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## Sea link contractor seeks anotehr Rs 680 cr for overheads in project

Chittaranjan Tembhekar, TNN, Aug 3, 2010, 04:22am IST

MUMBAI: The HCC, which built the Bandra-Worli sea link after winning the contract in 2000, has written a letter to the Maharashtra State Road Development Corporation (MSRDC), demanding Rs 648 crore against expenses incurred on additional overheads, including finance cost (Rs 371 crore), idling or underutilisation of equipment and manpower put on the job (Rs 255 crore), and additional cost related to temporary works (Rs 22 crore).

Though the sea link was commissioned in June last year, HCC is still on the job as it has to take care of `defect liability' for five years. HCC's letter seeking compensation also included insurance against terror attack and royalty. The letter says the major reasons for the delay in the project, which are not attributable to the contractor, included frequent disruptions due to agitations and PILs by environmentalists and fishermen, demand by Worli Sea Face residents to shift the Worli connector and delay in handing over of the jetty.

The BWSL is the world's 8th mega infrastructure project which has run into cost overruns by a whopping 125% of the initial project cost.

A book 'Megaprojects and Risk, an anatomy of ambition', published by Cambridge University Press and authored by international infrastructure experts Bent Flyvbjerg, Nils Bruzelius and Werner Rothengatter brings out the list of cost escalations in several mega infrastructure projects due to various reasons such as underestimation, overestimated income, undervalued environmental impacts and overvalued economic development effect.

If considered, the earlier cost of Rs 650-700 crore of the sealink (including interests) while tendering it in September 1999, the cost overruns show more than 125% increase with the final cost of the project coming to around Rs 1,650 crore. Thus, if one goes by the list and if the BWSL project is included in it, the sea link stands 8th among top 10 projects which ran into cost overruns and if included the recent demand of HCC, it could be well around 250%. If added, the HCC's request for compensation of Rs 648 crore, the total cost of sea link would go up to Rs 2,298 crore.

When asked about this, MSRDC MD Sonia Sethi said discussions on the issue have been going on for long. "Our technical wing is examining the HCC request and based on it, decisions will be taken. We have asked the contractor to move the same proposal to Dar Consultants for scrutiny. We are awaiting the final scrutiny," said Sethi, reacting to the letter. According to her, the cost-overrun would be met when Reliance Infrastructure buys BWSL at around Rs 1,640 crore in order to build next link up to Haji Ali from Worli. As far as HCC's demand for additional Rs 648 crore is concerned, the decision is yet to be taken, she added.

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