**Liquidity Damage an amounting Tk 26, 87,40,0000 was not imposed on the contractor for non-completion of work after expiry of contract.**

The Project kicked off on July, 2014. After kick off, project authority submitted LA proposals for acquisition of 470 ha. of land in 7 Nos. LA case (LA Case No.: 05, 06, 07, 08, 09, 10 & 11/20/6-17). But due to ownership conflict of land in Haor area, Land acquisition process got bogged down. So the Land acquisition could not be completed as per original schedule of the project. It may be mentioned here that the design of the structure of the project and construction supervision of these structures was the responsibility of the consultant. The project authority was in immense pressure to reconcile the consultant activity schedule and project schedule and gear up the project the progress.

On the other hand people of the Haor is mainly farmer and is fully dependent on their agricultural land. Boro is their main crop. Pre-monsoon flash flood is the main enemy of the Boro crop. After the start of the project farmers demanded for immediate start of construction of submersible embankment for flood management followed by drainage. They spontaneously wanted to provide Land for infrastructure before Land acquisition. Through WMG they send resolution to provide land and requested start of the work as soon as possible. (Annex-I: WMG Resolution for Providing Land for Construction). Considering the farmer’s request and to reconcile project implementation schedule and consultant activity schedule authority with due approval from JAICA and Govt of Bangladesh (Annex-II: Approval of Annual Development Program) project authority proceeded to invite tender as per approved design and estimates and entered into contract before Land Acquisition have been fully completed. It was anticipated that Land acquisition would be completed soon. But concerned Land office could not complete the acquisition process in due time. Even after getting approval from the Prime Minister’s office they failed to disburse compensation to the land owner in due time.

But as it is mentioned in GCC 13.1 **“The PE shall give possession of the Site or part(s) of the Site, to the Contractor on the date(s) stated in the PCC. If possession of a part of the Site is not given by the date stated in the PCC, the PE will be deemed to have delayed the start of the relevant activities, and this will be a Compensation Event as stated under GCC Sub Clause 69.1(a).”** Due to delay in LA, possession in many parts of the site could not be given (Annexure-III: List of Site where works stopped due to Land Acquisition and other reasons).

Using their rights as per GCC clause 69.1(a) contractors claimed additional cost and time (Annex-IV: Schedule of Contractor’s Claims). Several negotiation meetings with the contractor was held and it was decided that as there are available time before project completion the contractors may allotted justifiable time extension without increase of any cost whatsoever. Realization of liquidity damage is not feasible. As a large number of new tendering process have to be initiated. New tendering process will hamper project progress substantially and additional cost have to be incurred due to new rate schedule (Annexure-V: Minutes of Claim Negotiation Meetings).

As per decisions of the negotiation meetings time for execution of works were extended as per GCC Clause 69.2 by the competent authority following the relevant clause of PPR 2008 and DOFP, 2018 of BWDB. The Contractors are executing the works following the extended time. As mentioned in *GCC clause 73.3* ***“Liquidated damage shall not be applicable in case of the Intended Completion Date is extended with justifiable ground”*** so no liquidity damage could be claimed. (Annexure-VI: Contractors Claims and Their Settlement, Annexure-VI: Approved Time Extension by competent Authority)

Under the above circumstances, these para may be considered settled.