

No.WQ-11017/1/ 2015-WQ (Part-1)
Government of India
Ministry of Drinking Water & Sanitation


4th Floor, Paryavaran Bhavan
CGO Complex, Lodhi Road
New Delhi – 110 003
Dated : July 24, 2015

OFFICE MEMORANDUM

Subject: Minutes of the 5th Meeting of the Standing Committee to consider project cost over-run and time over-run of RCCE proposal from Lakshadweep Islands regarding setting up of 6 Nos. of Low Temperature Thermal Desalination (LTTD) Plants – reg.

The undersigned is directed to forward herewith the minutes of 5th meeting of Standing Committee to consider project cost over-run and time over-run of RCCE proposal from Lakshadweep Islands regarding setting up of 6 Nos. of Low Temperature Thermal Desalination (LTTD) Plants , held under the chairmanship of Joint Secretary (Water) on 15th July, 2015 at 1100 Hrs. in Meeting Room of JS (Water), 4th Floor, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi for kind information and necessary action.

Encl: As above


24/7/15
D. Rajasekhar
Deputy Adviser (WQ)
Tele No.24361656
Fax No.24364113

To

1. The Administrator, UT of Lakshadweep Islands, Kavaratti.
2. Secretary, Ministry of Finance, Deptt. Of Expenditure, North Block, New Delhi
3. Secretary, Ministry of Statistics and Programme Implementation, Sardar Patel Marg, Parliament Street, New Delhi
4. Secretary, Ministry of Earth Sciences, Prithvi Bhawan, Lodhi Road, New Delhi
5. Joint Secretary (UT), Ministry of Home Affairs, R.No.197-B, North Block, New Delhi
6. The Director, National Institute of Ocean Technology, Velachery – Tamabaram Road, Chennai.

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7. Adviser (Water Resources), Niti Ayog, New Delhi
8. Addl. Adviser (WR), MoDWS, New Delhi
9. Director (Water) MoDWS, New Delhi
10. Director (Water), Niti Ayog, New Delhi
11. Shri A.K. Singhal, Addl. Chief Adviser (Cost), O/O Chief Adviser (Cost), Deptt. of Expenditure, Ministry of Finance, 'C' Wing, Lok Nayak Bhawan, Khan Market, New Delhi.
12. Shri Y.N. Khare, Dy. Adviser (SP-LO), Niti Ayog, New Delhi
13. Shri P.K. Jha, Dy. Adviser (RD), Niti Ayog, New Delhi.
14. Dr. Arunish Chawla, Joint Secretary (PF-II), Ministry of Finance, Deptt. of Expenditure, R.No.161, North Block, New Delhi.
15. Dr. SVS Phani Kumar, Scientist-E, National Institute of Ocean Technology, Velachery, Tambaram Road, Pallikaranai, Chennai - 600100
16. Ms. Pratima Gupta, Director (Finance), MoDWS, New Delhi
17. Dr. Vijay Kumar, Director, Ministry of Earth Sciences, Prithvi Bhawan, Lodhi Road, New Delhi
18. Ms. Swati Singla, Asstt. Director, Ministry of Finance, Deptt. of Expenditure, North Block, New Delhi.
19. Shri Asar Pal Singh, Addl. Resident Commissioner, UT Lakshwadweep Administration, Chanakyapuri, New Delhi - 110001
20. Dr. R.K. Ingle, Professor, VNIT, Nagpur

Copy for information to:

1. PPS to Secretary (DWS)
2. PS to JS (Water), MoDWS, New Delhi

Minutes of the meeting of the 5th Standing Committee held on 15.07.2015 to consider project cost over-run and time over-run - regarding.

The Standing Committee meeting was held at 1130 Hrs. on 15.07.2015 under the chairmanship of Joint Secretary (Water) in the meeting hall of JS (Water). The officers present in the meeting are at **Annexure - I**:

Joint Secretary (W) gave a brief background for the instant meeting in connection with the establishment of 6 no. of LTTD Plants in Lakshadweep Island as below:-

The first LTTD plant with a capacity of 1.0 lakh litres per day installed in May, 2005 by NIOT was on experimental basis with their own funds. The capital cost incurred was Rs.4.96 crore which did not include shipping charges and other administrative expenses of NIOT.

Planning Commission gave in principle clearance for installation of all 8 LTTD plants one in each island in a phased manner in March, 2006 and released Rs.26.6 crore at a unit cost of Rs.9.88 crore.

In Phase-I of the project two plants were installed at Agatti and Minicoy Islands. In Phase-II for setting up of 6 plants in 6 other Islands, EFC for Rs.125 crore has been sent by LA in May, 2011 which was considered by this Ministry and approved by the Ministry for 99 crore on 11.07.2012 after one year of the submission of the proposal. This could not be implemented after the contractor KCIL refused to undertake the project at Rs.99 crore as approved by GOI and approval for extension of time was not considered by GOI. As the approval has become infructuous, LA had prepared a fresh EFC proposal for Rs.180 crore in November, 2013. Instructions regarding setting up of Standing Committee on RCCE proposals were to be complied with. Accordingly, the Standing Committee was constituted under the chairmanship of JS (Water). The Committee had 4 meetings and in the 4th meeting in September 2013, the Committee made a view that the Time and Cost over-run are due to reasons beyond the control of any functionary and recommended for processing the proposal, as drinking water is an urgent need of the Islands.

