

Government looking at Chinese and Malaysian infrastructure companies to rescue highway projects

NEW DELHI: India is looking at Chinese and Malaysian infrastructure companies to rescue highway projects that failed to find any takers in the country. The Nitin Gadkari-led road transport and highways ministry has initiated talks with some companies to get them to bid for projects including the eastern peripheral expressway and Delhi-Meerut highway in fresh tenders.

"We want to get these projects started.... We are trying to gauge the interest of these companies in some of these projects, so we can float a tender soon," a senior government official told ET. The official did not disclose the names of the companies, citing preliminary nature of talks. There are around seven projects worth Rs 3,400 crore that were bid out by the previous government but failed to find any takers. The ministry is of the view that speedier execution by these projects would also draw Indian players to the sector.



Close to 189 highway projects involving investments of around Rs 1,80,000 crore are stuck due to problems of land acquisition, delays in forest and environment clearances, non-transfer of defence land and hurdles in rail over bridges. Indian developers, already confronting these and being financially stretched, have remained lukewarm in response to some road project bids. The previous government could only manage to award projects for 3,169 km of the around 5,000 km of projects that went for bidding in 2013-14.

The new government, which plans to rebuild the country's creaky infrastructure, has identified road development as its key focus area. Gadkari has already held several meetings with concerned departments and ministries to push takeoff of projects.

The Cabinet recently allowed the road transport and highways ministry to amend the model concession agreement and the mode of delivery of projects according to local requirements in order to expedite construction.

The ministry is also attempting innovative methods to make projects attractive for bidders. The prime minister has set a target of awarding projects for the construction of 8,500 km of highways by the end of March 2015 as against a target of 9,638 km during 2013-14.

In order to better the chances of getting private participation, the National Highways Authority of India is breaking down the Eastern Peripheral Expressway into three projects to be bid out separately for faster execution.

Experts say this could help script a new story in the road sector development.

They say India could also benefit from the technological expertise of these companies in terms of execution and bringing down instances of road fatalities. However in order to make these projects attractive, the government would have to rework the cost of projects.

"Once the project is delayed, cost increases. These companies can partner Indian companies on a guaranteed return of investment, irrespective of the loss or profit to execute these projects," said M Murali, director-general of National Highway Builders' Federation.