



Nepal Government  
Ministry of Physical Infrastructure and Transport



Department of Roads

Development Cooperation and Implementation Division  
Road Improvement and Development Project Directorate

Battisputali, Kathmandu



# Progress Review Meeting

February 7, 2023,  
Kathmandu, Nepal

# Contents of Presentation

- ❑ **Introduction**
- ❑ **Review of Previous LoCs**
- ❑ **Project Implementation Status/Progress**
- ❑ **Issues and way forward**

# Introduction

Upgrading/improvement of roads within the territory of Nepal with the financial assistance (loan) from the government of India (Exim Bank of India).

Started from F.Y.2064/65

## Phase-Three Phases of financial agreements

### **Phase - I**

Line of credit (LOC) agreement with GoI, EXIM bank of India (US\$100 million)

Road upgrading works (US\$ 50 million), 14 September, 2007

### **Phase-II**

LOC agreement with GoI, EXIM bank of India (US\$250 million)

Road upgrading works (US\$ 74.72 million), 21 October, 2011

### **PHASE-III**

LOC agreement with GoI, EXIM bank of India (US\$550 million)

Road upgrading works (US\$ 340.42 million), 25 November, 2014

# Introduction

LOC Phase	Interest (% per annum)	Commitment Charge (% per annum)	Default Interest (% per annum)	Terminal Disbursement Date	Moratorium period
I	1.5	0.75	1%	48 months after the scheduled completion date	5 years
II	1.25	0.5	1.5%	48 months after the scheduled completion date	5 years
III	1.0	0.25	2%	48 months after the scheduled completion date	5 years
IV ( Not final decision for Road Projects till date)	1.0	0.25	2%	60 months after the scheduled completion date	5 years

# Introduction

Phases of LOC	Ceiling of LOC	Financial Consumption Status	Payment Status till date	% Financial Progress	% Physical Progress	Remarks
LOC- I (14 Sept. 2007)	USD 50 mil.	Consumed	USD 47.032 mil.	94.06	100	Total 12 numbers of Road Contracts Completed, 1 of them under arbitration/ Court case
LOC-II (21 Oct. 2011)	USD 74.72 mil. (Revised)	Consumed	USD 60.42 mil.	86.04%	91.01%	Out of 17 contracts, 10 completed and 3 terminated and 4 are running.

