



Benefits of Turnkey Project in Bangladesh

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ABSTRACT

Bangladesh is a country of potentialities. Power plays a vital role in the economic development of the country. So the economic development is not possible without power development. No exclusive research work has been so far study. Hope that the country will be benefited with its development. Uninterrupted, safe and adequate power supply is a pre-requisite for the development of the country. Presently, to overcome the capacity limitations of generation, transmission and distribution sector, different programs have been taken. To address these issues, Tongi 80 MW Gas Turbine Power Station has been installed. This power station will not only play an important role to meet the demand but it will also contribute significantly in reducing overloading of Tongi Grid sub station, low voltage problem of the adjacent areas, technical losses of the system and will ensure quality power supply in the capital city.

Keywords-- Turnkey Project, Turnkey Project Management, Project Management, Project Planning, Turnkey Project Characteristics

low voltage problem in the adjacent areas, and technical losses of the system, and ensuring quality power supply in the capital city. It is important to note that, this project has been implemented from the governments own fund.

II. OBJECTIVES OF THE STUDY

The objectives of the present study are:

- To remove management problem over all projects.
- To improve work of the employees and workers.
- To keep the cost of project in limitation.
- To remove the problem of instruments layout.
- To be careful about continuous power supply.
- To encourage private entrepreneur development of power plant.
- To develop the production in less cost to be careful about getting advantage from power equally.

III. METHODOLOGY OF THE STUDY

This study was to design to come up with relevant information and data. Regarding the data, both primary and secondary sources from the views of official report and documents as well as published and unpublished data were also undertaken. Moreover there is no study on this topic. For this reason it is difficult to get secondary data. So this study has been done by discussing with manager and general manager.

Definition for: turnkey project

A turn key project in which a firm agrees to set up an operating plan for a foreign client and hand over the "key" when the plant is fully running.

A turnkey project is capital construction projects in which the supplier (contractor) designs and builds the physical plant, trains the local personnel on how to manage and operate the facility and presents the buyer with a self-sustaining project.

I. INTRODUCTION

Electricity has played a pivotal role for the socio economic development of the country. For the last ten years, the average growth rate of GDP was about 5% and that of Electricity production growth rate was 7%. It is believed that, for economics like Bangladesh the growth in GDP by 1% requires growth in electricity by 1.5% to 2%. At present about 35% of total population have access to electricity and the government has a vision statement of providing electricity to all by the year 2020. Reliable, uninterrupted, safe and adequate power supply is a pre-requisite for the development of the country. There are capacity limitations of generation, transmission and distribution of electricity in the country and different programs have been taken to overcome them. The Tongi 80 MW Gas Turbine Power Station play an important role in this regard especially in reducing the overloads of the Tongi Grid sub station,

A turn key project is a development term meaning the complete construction package from ground breaking to the completion of the building. All that is left undone is to turn over the keys to the buyer.

A turn key project is a construction project wherein the contractor agrees to design and build a plant. Furthermore, the contractor provides training to personnel in the management of the plant. Thus, the buyer of the plant receives a fully operational plant at completion.

A turnkey or a turnkey project is a project in which separate entities are responsible for setting up a plant or equipment and for putting it into operation. It can include contractual actions, at least through the system, subsystem, or equipment installation phase and may include follow on contractual actions such as testing, training, logistical and operational support.

Turnkey is a product or service that is designed, supplied, built, or installed fully complete and ready to operate. The term implies that the end user just has to turn a key and start using the product or service. Turnkey project is a project in which a builder/developer contracts to construct a completed facility that includes all items necessary for use.

Business Definition for: turnkey project

Dictionary of Banking Terms

Turnkey project

Real estate development project in which the builder assumes all risk until a certain point has been reached, usually at completion of the project or where the building is ready for occupancy. Permanent financing by a take-out lender can be arranged at that point, provided certain conditions are met.

Dictionary of Real Estate Terms

Turnkey project is a development in which a developer completes the entire project on behalf of a buyer; the developer turns over the keys to the buyer at completion.

Example: Many government-owned public housing projects are *turnkey projects*. A private developer undertakes all activities necessary to producing the project, including land purchases, permits, plans, and construction, and sells the project to the housing authority.

Turnkey Project Management

A turnkey project provides a deliverable to the customer that is fully tested and ready to use upon delivery. This can be a tremendous advantage to the customer since it eliminates the need for the customer to manage the project. Projects that are time and resource-intensive can seriously impair a company's ability to continue with normal business while executing the project, since many key people are necessarily engaged in working on the project."

All projects have a point of origin and a point of termination, a beginning and an end. The challenge for the project manager and project implementation team is to accomplish the multiple tasks needed to complete the project within that time frame. Each project evolves from one phase to another. Typical stages include project

identification, planning, development, implementation, closure or termination and evaluation. The stages of a project are similar to that of new products entering the market. Projects, just like products, undergo a life cycle.

