

Speed Post 705

**M.P.POORV KSHETRA VIDYUT VITARAN Co. Ltd.,
BLOCK-7, 3RD FLOOR, SHAKTI BHAWAN, JABALPUR.**

No. EZ/CE/W&P/RGGVY/ 5215

Jabalpur dated 19/7/10

To,

M/s GVPR Engineers Ltd.,
Pavani Estate, 5th Floor,
Road, No. 2, Banjara Hills,
Hyderabad

**Sub: Termination of Contract under clause 43 Contractor's Default" of
General Terms & conditions of the Contracts.**

- Ref: 1. T.O. Contract award no. DISCOM/EZ/08/RGGVY/06/Lot-III(Umaria)
/ORD/2409 dtd. 21.04.09 for Umaria district.
2. T.O. letter no. EZWS/SE/RE/RGGVY/5552 dtd. 19.09.09
3. T.O. letter no. EZWS/RE/RGGVY/6114 dtd. 16.10.09
4. T.O. letter no. EZ/SE/RE/RGGVY/6519 dtd. 6.11.09
5. T.O. letter no. EZWS/RE/RGGVY/373 dtd. 19.01.10
6. T.O. letter no. EZWS/RE/RGGVY/1087 dtd. 20.02.10
7. Your letter no. GVPR/MP/RGGVY/2010/403 dtd. 04.03.10
8. Your letter no. GVPR/MP/RGGVY/2010/2003 dtd. 20.03.10
9. T.O. lette: no. EZWS/SE/RE/RGGVY/2806 dtd. 28.04.10
10. T.O. letter no. EZ/CEW&P/RGGVY/3547 dtd 21.05.10
11. Your letter no. GVPR/MP/UM/RGGVY/1606 Dt. 15.06.10

Dear Sir,

Please refer above cited award of contract for Design, Manufacture, Pre-dispatch Inspection & Testing, Dispatch, Supply, Transportation, Insurance, Receipt, Storage, Erection, Testing and Commissioning of Materials for Construction of New 11 KV line, LT line, 25 & 16 KVA, 11/0.4 KV Distribution substations and Extension of Service Lines including house wiring for BPL house holds in Umaria District under RGGVY projects on total Turnkey basis under TS no. DISCOM/EZ/08/RGGVY/06/LOT-III, Opened on dated 29.7.08. Physical parameters and cost of award is as under:-

LOA details	No of villages Covered	11 KV Line (Km)	LT Line (Km)	Amount Rs. In Crores		Cost of Award Supply+ Erection	
				15 KVA DTR (No)	25 KVA DTR (No)		
DISCOM/EZ/08/RGGVY/06/Lot-III(Umaria) /ORD/2409 dtd. 21.04.09	566	270	334	21	505	27871	23.20

You had executed the contract agreement on dated 21.05.09 and submitted the performance guarantee in the form of BG amounting to Rs. 3,48,04702/- (in word Rs. Three crore forty eight lakhs four thousand seven hundred two only). Further, you had also submitted the BGs for mobilization advance payment (15% supply and 10% erection components) for amount of Rs 3,39,60,295 (in word Rs. Three crore thirty nine lakhs sixty thousand two hundred ninety five only) and accordingly advances were released to you.

2. In accordance with contract condition and the PERT chart of work plan submitted by you, completion period of work is up to Nov-10 in phase manner.

But progress of dispatch of material at your site stores and erection activities are not as per above PERT chart as on May'10.

3. On review of progress it was noticed that you have not initiated the actions such as offering of material for inspection, procurement of material and commencement of erection activity. During the various meetings held in this office you were advised to accelerate the activities for execution of works. Looking to poor progress, a notice was issued vide no EZWS/RE/RGGVY/373 dated 19.1.10 to you for above mentioned lapses as per provision of contract. Another notice was issued vide this office No. EZWS/RE/RGGVY/1087 dated 20.2.10. In response to above notices it was intimated by you vide letter no. GVPR/MP/RGGVY/2010/403 dated 4.03.10 that 4 gangs in Umaria District have been already mobilized and you are planning to increase the labour to speed up erection activity to meet the erection target. In spite of above commitments, progress of Umaria district continued to remain poor.