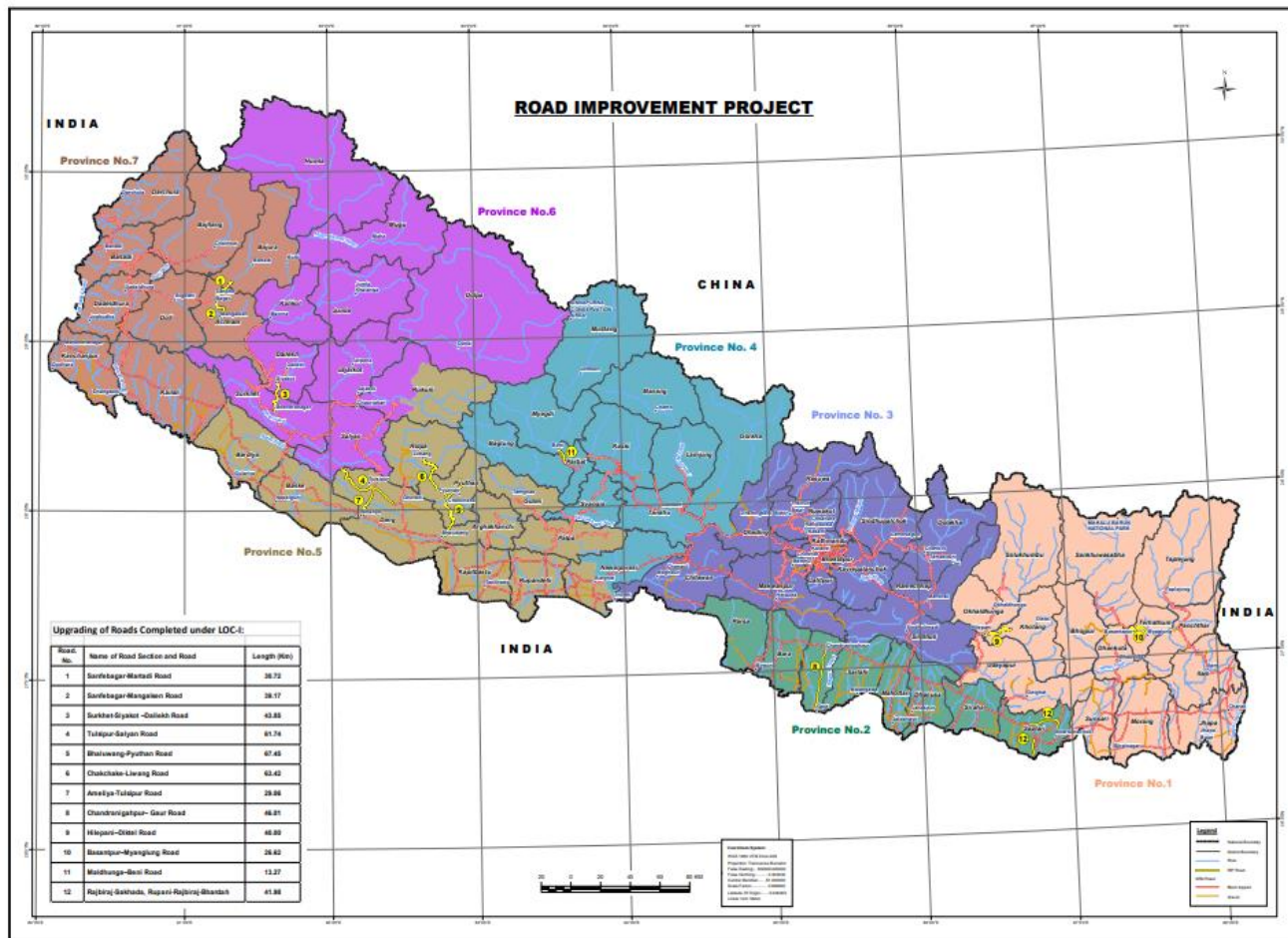
# Introduction

Phases of LOC	Ceiling of LOC	Financial Consumption Status	Payment Status till date	% Financial Progress wr to ceiling	% financial Progress wr to contract amount	% Physical Progress	Remarks
LOC-III (25 Nov. 2014)	USD 340.42 mil	USD 53.71 mil. Remaining	USD 110.223 mil	32.38%	58.90%	61.99%	11 Contracts undergoing; 1 is under tendering Process and 2 more are in ready for start of PQ process
LOC-IV (16 Sept. 2016)	USD 455 mil.	It has not been finally decided till date for investment in Road Sector.					

# Projects Contracts status (Roads Projects)

LoC Phase	Total Roads Projects contracts	Status	Remarks
LoC I	12	All contracts Completed	
LoC II	17	10 Completed 4 under construction	Out of 17 Contracts 3 Contracts were terminated
LoC III	14	11 under Construction 1 is under final stage of procurement 2 nos to be Procured	