The recommendations of the Committee were placed before the meeting taken by Secretary (DWS) on 13.12.2013 wherein Secretary decided that the new project proposal in

EFC Memo submitted by Lakshadweep Island will be considered only after LA furnishes/fulfils certain queries enumerated therein (16 nos.) LA furnished most of the clarifications (except three) on the observations made by Secretary (DWS) on their EFC proposal for 181 crore forwarded by MHA. Ministry after initial examination of the proposal decided to constitute a Technical Committee in December, 2014 of the representatives of MDWS/NIOT/NIT who shall examine the techno- economic aspects of the proposal and thereupon the Standing Committee shall examine their reports.


The Technical Expert Committee submitted the Minutes of the meeting held on 11th June, 2015 and recommended the proposal at a further revised cost of Rs.280 crore. As per the decision of Secretary (DWS), the Committee's recommendations were to be checked again by the Standing Committee headed by JS (Water) with the representatives of Niti Ayog, MHA and MoF and in the above back drop, the present meeting has been called for. Accordingly, the Standing Committee met on 15.07.2015 for consideration of the report of the Technical Expert Committee.

The Committee noted that Lakshadweep Administration vide their letter No.106/14/2014-53/1030, dated 23.06.2015 submitted EFC Memo for installation and commissioning of 6 LTTD plants in Lakshadweep Islands at an estimated cost of Rs.280 crore. Joint Secretary (Water) requested the representative of NIOT to make a presentation of the revised cost estimate. The representative of the NIOT made a presentation on the revised cost estimate. It was noted that the cost of the installation of LTTD plants has varied due to various factors, viz. (1) Cost of the LTTD plants vary from Island to Island 2) the cost will not be the same as that of LTTD plant commissioned at Agatti and 3) the cost has increased due to high rate of inflation. After detailed discussions, following decisions were taken:

- 1) During the discussions, it was pointed out that Department of Expenditure has delegated more powers to the administrative Ministries. The proposal may come within the purview of MHA which is the Administrative Ministry for all UTs including Lakshadweep Islands. As such, it was suggested by the Committee that a letter may be sent to MHA and Department of Expenditure in this regard to find out who should chair the EFC/SFC.

- 2) Further, the Standing Committee noted that the Lakshadweep Administration have not furnished clarifications for 3 out of 16 queries made by the Ministry while considering the proposal. Addl. Resident Commissioner of LA who was present was requested to arrange expediting the remaining queries in this regard.
- 3) The Committee noted that the cost estimation is rather high and needs justification. The Committee advised UT to make a comparative justification for high cost escalation of the Project from initial approved amount of 99 crore in 2012 to Rs.181 crore in 2013 and now to 280 crores with detailed reasons for escalation of cost with reference to major items like cement, steel, concrete, cold water pipe and mechanical equipments.

It was decided to meet again once the reply to MHA, reply from LA on 3 queries and comparison of cost from Technical Committee is obtained.
The meeting ended with a vote of thanks to the Chair.


24/7/15

डी. राजशेखर / D. RAJASEKHAR
उप सलाहकार (ज.गु.) / Deputy Adviser (WO)
पेय जल और स्वच्छता मंत्रालय
Ministry of Drinking Water & Sanitation
भारत सरकार / Govt. of India
नई दिल्ली / New Delhi-110003

Annexure - I

Ministry of Drinking Water & Sanitation

1. Shri Satyabrata Sahu, Jt. Secretary (Water)
2. Shri D. Rajasekhar, Dy. Adviser (WQ)
3. Ms. Pratima Gupta, Director (Finance)
4. Shri K.N. Reddy, Under Secretary (WQ)

NITI Ayog

1. Shri Y.N. Khare, Dy. Adviser (SP-LO)
2. Shri P.K. Jha, Dy. Adviser (RD)

Ministry of Finance (Deptt. Expenditure)

1. Ms. Swati Singla, Asstt. Director

Ministry of Earth Sciences

1. Dr. Vijay Kumar, Director,

Lakshadweep Island

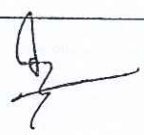
1. Shri Asar Pal Singh, Addl. Resident Commissioner

NIOT

1. Dr. SVS Phani Kumar

VNIT

1. Dr. R.K. Ingle, Professor, VNIT, Nagpur

10	Dr R K INALE Dept of A.M, VMIT MAAPVR SOUTH AMBAZARI RD, MAAPVR KHUVI O	rkingle@rediffmail.com	RKM
11	D. Rajasekhar DACWOS MDWS		
12	KN Reddy US(WR), MDWS.		
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