

NATIONAL HIGHWAYS - OVERCOMING CHALLENGES AND OPPORTUNITIES AHEAD

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Phase-wise status of NHDP (28.02.2010)

. SI No	NHDP Component	Total length (km)	Completed 4 lane / 2 lane + PS (km)	Under Implementation		Balance for award of civil works (km)
				Length (Km.)	No of Projects	
1	Phase I: GQ, part of EW-NS corridors, Port conn. & others	7498	7310	182	26	6
2	Phase-II : North South- East West Corr.	6647	4351	1687	111	609
3	Phase-III : 4/6-laning links from network to capital etc.	12109	1478	3926	59	6707
4	Phase- IV : 2 - laning with paved shoulders	20000*	-	-	-	20000*
5	Phase- V: 6-laning of GQ and High density corridors	6500	163	1068	8	5466
6	Phase-VI: Expressways	1000	-	-	-	1000
7	Phase-VII: Ring Roads, Bypasses and flyovers and other structures	700	-	41	2	681
8	Misc Projects: ICTT Cochin & SARDP-NE	191	142	49	4	-

* 5,000 km approved under NHDP-IVA, 15,000 km yet to be approved.

Overall status of NHDP (28.02.2010)

- Total length covered under NHDP 54,863* km
- Length completed 13,444 km
- Length under implementation 6,950 km
- Total length yet to be awarded 34,469 km

Work Plan I & II formulated accordingly for award of works during current and next FY.

- Work Plan I (2009-10)- 11,618 km (122 projects)
- Work Plan II (2010-11)- 11,854 km (86 projects)

* Including common length of 5846 km of GQ in NHDP Phase-V: 6500 km; also including 15,000 km length yet to be approved by the Govt. under NHDP Phase-IVB

Phase -wise Requirement of Funds for Construction-assessed by NHAI

NHDP Phases	Govt. (NHAI) Investment requirement	Private Sector Investment requirement	Total
NHDP-I	10,858	1,144	12,002
NHDP-II	33,140	25,478	58,618
NHDP-III	28,711	67,358	96,070
NHDP-IV	33,225	50,883	84,108
NHDP-V	3,817	60,629	64,446
NHDP-VI	10,139	14,560	24,699
NHDP-VII	6,302	10,378	16,680
SARDP-NE	695	2,536	3,231
ICTT-COCHIN	869	-	869
Other Costs	8,055	-	8,055
TOTAL	1,35,811 [30.2 Billion \$]	2,32,966 [51.8 Billion \$]	3,68,777[82 Billion \$]

The total amount of estimated requirement of funds for project construction is Rs. 3,68,777 crore
NHAI expenditure as a percentage of total estimated expenditure is 36.83%

Financing Plan of NHDP (Revised 2010]

Particulars	Rs. (in cr.)
<i>A. ESTIMATED EXPENDITURE</i>	
Project Construction	337,959
Payment of Annuity	207,579
Interest on Borrowed Funds	78,285
Repayment of Borrowing	188,838
Total (A)	8,12,661
<i>B. SOURCES OF FUNDS</i>	
Cess funds	360,631
External Assistance (Grant & Loan)	9,782
Net Surplus from Toll Revenue	117,418
Negative Grant	3,318
Budgetary Support	1,398
Additional Budgetary Support	39,329
Share of Private Sector	211,315
Borrowings	191,948
Total (B)	9,35,139

Procurement procedure

- International Competitive Bidding
- Investor friendly Concession Agreement
- Two stage bidding process
 - Stage I - RFQ based on Technical and Financial parameter
 - Stage II - RFP to be issued to short-listed bidders
- All documents i.e. RFQ, RFP and MCA standardized
- Toll Policy rationalized

Major challenges

- Capacity constraints of concessionaires /contractors / consultants
- Delays in land acquisition
- Delay in Forest & Environment clearances
- Law & order problems in Naxal affected areas and some parts of North-eastern states

Recommendations of Shri B K Chaturvedi Committee Report- Part-I

- Further amendments to RFQ and RFP by NHAJ with concurrence of MoRT&H
- IMG to consider issues related to MCA
- Capping limits fixed for each mode of delivery
- < 5,000 PCUs under NHDP IV- directly on EPC
- Single bid to be accepted by NHAJ Board
- Relaxation in termination provisions
- Exit policy relaxed-Exit possible after 2 years from COD

Recommendations of Shri B K Chaturvedi Committee Report- Part-I (Contd.)

- Equity VGF 20% and O&M grant 20% merged as equity VGF of 40 %
- Lenders permitted to treat escrow account as security
- forfeiture of bid security for non-responsiveness limited to 5% of bid security / performance security (100% earlier)
- Conflict of interest provisions in RFQ/RFP amended- common shareholding threshold raised from 5% to 25%
- Modification in RFQ/ RFP on certification of associate status
- Criteria under RFQ- 'Threshold Technical capability' and 'Eligible Projects' relaxed

Recommendations of Shri B K Chaturvedi Committee Report – Part-II

- **Dispute Resolution Mechanism**
 - **Setting up of an Independent Expert Group (IEG)**
 - **One time settlement of pending disputes for Category A cases i.e. disputes of <Rs 10 Cr.**
 - **Award of Arbitration Tribunal (AT) to be accepted in category B cases i.e. disputes of Rs. 10- 100 Cr.**
 - **Accountability of DRB to be test checked regularly**
 - **Time for DRB recommendation raised to 84 days & referring DRB recommendation to AT 60 days**
 - **Cost associated with time extension to be quantified**
 - **General Conditions and COPA to be standardized**

Recommendations of Shri B K Chaturvedi Committee Report – Part-II (contd.)

- **Fiscal and Taxation related issues clarified**
 - **Grant of tax exemption on further dividend distribution for policy mandated tier in Corporate**
 - **Scope of new infrastructure facilities to be clarified regarding applicability of tax holiday**
 - **Moderation/ reduction in retention period for road construction equipments in custom duty exemptions to be considered**
- **Financial Issues**
 - **Take out financing scheme to be operationalized at the earliest**
 - **MoF to take up issue of relaxation in minimum rating and dividend payment history with IRDA**

WORK PLAN- I - Award Position

Details	No. of Projects	Length (in km)
Total for Work Plan-I	122	11618
Awarded	33	2835
Bids received	5	498
Bids invited	44	4145
Carried over to 2010-11	40	4143

WORK PLAN-II - PROJECTS FOR 2010-11

Phases of NHDP	No. of Project	Length (in km)
Phase III	5	385
Phase IV	66	9,401
Phase V	11	1,786
SARDP-NE	4	282
Total	86	11,854

COMPARATIVE ACHIEVEMENT

S.No.	Activities	Average during last 3 years	Last 9 Months (From June, 2009 onwards)
1	Award of Feasibility Studies / DPR (Km)	2,686	10,000
2	Completion of Feasibility Studies / DPR (Km)	1,694	2,088
3	PPPAC Approval (Km)	1,475	3,055
4	Award of Work (Km)	1,230	2,832
5	Physical Completion (Km)	1,467	2,074

Year wise Award & Completion Length

YEAR	Completed Length in Km	Awarded Length in km
Before 2000	959	809
2000-01	262	895
2001-02	480	3476
2002-03	391	671
2003-04	1318	342
2004-05	2351	1305
2005-06	753	4740
2006-07	635	1734
2007-08	1682	1234
2008-09	2205	643
2009-10(up to Feb'10)	2405	3166 (498 bids received + 4145 Bids invited)

THANK YOU