# List of completed Projects under LoC - I

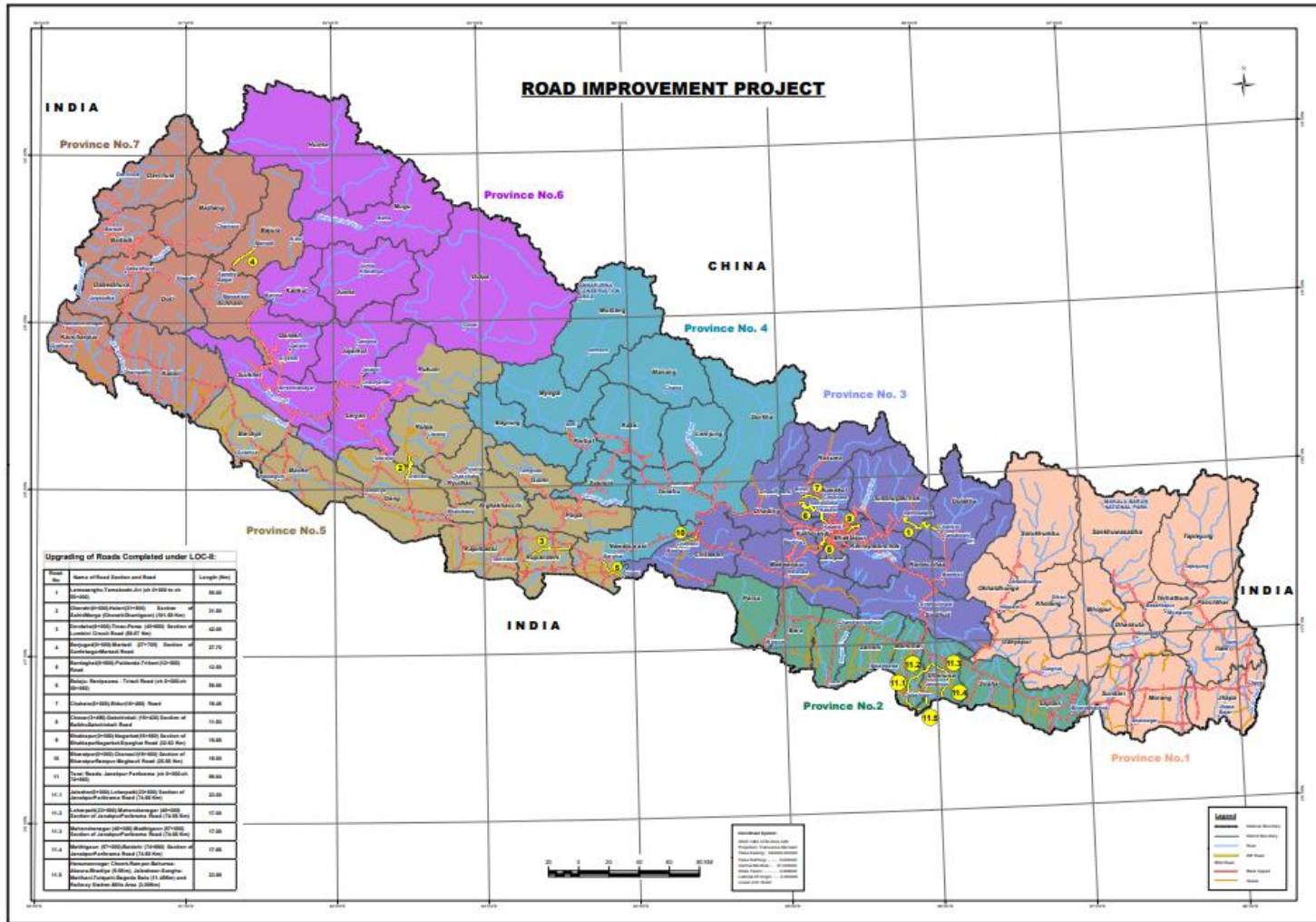




# List of completed Projects under LoC -I

Sr. No.	Name of Road Projects
1	Tulsipur-Salyan Road (61.74 km)
2	Sanfebagar-Mangalsen Road (39.17 km)
3	Chandranigahapur-Gaur Road (46.01 km)
4	Bhaluwang-Pyuthan Road (67.45 km)
5	Chakchake-Liwang Road (63.42 km)
6	Surkhet-Ranimatta-Dailekh Road (43.85 km)
7	Sanfebagar - Martadi Road (30.72 km)
8	Hilepani-Diktel Road (40.00 km)
9	Basantpur-Myanglang Road (26.62 km)
10	Ameliya -Tulsipur Road (29.06 km)
11	Maldhunga- Beni Road (13.27 km)
12	Rajbiraj-Sakhada, Rajbiraj-Bhardah and Rajbiraj-Rupani Roads (41.98 km)

# ROAD IMPROVEMENT PROJECT



Upgrading of Roads Completed under LOC-II:

Sr. No.	Name of Road Section and Road	Length (km)
1	Ladakhgiri-Tarabadi (in 1990) in 2000	30.00
2	Shimla (2000) Pooni (2000) Section of Pathankot-Delwal (2000) (20.00 Km)	20.00
3	Shimla (2000) Tress-Pony (2000) Section of Jambul Chandi Road (20.00 Km)	20.00
4	Shimla (2000) Shimla (2000) Section of Sankarpur-Malhotra Road	27.75
5	Shimla (2000) Pathankot (2000) Section of Pathankot-Delwal (2000) Road	20.00
6	Shimla-Dehra Dun: Chandi Road (in 1990) in 2000	30.00
7	Shimla (2000) Shimla (2000) Road	10.00
8	Shimla (2000) Shimla (2000) Section of Shimla-Delwal Road	10.00
9	Shimla (2000) Shimla (2000) Section of Shimla-Delwal Road (20.00 Km)	20.00
10	Shimla (2000) Shimla (2000) Section of Shimla-Delwal Road (20.00 Km)	20.00
11	Trill Road: Jambul-Pathankot (in 1990) in 2000	30.00
11.1	Jambul (2000) Ladakhgiri (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.2	Jambul (2000) Pathankot (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.3	Pathankot (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.4	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.5	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
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11.7	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.8	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.9	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.10	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.11	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.12	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.13	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.14	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.15	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.16	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.17	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.18	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.19	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
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11.23	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.24	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.25	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.26	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.27	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.28	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.29	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.30	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.31	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.32	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.33	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.34	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.35	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.36	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.37	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.38	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.39	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.40	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.41	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.42	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.43	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.44	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.45	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.46	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.47	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.48	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.49	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00
11.50	Shimla (2000) Shimla (2000) Section of Jambul-Pooni Road (10.00 Km)	10.00

