIUs and deterioration in the quality of construction. Hence, unless the State enhances its implementation capacity, it will not be advisable to sanction further works. The Secretary (RD) informed the State that the construction of roads will not alleviate the poverty in rural areas unless the good quality roads are constructed and further maintained for 6-7 years by

the State. The Secretary expressed its concern over the capacity of the State to deliver the desired quality of the roads and to maintain it till the time it is really required by the villagers in future.

Completion of balance works of old phases:

9. The Committee observed that the State has yet to complete 2,048 Road works out of the sanctions issued till March, 2011. The State informed that these incomplete works are basically in the LWE districts and the contractors have either left the work incomplete or not responding to the tenders. As deterrence, the State has terminated about 150 contracts.

The Secretary advised the State that instead of waiting for the contracts to come upto such unpleasant ending, the Executives should proactively anticipate the problems to be faced by the contractors and resolve in consultation with the seniors.

The Secretary advised the State to explore the possibility in LWE blocks of providing gravel road along with cross drainage works (Stage-A construction) wherever it is not possible to provide black top road. Whenever the situation improves, the State may come with the proposal for black topping (Stage-B construction) in future.

Contractor outreach conference in the State:

10. The Secretary stated that unless the State enhances its contracting capacity and executional capacity of the contractors, the desired progress with respect to speed and quality cannot be achieved. Hence the Secretary asked the Joint Secretary to visit Odisha along with his team to have meeting with the State officials and the contractors to discuss and resolve various issues being faced by the State preferably before August end.

Action : Dir (P-I), NRRDA/State

Quality assurance by the State:

11. Dir (P-III) brought out that the quality assurance by the State is in a bad shape. As per PMGSY guidelines, each work should be inspected at least three times by the SQMs but on average it is being inspected only once. Though the State has engaged 35 SQMs, they are not being fully utilised.

The NQM quality trend presented by Dir(P-III) is as under:

Period	Completed Works			Ongoing Works			ATRs Position	
	T	U	U%	T	U	U%	Required	Submitted
Apr'11 – June'11	11	1	9%	14	4	29%	13	8
July'11 – Sep'11	10	2	20%	45	10	22%	36	28
Oct'11 – Dec'11	20	2	10%	37	7	19%	28	20
Jan'12 – Mar'12	18	1	6%	46	12	26%	34	22
Apr'12 – June'12	15	1	7%	66	21	32%	33	24
July'12 - Sept'12	15	0	0%	54	9	17%	37	22
Oct'12-Dec'12	13	2	15%	62	20	32%	49	25
Jan'13-Mar'13	20	2	10%	54	13	24%	41	10
Apr'13- June'13	1	0	0%	64	13	20%	33	5
Total	123	11	9%	442	109	25%	303	164

During the previous financial years 2011-12 and 2012-13, the NQMs have reported Unsatisfactory works of 9% and 25% respectively for completed and ongoing works inspected by them which is on the high side.

JS asked the State to send the SQM inspection programme for the works in hand.

Institutionalisation of Quality Monitoring:

12. The Secretary asked the State that in addition to SQMs engaged for second tier quality monitoring, it should also institutionalise the quality monitoring in some selected districts. The State agreed to send its plan to institutionalise the quality monitoring before clearance and will establish the same in some selected districts before issue of tender of present proposal.

5-year maintenance component in the proposal:

13. Director (P-I) intimated that the State has included 5.3% as the 5-year maintenance component in the proposal. The Secretary asked the State to re-estimate the maintenance component as per Annexure to the Chapter 14 of the Operations Manual.

Maintenance of rural road infrastructure:

14. Dir (P-III) presented the maintenance of roads under 5-year Maintenance contract as under:

Period	Total Inspections	Proper Maintenance	Low Maintenance	No Maintenance
Dec'07- Mar'10	664	246 (37%)	292 (44%)	126 (19%)
Apr'10 – Mar'11	184	61 (33%)	78 (42%)	45 (24%)
Apr'11 – Mar'12	112	50 (45%)	43 (38%)	19 (17%)
Apr'12 - Mar'13	177	80 (45%)	77 (44%)	20 (11%)
Apr'13 – May'13	17	7 (41%)	7 (41%)	3 (18%)
Total	1154	444 (39%)	497 (43%)	213 (18%)

Also the Dir(P-I) presented the status of maintenance fund utilization by the State as under:

<i>Rs. In Crores</i>					
Sl. No.	Financial Year(s)	Maintenance Funds Required (as per contracts)	Actual release to SRRDA	Expenditure by SRRDA during the Financial Year	% Expenditure w.r.t fund required
1	2	3	4	5	6
1	2010-11	20.68	25.00	32.16	129%
2	2011-12	30.00	30.00	27.80	93%
3	2012-13	40.00	40.00	35.48	89%
Total:		90.68	95.00	95.44	100%