4. To decide the further strategy to expedite the work of Umaria district along with other districts a meeting was called in this office on 23.04.10 and the target for erection of 400 poles per week was fixed as per commitment given by you. The same is communicated to you vide this office no. 2806 dated. 28.04.10. The progress of Umaria district during the period from 24.04.10 to 21.05.10 clearly indicates that in spite of your specific commitment, performance has not improved. The details are as shown below:-

Name of District	Name of Contractor	Period	Target for Pole Erection	Achievement	% Achievement
Umaria	GVPR Hyderabad	24.04.10 to 21.05.10	2000 Nos	131 Nos	6.55%

5. On review of the progress of Umaria district in respect of stipulated milestones in line with TS, the progress as on 21.05.10 is shown below:

Completion of 10% qty of total villages		Placement of orders for major materials		Completion of dispatch of 75 % (value wise) major material	
No. of targeted village	Target date	Progress as on 21.5.10	Target date	Achievement	Target date
57 Nos.	20.05.10	Nil	20.11.09	Order for meter & DTR not placed so far	20.5.10
					7.15% value of major material

6. Further, looking to repetitively poor progress against PERT chart submitted by you, milestones fixed in the contract and target committed by you, final notice for termination of contract is issued vide this office No. EZWSM&P/RGGVY/3547 dated 21.5.10 as per clause no. 43.1 of Section GCC of TS. As per provision of above clause contract is liable for termination after 30 days from the date of receipt of final notice. In response to above, you have submitted the reply to above notice vide your letter no. GVPR/MP/UM/RGGVY/1606 Dt. 15.06.10. We have considered all the points raised by you in the reply & our observations to these points are as follows:

(i) **Pt. no. 1: Delay in issuing of LOA:** As per clause no. 10.2 of Sec- INB of TS you were requested to extend the bid validity period time to time and you have extended the same. Accordingly, the LOA was issued as per your unconditional acceptance of T.O. LOI no. 1532 dated 28.02.09. However, price variation clause for major material is provided in TS to meet the price hike of major materials.

(ii) Pt. no. 2: Delay in approval of survey drawings: The reasons submitted for delay in approval of survey drawings are denied.

Pt. no. 2.1: You have completed survey of all the villages and submitted survey drawing for 39.22% villages. Further 19.37% estimates against the approved drawings are submitted. Against this, EZ company has approved 86% survey drawings and 91.89% estimates.

Pt. no. 2.2: You were advised to resurvey, as you have not carried out the survey in accordance to clause no. 1.0 of Sec. GCP Vol.-II of TS. As per above clause the contractor is required to carry out the survey for existing as well as proposed 11Kv line and survey should be GPS based. If you would have completed survey in line with above clause, the details of villages covering 5000 population/ PHC/Higher Secondary School & High School would have been available.

Pt. No. 2.3: Since you have not carried out the survey as per clause no. 1.0 of Sec. GCP Vol.-II of TS, hence you were instructed for resubmission of revised drawings & estimates.

Pt. No. 2.4: It is denied. As per EE (O&M), Umaria, you have carried out survey of 5 feeders only and all the estimates of above feeders were sanctioned.

Pt. No. 2.5: It was already instructed in meeting held in this office on dated 22.05.09, that majra tolas having less than 100 population shall not be covered.

Pt. No. 2.6: As per Pt. no. 2.2.

Pt. No. 2.7: As per Pt. no. 2.2.

(iii) Pt. no. 3: Delay in Vendor & drawing approvals: The vendors and drawings were approved as and when applied by you normally within scheduled time. A statement in this regard is enclosed for your ready reference, which would reveal that there was no delay as alleged.

(iv) Pt. no. 4: Approval of only 2 vendors for supply of Distribution Transformers as per 11th Plan: At present there are 4 vendors approved for supply of DTRs in line with TS. The other vendors applied by you are not approved as they have not submitted the type test reports in line with TS.

(v) Pt. no. 5: Very few vendors approved for supply of BPL meters: There are 6 nos. vendors approved for supply of energy meters at present. Approval for vendors were processed as per technical specification of TS.

(iv) Pt. no. 6: Delay in Material Inspection: You have stated that inspections carried out by third parties took lot of time, which is denied. The time taken by third party for inspection of material is normally within prescribed time limit.

(vii) Pt. no. 7: Additional Works:

(a) Replacement of work of conductor: You have stated that you were instructed to do the replacement work of present conductor line with AB cable. This point is denied as the replacement of conductor is not in the scope of the award.