IV. CHARACTERISTICS OF TURNKEY PROJECT

- Turn key is as delivering a location that is ready for occupation. The turn key process includes all of the steps involved to open a location including the site selection, negotiations, space planning, and construction co-ordination and complete installation.
- Turnkey refers to something that is ready for immediate use, generally used in the sale of supply of goods or services. The term is common in the construction industry, for instance, in which it refers to bundling of materials and labor by sub-contractors. A turnkey job by a plumber would include the parts (toilets, tub, faucets, pipes, etc.) as well as the plumber's labor, without any contribution by the general contractors.
- Turnkey projects can also be extended, known as turnkey plus, where there is perhaps a small equity interest by the supplier and it will later on continue its operation through a management contract or licensing.
- The term turnkey is also often used in the technology industry, most commonly to describe pre-built computer "package" in which everything needed to perform a certain type of task (e.g. audio editing) is put together by the supplier and sold as a bundle. This often include a computer with pre- installed software, various types of hardware, and accessories.
- Turnkey project is a project in which a builder/developer contracts to construct a completed facility that includes all items necessary for use and occupancy. All that is required of the buyer to begin using the facility is to turn a key in the new door lock and enter.
- Turnkey a design/build entity provides financing (and possibly land acquisition and development), turning over the project.
- Turnkey project will provide training for its staff. They will provide training in foreign countries if necessary. The trainer of turnkey project will take the total responsibilities about training.
- Turnkey project has their separate entity that is to set equipment's, to operate and to bring positive results and monitor overall responsibilities.

V. DEFINITION OF PROJECT

The word "project" is nowadays loosely mentioned to express various different situations. It is

interesting to understand the accepted meaning expressed by the management scientists.

The word "project" originates from the Latin word "projicare" meaning "to throw forth." The original meaning has been modulated over the year and chambers dictionary now gives the following meanings a notion, speculative immigration, a projection, a scheme of something to be done, a proposal for an undertaking, an undertaking."

A project starts with the identification of a "challenging" problem or an opportunity and the decision to do something about it. The word "challenging" as used here means that in order to solve the problem or make use of the opportunity, substantial inputs of various kinds will be needed and will have to be managed in such a way so as to produce the required results.

A project is defined as a transient system launched by a long-term system, with a view to co-ordinate complex inputs in order to achieve a certain objective or objectives. The long-term system is referred to as the parent or owner system or organization.

In projects with comparatively definable goals, the project team is generally subject to stricter constraints regarding the time available, cost barriers and quality requirements. Situations of this type are common in construction or industrial projects.

A project is usually a one time activity with a well-defined set of desired end results. It can be divided into subtasks that must be accomplished in order to achieve the project goals. The project is complex enough that the subtasks require careful coordination and control in terms of timing, precedence, cost and performance.

Tongi Turnkey Project approval

The Executive Committee Of National Economic Council (ECNEC) approved the Project Concept Paper (PCP) of this project on 27th June 2000. The Project Proforma (PP) was prepared and placed for approval in November 2000. In the mean time, the foreign exchange conversion rate, scope of work etc. have been changed. As per decision of the Pre ECNEC meeting held on 26th may 2003, pp was revised in July 2003. As per revised PP, estimated cost of the project is 357 crore, 98 lakh and 9 thousand taka, out of which, local currency is 127 crore, 56 lakh and 67 thousand Taka and foreign currency is 230 crore, 41 lakh and 42 thousand Taka.

Appointment of Turn Key Contractor

Tender was floated in two- envelope system on 16th October 2001 to appoint turn key contractor for the project. After bid evaluation, M/S Harban Power Engineering Company Limited, China was selected for award of contract and the Government approved the proposal on 19th march 2003. The contract was signed on 8th June 2003 between M/S Harban Power Engineering

Company Limited, China and Bangladesh Power Development Board. After fulfillment of the contractual obligations like 10% down payment, issuance of letter of guarantee, of opening of L/C etc. the contract has been made effective from 15th July 2003.

VI. CONCLUSION

Project Planning

Projects involving few activities, resources, constraints, and inter-relationships can be visualized easily by the human mind and planned informality. However, when a project crosses a certain threshold level of size and complexity, informal planning has to be substituted by formal planning. The need for formal planning is indeed much greater for project work than for normal operations. Without effective planning, there may be chaos.

- It provides a basic for organizing the work on the project and allocating responsibilities to individuals.
- It is means of communication and co – ordination between all those involved in the project.
- It induces people to look ahead.
- It instills a sense of urgency and time consciousness.
- It establishes the basis for monitoring and control.

The project planning process, involves presentation of a project idea in a form in which it can be subjected to a process of comparative appraisal for the purpose of determining in definitive terms the priority which the project should receive during the course of resource allocation under conditions of severe constraint on resource availability.

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