

Roads & Bridges

News

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National Highways

■ **To bring in more private investment** in the **National Highways Development Programme (NHDP)**, the **National Highways Authority of India (NHAI)** is **seeking an overhaul of its administrative set up**. For this, NHAI has already sent a note to the committee on infrastructure. This has come in the wake of more and more road projects being awarded on build-operate-transfer (BOT) basis, which has changed the role of NHAI. As part of the restructuring, all projects would be cleared by the Committee of Secretaries, headed by the Department of Economic Affairs secretary. This will ensure faster approval of highway projects. A major aspect of the restructuring would be the introduction of a new model concession agreement. A model state support agreement (MSSA) is also being finalised, in consultation with the states. MSSA aims to get the cooperation of the states in constructing highways through the BOT-toll model. According to the pact, the state will not build a competing road parallel to the specified highway. This will ensure that the constructing company does not face a loss in toll collections. The state governments will also ensure that there are no law and order problems for the contractor. The recast would also comprise constitution of a contract and arbitration cell with NHAI. NHAI will also set up a special public-private-partnership cell, with one board member exclusively for it. The board of directors will also be increased from 10 to 12. For this, the NHAI act will be amended. As per the officiating chairman of NHAI, these proposals will be sent to the Cabinet soon.

■ The **Ministry of Shipping, Road Transport and Highways (MSRTH)** is **planning an overhaul of road safety measures** as well as a **comprehensive road safety act**. As per ministry officials, road safety and traffic laws have not been implemented efficiently by the states. The act would ensure execution of road safety measures by the states and will be of greater magnitude than the current laws. The proposed act will also deal with the constitution and structural organisation of the national road safety board. The board will be authorised to oversee safety measures and formulate laws for the purpose. It will set up a dedicated road safety fund, which is likely to receive 1 per cent of the road cess annually. Other aspects of the act will include setting safety standards for road design and construction. It will also set safety and emission norms for vehicles. It will also address issues related to traffic management and encourage India specific research in road safety, as well as collection of data on road accidents in India. MSRTH has constituted an 18-member committee, led by Tata Energy Research Institute, to study the scope of such an act. The committee includes officials from MSRTH, and urban development, experts in the field as well as members of the automobile industry. The committee is expected to present its report in October 2006.

■ **NHAI** has been able to **reduce its dependence on budgetary sources** as it has **increasingly begun to raise funds through market borrowings, private participation and multilateral agencies**. As compared to Rs 12.89 billion raised from the market in 2005-06, NHAI has already raised Rs 15 billion this fiscal, besides an approved temporary overdraft of Rs 21 billion. Budgetary support on the other hand declined from Rs 7 billion in 2005-06 to Rs 1.1 billion estimated for 2006-07. Moreover, the authority is finalising a deal with the Asian Development Bank for a \$400-million loan for NHDP Phase-III, which will be provided in five tranches. The loan will be routed directly to NHAI, instead of through the central government. The Centre will however, continue to be the sovereign guarantor. The authority also received an in-principle nod from Life Insurance Corporation of India (LIC) for a Rs 60-billion long-term credit line. The loan would be in the form of long-term borrowing for a period of 20 to 25 years. The authority will be utilising the funds in 2007-08. Also, NHAI has prioritised the way it will be inviting private players for NHDP Phase-III. NHAI plans to use the BOT-toll model for all projects possible and BOT-annuity model will be the second option. In case of projects which do not attract private participation, the projects be awarded on engineering, procurement and construction (EPC) basis.

■ A **sum of Rs 5.74 billion** has been **released to various states and Union Territories** in the **first five months of the current financial year (2006-07)** for the **improvement of non-NHDP**

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national highways. In addition, for undertaking the maintenance and repairs of non-NHDP national highways, Rs 1.35 billion has been reimbursed to the states during these five months. The amount allocated for non-NHDP highways for 2006-07 is Rs 16.6 billion.

■ **MSRTH** has urged **NHAI** and the **Ennore Port** to coordinate with the **railway authorities** to expedite the work on the **Ennore port rail-road connectivity project**. NHAI is implementing the construction of a 30-km segment of Chennai-Ennore Port connectivity project at a cost of Rs 3.09 billion.

State Highways

■ The **state government** has levied a toll on the **recently-widened 117-km stretch** of the **Mumbai-Pune Expressway** to recover its investment of **Rs 2.86 billion**. A motorist will have to dole out Rs 65 for a journey between Mumbai and Pune, a light commercial vehicle Rs 165, buses and trucks Rs 229 while multi-axle vehicles will have to pay up to Rs 492.

■ The **Punjab Cabinet** has granted approval for the **World Bank-aided Rs 13.59-billion State Road Sector Project**. The project involves upgradation of 1,100-km road length at a cost of about \$310 million (around Rs 13.50 billion) with a loan assistance of around \$250 million.

Rural roads

■ **Charges of fund embezzlement** and the use of **sub-standard material** in the construction of **rural roads** under the **Pradhan Mantri Gram Sadak Yojana (PMGSY)** have been put forward. Losses amounting to Rs 4 billion through suspected bogus invoicing in Chhattisgarh with regard to low quality bitumen have been pointed out. Moreover, a loss of Rs 57.6 million has been reported because of bitumen shortage and on account of the non-recovery of amount due against contractors, which is in violation of the programme guidelines. It has further been alleged that sub-standard works are being executed in Sikkim, Uttar Pradesh, Maharashtra, Karnataka and Himachal Pradesh. The National Rural Roads Development Agency (NRRDA) has also conceded that complaints pertaining to corruption and faulty implementation have also been received from Madhya Pradesh and Meghalaya.

Finance

■ **IVRCL Infrastructures and Projects Limited** has informed the stock exchanges that its **shareholders** have authorised the company's board to raise funds to the tune of **\$125 million** through issue of securities either in the domestic or global markets. The shareholders have also authorised the board to decide on the timing, premium, lead managers, route of issuing the securities and others details related to raising the funds.

Karnataka Road Development Corporation Limited (KRDCL)

KRDCL was established in 1999 as an offshoot of the Karnataka state government. It undertakes construction of bridges, maintenance of state highways, improvement of road stretches and four-laning of roads as well as building of new roads. Typically, its projects are government financed. However, the company has also examined the possibility of toll revenue. Recently, the 112-km Bangalore-Mysore road project, executed by private players, was made operational. For maintenance of state highways, KRDCL has implemented a Rs 2.25-billion scheme. KRDCL has also made considerable headway in road improvement projects as well and implemented projects such as the 119-km Bilkere-Hassan-Belur project, which is the largest road improvement project. KRDCL had also taken up the task of constructing 147 bridges in the state including 48 major bridges and 99 minor bridges. Recently, the B-TRAC 2010 project, which involves traffic management, has been handed over to KRDCL for implementation. For this the corporation will spend Rs 3.5 billion, the largest amount spent by any state on traffic management.