# List of completed Projects under LoC -II

Sr. No.	Name of Road Projects	GoI LoC Code
1	Lamosangu(0+000)-Mudhe(25+000) Section of Lamosanghu-Tamakoshi-Jiri Road	135[15]
2	Devdaha(0+000)-Tinau-Parsa (45+600) Section of Lumbini Circuit Road	135[6]
3	Barjugad(0+000)-Martadi (27+705) Section of Sanfebagar-Martadi Road	135[7]
4	Bardaghat(0+000)-Paldanda-Tribeni(12+500) Road	135[5]
5	Chovar(3+490)-Dakchinkali (15+420) Section of Balkhu-Dakchinkali Road	135[14]
6	Bharatpur(0+000)-Chanauli(16+000) Section of Bharatpur-Rampur-Megghauli Road (25.56 Km)	135[11]
7	Jaleshor(0+000)-Loharpatti(23+000) Section of Janakpur Parikrama Road (74.66 Km)	135[12]
8	Loharpatti(23+000)-Mahendranagar (40+000) Section of JanakpurParikrama Road (17.00 Km)	135[13]
9	Mahendranagar (40+000)-Matthigaun (57+000) Section of JanakpurParikrama Road (17.00 Km)	135[18]
10	Matthigaun (57+000)-Baidehi (74+660) Section of JanakpurParikrama Road (17.66 Km) (Under Defect Notification Period)	135[16]

# List of Projects Terminated under LoC -II

Sr. No.	Name of Road Projects	GoI LoC Code	Reasons for Termination
1	Ghorahi(0+000)-Holeri(31+500) Section of SahidMarga,Dang, Roplpa Contractor : SHIL - Pacific JV Progress, Physical= 93.48% Financial= 88.80%	135[4]	Default of Contractor for maintenance of Roads in Defect Notification Period, however 2 years of Extension of DNP was granted to contractor.
2	Balaju (0+000)-Ranipauwa (21+600) Section of Balaju-Trisuli Road Contractor : AIPL- Shailung JV Progress, Physical= 54% Financial= 49.32%	135[8]	Default of Contractor for work execution, however Extension of time (EoT) was granted 7 times (1942 Days)
3	Ranipauwa (21+600)-Trisuli (55+690) Section of Balaju-Trisuli Road Contractor : Dineshchandra-Nagarjun- Koshi & Neupane JV Progress, Physical= 46% Financial= 41.13%	135[17]	Default of Contractor for work execution, however Extension of time (EoT) was granted 3 times (999 Days)

