

No.T-701/3

24 Jan 11

To all beneficiaries of Bhubaneswar (Ph I) housing project

**Sub : CGEWHO's Bhubaneswar (Phase-I) project**

Sir/ Madam,

This letter is being written to you being the beneficiary of the project to update you regarding the present status of your project. The salient issues are dealt in succeeding paragraphs :

**2 Reason(s) for delay in the execution of project:**

Though the scheme was announced on 31.01.2007 and the building plans were approved by Bhubaneswar Development Authority on 31.03.2008, the project could not commence immediately after the approval of plans since the project site was flooded due to heavy rain fall in that area during the monsoon. The site activities were started on 12.12.2008 after dewatering and removal of loose soil/slush at the project site. Moreover, the local authority has stopped the site work from 11.00 am to 3.30 pm during summer season due to hot climatic weather successively 2 years, i.e. 2009 & 2010. Heavy rainfall in the year 2009 during monsoon and subsequent flooding at site also stopped the site activities for 2 months. We have also faced some labour problems as well as local disturbances which was sorted out and expedited towards mobilization of manpower. Hence, during such periods, all the site activities had literally stopped. The delay mentioned as above 4 months for heavy rainfall & flooding of site and 4 months for hot climatic weather is totally unforeseen and beyond the control of CGEWHO.

**3. Increase in Costs** - The increase in the cost as informed to you vide our letter dated T-701/3 dated 17.05.2010, consists of two major components as under:

(i) **Due to Increase in Areas** - The scheme was announced with the area and cost as tentative and subject to revision which was indicated in the scheme brochure. During planning, there was an increase in the area which resulted in increase in the announced cost.

(ii) **Due to escalation** - Over and above the area increase, there was an increase of approx. 28% on the labour and material component to be paid to the construction agency as per escalation clause based on the clause 10 cc of CPWD. Also there is increase in prices of steel and cement on the pre-determined recovery rates of the contract. The escalations were calculated in the month of Apr '10 taking into consideration the approx. escalation prevalent at that time and the same was intimated to the beneficiaries with an option to withdraw from the scheme without charging of the 'cancellation charges'. Considering the above increase, the estimated cost was intimated to you vide our letter no.T-701/3 dated 17.05.2010. The salients are as under:

Type of DU	Announced areas (Sft)	Finalized Built-up areas (Sft)	%age increase	Announced cost (Rs.In lacs)	Adjusted announced cost as per final areas (Rs. In lacs)	Anticipated escalation on material & labour (Rs. In lacs)	Total revised cost (Rs. In lac)
A	550	582	5.82%	6.98	7.39	1.89	9.28
B	1000	1081	8.10%	12.70	13.73	3.52	17.25
C	1200	1377	14.75%	15.22	17.46	4.48	21.94
D	1400	1677	19.79%	17.76	21.27	5.45	26.72

The actual costs shall be worked out on completion of the project and charged accordingly.

4. **Quality -**

- i. As per the requirements from certain beneficiaries, a decision was taken to purchase steel only from main manufacturers i.e. M/s TATA Steel, M/s SAIL or M/s RINL. Though the above decision has increased the cost of the project, considering the advantage in the quality of the construction, it is to inform you that the above additional expenditure is worth its cost.
- ii. The College of Engineering & Technology, Bhubaneswar has been appointed as Proof Consultant for the project to check all structural drawings before implementation at site as well as other provisioning towards development works of the project. The concerned Professors visit the site frequently to have a proper check on quality of works being executed as well as conformity to the drawings.

5. **Expected Completion** – Undoubtedly there has been a delay in completion of the project due to the situations beyond the control of CGEWHO, as stated in para 2. All efforts are being made to complete the project in minimum possible time and the project is being monitored regularly by officers of CGEWHO as well as officials of Ministry of Housing & Urban Poverty Alleviation. Considering that the Project Monitoring Committee shall be in position shortly, it will give further impetus to the project. Based on reasons given at para 2 above and considering the completion period of 30 months from commencement of construction taken as date of second instalment, i.e 06.10.2008 (as defined in the scheme brochure) the project is to be completed by **April '11**. However, based on present status of the project and considering the physical and financial progress, it is expected that the project shall be completed by **Oct '11**, thus making a delay of 6 months.

6. **Option of withdrawal** – Notwithstanding, if any beneficiary still feels aggrieved and wishes to withdraw from the scheme he/ she may do so and the organization will not charge any 'withdrawal charges' and amount deposited by the beneficiary will be refunded along with interest @ 6.5% (which is the average term deposit rates of our banker) from the date of deposit till payment to the beneficiary, as a special case. This option will remain open for 45 days from the date of issue of this letter. Beneficiaries choosing to withdraw should forward the following :

- i) Request for withdrawal ;
- ii) Original Allotment Letter
- iii) Original Payment Receipt (s)
- iv) Duly-stamped and discharged Pre-Receipt (Proforma available in the CGEWHO BROCHURE).

Yours faithfully,

M K Maity  
Dy Director (Admn)  
For Chief Executive Officer