The Committee observed that though the State has spent maintenance funds, it did not maintain rural road infrastructure as per the requirement on maintenance of roads constructed under PMGSY as NQMs have reported only 40% roads properly maintained. The Committee desired that the State Government's attention be drawn to the provision of para 17.1 of PMGSY Guidelines regarding maintenance which states that *'the putting in place of institutional measures to ensure systematic maintenance and providing adequate funding for maintenance of the rural Core Network, particularly the Through routes, will be key to the continuance of the PMGSY programme in the State'*. The Committee desired that the State Government may be reminded that PMGSY roads are not mere construction projects to be executed so as to achieve physical and financial progress. Rather, they are inputs into the poverty reduction strategy and their continued existence for atleast 10 years was essential to achieve the intended objective. The State Government would be doing itself and the people of the State a great disservice if they constructed roads of poor quality and then also did not spend money on maintaining it, because the net result would be bad roads or no roads at all after a short period of time and the opportunity to use the road infrastructure to deliver services for poverty reduction would have closed prematurely.

Utilization of marginal materials in the road works:

15. Director (Tech) intimated that the State has not included any proposal with the usage of marginal materials such as fly ash, iron slag etc. Also there is no proposal with using R&D such as soil stabilisation, roller compacted concrete, cell filled concrete, cold emulsion technology etc.

The Secretary asked the State to include above technology in at least 10% of the road works in present proposal in some part of the roads.

PCI data entry on OMMAS:

16. The State informed that it has carried out PCI data entry for all the PMGSY roads on OMMAS. The Secretary asked the State to carry out this exercise for non-PMGSY roads also.

Financial closure of the completed works:

18. The Secretary observed that the State is yet to financially close 1,100 works which is basically on account of pending final bill clearances. The State agreed to financially close about

50% completed works before August end and remaining by September, 2013 for the works completed before 31st Dec, 2012.

Award of works cleared on 19th Feb, 2013:

19. Secretary asked the State to award at least 75% of works cleared on 19th Feb, 2013, before issue of tender for the present proposal.

Accounting issues:

19. Dir (F&A) informed that the State has 100% tallied its accounts for year 2011-12 as well as 2012-13 on OMMAS. The State agreed to address other identified accounting issues.

20. Recommendations of Committee:-

The Empowered Committee recommended to clear the proposals for the new connectivity under ADB RCIP Tr-II and LSB as given in para 2 above subject to the meeting of the following requirements:-

(i) Before clearance :

(a) The State will comply and update the details on OMMAS as per following timeline:

S. No.	Item description	Target date
1	Updation of habitation details including leftout habitations as per Cabinet decision.	Before sending compliance of this Minutes for clearance of proposal
2	Mapping of Habitations with proposal	
3	Proposal Module of all previous clearances shall be updated including complete data entry, with habitations sanctioned road wise, as per clearance letters issued by Ministry and online scrutiny by STAs.	
4	The State will make required entries of proposed roads for dropping on OMMAS.	
5	The State will upload ATR for the period upto September 2012	
6	The State will reduce the data gap in clearances to "Nil" and other figures of progress not more than 3%.	
7	The State will send certified accounts for the year 2011-12 as per OMMAs duly tallied with Audit Report.	
8	The State will financially close about 50% completed works completed before 31st Dec, 2012.	

(b) The State will send the PIU-wise work-load after considering the present proposal and its strategy to handle the workload efficiently.

(c) The State will send its plan to increase its PIU strength to 70 PIUs including CPSUs strength.

- (d) The State will explore the possibility of providing gravel road along with cross drainage works (Stage-A construction) wherever it is not possible to provide black top road and send its proposal to NRRDA with copy to MoRD.
- (e) State will send the abstract of balance length of new connectivity yet to be sanctioned excluding the present proposal duly signed and its road-wise details in soft copy for reference.
- (f) The State will update the Proposal and Progress Modules on OMMAS and send the MPR as per OMMAS data.
- (g) The State will send the SQM inspection programme for the works in hand and its plan to institutionalise the second tier quality monitoring.
- (h) The State will re-estimate the maintenance component as per Annexure to the Chapter 14 of the Operations Manual.
- (i) The State will include at least 10% proposals with R&D and with usage of new technology in present proposal in some part of the roads.
- (j) The State will organise a Contractor Outreach Conference in the State.

(ii) Before tendering of present proposal:

- (a) The State will comply and update the details on OMMAS as per following timeline:

S. No.	Item description	Target date
1	The State will upload ATR for the period upto Dec, 2012	Before issue of tenders for present proposal
2	The State will send certified accounts for the year 2012-13.	
3	The State will carry out PCI data entry for all the non-PMGSY roads on OMMAS.	
4	The State will financially close all works completed before 31st Dec, 2012.	

- (b) The State will increase its PIU strength to 70 PIUs including CPSUs strength.
- (c) The State will award at least 75% of works cleared on 19th Feb, 2013.
- (d) The State will institutionalise the second tier quality monitoring in selected districts.
- (e) The State will address identified accounting issues and send its status.
- (f) The State will publish Road List including maintenance expenditure.

The meeting ended with thanks to the Chair.
