**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.

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 Flood prevention and drainage structure. 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-1: WMG Resolution for Providing Land for Construction). Considering their request project authority proceeded to invite tender and enter into contract before Land Acquisition have been fully completed. It was anticipated that Land acquisition would be completed soon. However, due ownership conflict of Land in Haor area Land acquisition becomes very sluggish. On the other hand violating WMG resolution some farmer demanded compensation before work completion and stopped the work on site.

Meanwhile 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 (Annexture-2: List of Site where works stopped due to Land Acquisition).

Using their rights as per GCC clause 69.1(a) contractors claimed additional cost and time. 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. 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-3: Minutes of Claim Negotiation Meetings).

As per decisions of the negation meetings time for execution of works were extended as per GCC Clause 69.2. Contract execution followed accordingly (Annexture-4: Contractors Claims and Their Settlement)

Under the above circumstances these para may be settled.

Annexture-2: List of Site where works stopped due to Land Acquisition