(b) Works by other agencies: You have stated that after survey you came to know that few of villages allotted to you are covered under different schemes and you have dumped the poles in these villages. The electrification work of villages is also sanctioned in other schemes. You were required to transport poles after the sanction of estimates. Although, to avoid the repetitive pole dumping work in the villages you should have taken approval for commencement of work from concern SE (O&M)/ CEO (RGGVY) prior to pole dumping in villages.

(c) Construction of Double pole structure in place of Single pole tapping: It is denied. The single point tapings arrangement is to be provided only where double pole tapping is not possible and the provision of double pole structure is already in LOA.

(d) Material inspection at site stores: For getting timely inspection of material at site stores, the procedure for inspection of material has been circulated by this office vide no.6578 dt. 9.11.09, in which it is mentioned that if the concern CEO fails to inspect the material within 7 days from the date of inspection call, contractor is free to utilize the material.

(e) Supply of Poles: The fact is denied. The details mentioned in letter are not known to this office.

(f) Supply of Pole Mounting Distribution Box: You have stated that you have ordered some 5000 pole mounting distribution box and subsequently you were informed that the design is changed. You have not taken approval of vendor/ drawing from this office before placing orders for supply of pole mounted distribution box.

(viii) Pt. no. 8: Present Status of material: You have mentioned that all the materials except energy meters have been procured by you, but the procured quantity is very meager. Further the DTRs have also not been procured by you. The details of material procured by you up to 21st May-10 is as given below:

Sl No	Material	Qty as per provision in LOA	Qty procured by contractor
1	PCC Poles	10770 Nos	1800 Nos
2	AAA Rabbit Conductor	837 Kms	84 Kms
3	LT AB cable	344 Kms	34 Kms
4	Pin Insulator	8607 Nos	861 Nos
5	Disc Insulator	2592 Nos	778 Nos
6	Distribution Transformer	526 Nos	Nil
7	Energy Meters	27871 Nos	Nil

However, there is no improvement shown by you for procurement of materials as on date.

7. From the foregoing paras, it is evident that you have failed in complying with the contractual terms and conditions on account of non execution of works as per specific target committed by you attracting action against non performance and default in contract. Kindly note that the contract-in-question is of vital public importance & the non-performance thereof is affecting public interest. Accordingly, as per clause number 43.0 "Contractor's Default" of Sec-GTC of TS no. DISCOM/EZ/08/RGGVY/06/LOT-III, Opened on dated 29.7.08, the contract award no. DISCOM/EZ/08/RGGVY/06/LOT-III, Opened on dated 29.7.08, dtd. 21.04.09 for Umara district issued in your favour is hereby terminated with immediate effect on account of your default.

8. This is also informed that the action as per clause 43.1 of the General Terms & Conditions of captioned T.S. is being taken to get work completed by another agency at your risk and cost. Any extra cost shall be to your account and shall be payable by you, which may please be noted. Further, as per clause number 15.2 of Sec-GTC of captioned T.S., liquidity damages at 5% of non executed portion of contract shall also be payable by you. In addition to above, the BGs submitted by you towards various securities of the contract are here by forfeited.

9. In view of the above, the company has started the proceedings as per clause number 39.3 of Instruction to Bidder of the Tender Specification number DISCOM/EZ/08/RGGVY/06/LOT-III, Opened on dated 29.7.08, to encash the Bank Guarantees submitted by you against the performance guarantee, mobilization advance payment (15% supply and 10% erection components) amounting to Rs. 6,87,64,997/- and take action for recovery of the balance amount as per law of land and provisions in the contract.

Encl:- As above.


Chief Engineer (W&P-EZ)
M.P.P.K.V.V.Co.Ltd., Jabalpur

Copy to:

1. The Chief Engineer (JR/SR/RR), M.P.P.K.V.V.Co.Ltd., Jabalpur/ Sagar/ Rewa.
2. The General Manager (RGGVY), M/s REC Ltd., Core-4, SCOPE Complex, 7-Lodhi Road, New Delhi 110 003.
3. The Asst. General Manager, Rural Electrification Corporation Ltd, Project Office (MP & Chhatisgarh), E-3/15, Aera Colony, Bhopal- 460 016.
4. The Additional Director (Fin-EZ/ Accounts-EZ), MPPKVVCL, Jabalpur.
5. The Superintending Engineer (O&M)/CEO, M.P.P.K.V.V.Co.Ltd., Shahdol.
6. The Executive Engineer, (O&M), MPPKVVCL, Umaria.
7. The R. A.O. MPPKVVCL, Sidhi.
8. The PS to CMD (EZ), Jabalpur

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