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(ii) Cost has been estimated based on SOR January 2013 which needs to be updated to current SOR. The project authorities have added an escalation @ 7% for 3 years. Normally projects are sanctioned based on initial costs.

4. A power point presentation was made by ALHW before the Committee regarding different aspects of the project "Development of alternative/supplementary Sea Route to Baratang Islands". Thereafter the Standing Finance Committee discussed and considered the suggestions of Planning Commission and decided to recommend the project for approval for an amount of Rs. 4516.1 lakhs, without the provision of the escalation at the rate of 7% per annum provided in the estimate.

5. The project was recommended for approval with the following observations:

- (1) Project will be completed within 24 months instead of 36 months as mentioned in the proposal by taking all the components parallelly.
- (2) EPC model suggested by Planning Commission may be adopted, to the extent possible, to complete the works within 24 months and within the sanctioned cost. An incentive for early completion and penalty for delay should also be built up.
- (3) CE&A, ALHW mentioned that there is no dredger available in A & N Islands. Hence, mobilization and de-mobilization as well as selecting suitable agency may take considerable time. In response to this Secretary (S) suggested that the dredging may be carried out through Dredging Corporation of India (DCI) on a nomination basis.
- (4) Jetty & Navigational Aids may be taken up simultaneously on turnkey basis so that it can be completed within 24 months.
- (5) Andaman & Nicobar (A&N) Administration may explore the possibility of operating passenger ferry by private operators and encourage private participation in this sector. The Govt. vessels may also be operated under Public Private Partnership mode for better utilization and management as well as for revenue generation.
- (6) Different charges for Tourist & locals shall be encouraged where the tourist shall pay higher charges compared to locals.
- (7) A&N Administration may ensure that private parties involved in ferry operation and other activities shall ensure safety of passengers and vessels including compliance of relevant guidelines for shipping operation.
- (8) Bus service from Baratang to Diglipur for tourist as well as locals shall be encouraged. Private participation in this sector may also be encouraged.

The meeting concluded with the vote of thanks to Secretary (Shipping).

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