# Ongoing Roads Project LoC II

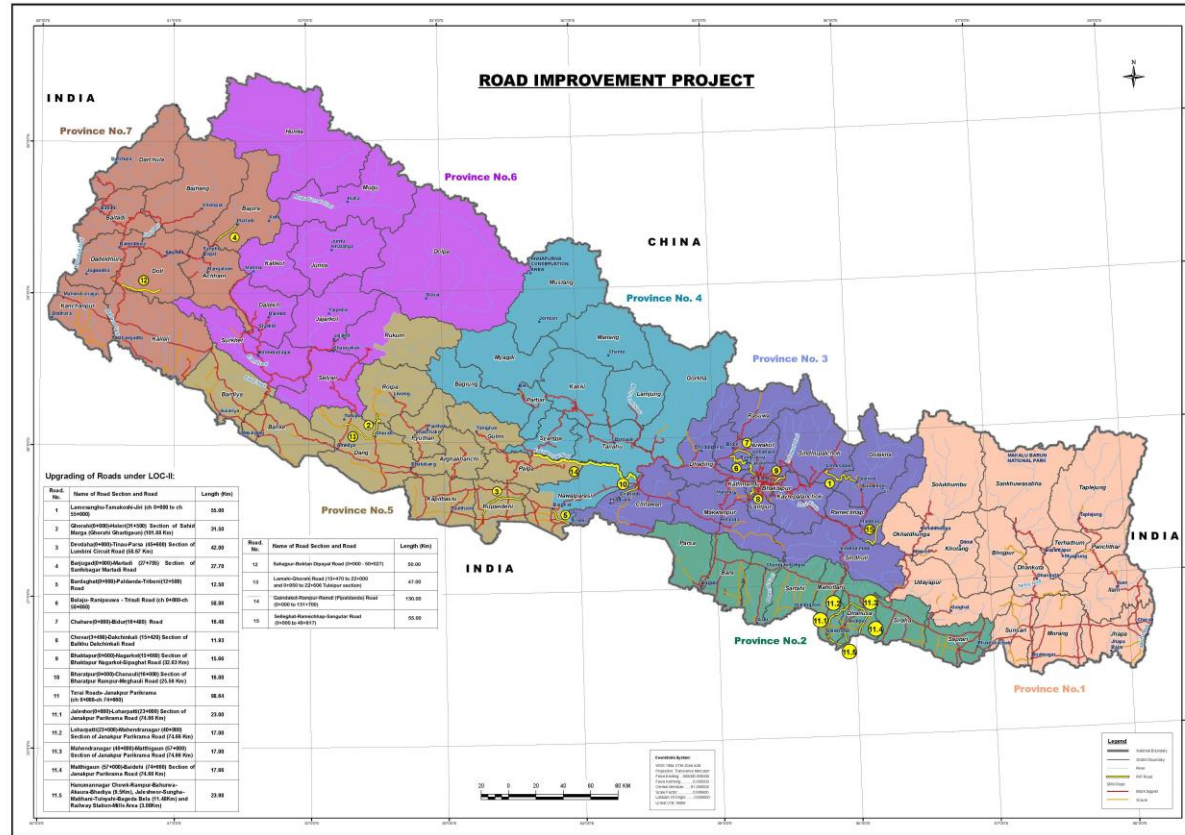
Name of the project	· Estimated cost , USD, mln	· Tendered cost, USD, mln	· Name of contractor	Project start date	Project completion date	Physical progress (%) B/DBST I/II	Financial progress (%)
Chahare(0+000)-Bidur(11+040) Road	4.738	3.156	AIPL -Pappu- Mrit Sanjiwoni JV	11-Jun-14	30 Nov 2022 (Under construction)	95.00/ (10.6 km)	83.03
Bhaktapur(0+000)-Nagarkot(15+660) Section of Bhaktapur-Nagarkot-Sipaghat Road (32.63 Km)	5.228	3.187	AIPL-Shailung JV	18-Jun-14	14 Jan 2023 (Under construction)	85.00 14.32/12.81 /9.45	79.19
Matthigaun (57+000)-Baidehi (74+660) Section of JanakpurParikrama Road (17.66 Km)	3.523	3.467	Siwalaya - Diwa - Roshan JV	6-Jan-16	17 Oct 2022 (Under DNP)	98.00	89.26
Hanumannagar Chowk - Rampur - Bahurhwa - Akaura - Bhadiya ( 9.5 Km ), Jaleswor-Sungha-Matihani-Tulsyahi-BahedaBela (11.48 Km) and Railway Station-Mills Area (3.00 Km) =23.98 km	3.817	2.523	AMR-Pappu JV	14-Jan-16	13 June 2023 (Under construction)	94.00 22 km DBST	86.20

# Ongoing Roads Projects LoC II

Name of the project	Estimated cost , USD, mln	Tendered cost, USD, mln	Name of contractor	Project start date	Project completion date	Physical progress (%)	Financial progress (%)
Lamosaanghu Tamakoshi Jiri Road ( Mude_Charikot Section, 25+000 to 55+000)	8.042	7.901	Shakeel Haider - Shankarmali - Sunaula - Khimti JV	6-Mar-16	31 oct 2022 (Under construction)	92.00 27.5 km	89.80

All the contracts are expected to complete within current fiscal years.

# Ongoing Roads Project LoC III cont...



# Ongoing Project LoC III

Name of the project	·Estimat ed cost , USD, mln	Tendered cost, USD, mln	Name of contractor	Project start date	Project completion date	Physical progress (%) (SG/SB/B/DBSDI/II )	Financial progress (%)
Upgrading/Improvement of Ch 0+000~100+367 Sector of Bhedetar-Rabi-Ranke Road	34.416	28.882	APCO Infratech India Ltd	3-Dec-18	28-Aug-24	21.20 15km sub base 30% structure	17.43
Upgrading/Improvement of Ch 55+000~110+440 Sector of Lamosangu-Tamakoshi-Jiri Road, Total 55.44 Km	17.775	17.191	Woodhill - Lama JV	3-Dec-18	14-Mar-22 Under DNP	95.80 completed	95.37
Upgrading/Improvement of Ch 0+000~49+817 Sector of Shelleghat-Ramechhap-Sangutar Road	16.700	14.133	TCIL India Ltd	5-Nov-20	10-May-23	30.48 0.0 km pavement 60% structure	24.59



# Ongoing Roads Project LoC III

LoC_III							
Name of the project	·Estimat ed cost , USD, mln	Tendered cost, USD, mln	Name of contractor	Project start date	Project complet ion date	Physical progress (%) (SG/SB/B/DB SDI/II)	Financial progress (%)
Upgrading/Improvement of Ch 0+000~131+700 Sector of Kaligandaki Corridor, Gaidakot-Rampur-Pipaldanda Road	48.376	43.637	EKK Infrastructures India Pvt Ltd	3-Dec-18	15-Jun-23	84.78 110/108/104/103/97	82.50
Upgrading/Improvement of Ch 0+000~50+027 Section of Sahajpur-Boktan Road	19.714	19.508	PRL-Kumar JV	19-Dec-18	8-Jun-23	76.78 ( 43/41/29/ 26.5/18.7KM)	73.07
Upgrading/Improvement of Bardibas-Jaleshwor (Ch 0+000~42+450), Jaleshwor Urban Road (16.55 km), Rajbiraj (15.60 km) and Siraha (15.00km) Urban Road, Total (89.60 Km)	20.836	20.718	Shivalaya- Diwa JV	19-Dec-18	2-Mar-23	72.30 60km completed	64.64

# Ongoing Roads Project LoC III cont..

LoC_III							
Name of the project	Estimate d cost , USD, mln	Tendered cost, USD, mln	Name of contractor	Project start date	Project completion date	Physical progress (%)	Financial progress (%)
Upgrading/Improvement of <b>Basatpur-Kathariya -Kawahigoth-Pipardi-Padam</b> Road (0+000~25+460 km) and Malangawa Urban Road (15.65Km) Total 41.110 Km	8.657	7.662	DRAIPL-SMNS JV	19-Dec-18	29-Jul-22	31.04 SR 86%, SB 73%, Drain 70% rest 0	25.08
Upgrading/Improvement of <b>Chandaruta-Krishnanagar</b> Road (0+000~20+000 km) and Total 20 Km	8.387	7.750	Dineshchandra-Kalika JV	7-Feb-19	4-Feb-23	92.75 19.7 km completed	86.42
Upgrading/Improvement of <b>Gandak Canal</b> Road (Ch 0+000~61+919)	10.068	10.067	Shivalaya- Diwa JV	12-Feb-19	4-May-23	62.74 31.21 km completed	56.98

# Ongoing Roads Project LoC III cont...

LoC_III							
Name of the project	·Estimated cost , USD, mln	Tendered cost, USD, mln	Name of contractor	Project start date	Project completion date	Physical progress (%)	Financial progress (%)
Upgrading/Improvement of MRM-Gulariya-Rajanawa (Ch 0+000~29+990) and Nepalgunj Urban Road (11.5 km) Total 41.49 Km	11.153	8.415	PRL-Kumar JV	11-Mar-19	2-Apr-23	89.20 28.9 km completed (Asphalt 7.47/11.5)	82.51
Upgrading/Improvement of Lamahi-Ghorahi Road (Ch 15+470~22+000) and Ghorahi-Tulsipur Road( Ch 0+960~22+660) Total 28.276 Km	14.160	14.160	Tathya Engineering and Incfra Project India Ltd	11-Feb-19	16-Jul-23	9.85	4.22

# Major issues

## 1. Regarding Procurement Modality/PQ process

- ❑ Since Selection of Contractor by PQ Process is lengthy and time consuming.
  - ❑ Proposed PQ process shall be carried out by EXIM Bank as per revised operational guidelines. It may hinders the qualified Nepalese contractors participations.
- A. So adopt **Single Stage Double Envelope (Post Qualification) System** currently adopted by GoN/PPMO/ADB funded projects is more friendly or Existing Joint PQ process is acceptable to DOR.

## 2. Regarding Concurrence to approve DPR from GoI/ Bank

Specially for re-approval/retender took long time , has created huge socio-economic loss, political evoke as well as death of people due to further damage of road (proposed for upgradation) for example:

- i. Bhaluwang-Bagdulla -Bhingithe Road was terminated and revised DPR was prepared and approved from DoR/RIDP. Approved DPR was shared to Bank in **Sept 2022**.
  - ii. Balaju Ranipauwa Trisuli Roads of 55 Km, 2 contracts of same roads were terminated. Proposed by MoF for Inclusion in LoC III on **7 Sept 2022**.
  - iii. Bogtan-Dipayal section of Sahajpur Bogtan Dipayal Road reducing the length from 36 km to 23 km. Proposed by MoF on **9 March, 2022**.
- A. Concurrence for approval from EXIM Bank as earliest.

## 3. Providing Concurrence for

- ❑ Inclusion of terminated Contracts (2 nos) of LoC II project Road Balaju Ranipauwa - Trishuli, 50 km in LoC III with surplus LoC III amount. Estimated cost is around USD 20 mil as per recently prepared DPR.

## 4. Reduce in % of Indian Content

- ❑ As per Dollar Credit Line agreement, Goods, Plants and Equipment of Value 50% of the Contract price shall be Indian content which is difficult to achieve.
- A. Such Provision needs review and reconsider reducing to 30% Indian Content.

## **Regarding to issue of reducing Indian content**

- ❑ Materials likes cement which is adequately produced inside Nepal. Since projects requires to use of fresh cement during construction so import of cement in huge quantity from India and timely consumption of those quantities of cement before expiry is hardly possible. this is the issue raised by many of contractors frequently.
- ❑ Likewise road construction works has nature of more consumption of aggregate, sand in comparison to hydro projects.

## 5. **Difficult to Communicate**

- with the Indian Partner of the JV and their unwillingness to participate in the meeting arranged by the RIDPD office.
  - A. Exim Bank of India may take action for those non responsive Indian Partner as they stay on India.
  - B. Provision for Blacklisting of default Contractors by GoN as well as Bank/ GoI certainly makes Indian contractor aware / more responsible for timely contract completion.



## 6. Fixing Ceiling for Approval for the Variation Orders within Employers (DoR-RIDP) jurisdiction.

Delay in approval of VO from Indian side has substantially delayed the progress of projects. Also delay in payment against IPCs that hampers progress of the projects. So Keeping provision as “threshold of variation up to 15% of initial contract amount approval by DoR/GoN with request GoI/ Exim Bank for increase in LoC ceiling of contract” would ease contract implementation process.

# Major issues to be addressed for timely project completion

## 7. LoC Guidelines Review on Sole Indian firm or JV of Nepalese with Indian JV

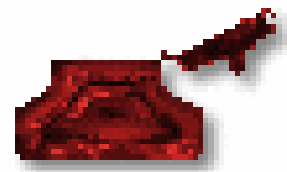
“The contractor shall be sole Indian national or lead partner of JV shall be from India” as per LoC agreement. In case of JV, only the Nepalese partner has been found involved during contract execution in most of contracts. This has hampered in many aspects of project like contract management, overall progress of the project, technology transfer and capacity enhancement etc. Active presence of Indian firm is highly necessary for timely completion. So it would be appropriate with provision either JV Indian firm with Nepalese firm only eligible or provision of subcontract rather than sole Indian firm.

# Major issues to be addressed for timely project completion

## 8. Provision of Retention money from IPCs in GoN account.

As per current provision retention money is only deduction from respective IPCs. So it is being difficult for executing agency of GoN for contract administration to use hold retention money of IPCs for maintenance of defects during Defect Notification Period.

9. Deficit Budget: Balaju Madkhu-Tinpiple 5 corrode, VAT?  
Compensation for houses 30 corrode



**Thank You**