

**GOVERNMENT OF INDIA
ROAD TRANSPORT AND HIGHWAYS
LOK SABHA**

UNSTARRED QUESTION NO:5220

ANSWERED ON:05.09.2011

MODELS ADOPTED FOR AWARDING CONTRACTS

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Will the Minister of ROAD TRANSPORT AND HIGHWAYS be pleased to state:

- (a) whether various models have been adopted for awarding contracts for the construction of roads in the country;
- (b) if so, the details thereof alongwith the division of rights and duties in respect of different roles played by the Government, the private sector and the common people in each model;
- (c) the details of the objections raised by the Planning Commission alongwith the shortcomings in these models; and
- (d) the reasons for adopting a multimodel system in place of a single model?

Answer

MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (SHRI JITIN PRASADA)

(a) & (b) Yes, Madam. National Highways Authority of India (NHAI) adopts various models for awarding contracts for the construction of national highways in the country. There are two types of models, namely Build, Operate and Transfer (BOT) (Toll) and BOT (Annuity) under Public Private Partnership (PPP) mechanism, where the private investment is utilised for construction of highway projects. The other model is Engineering Procurement and Construction (EPC), where, funding is completely done upfront by the Government/NHAI. Under the existing policy the default mode of construction of highways is BOT (Toll) and when the project is not found viable to be implemented on this mode, it is considered on BOT (Annuity) mode under PPP mechanism. Before implementing a project on EPC basis, it is compulsory to test for BOT (Annuity) and only if unacceptable bids are received then only the project could be awarded on EPC basis, save and except for projects with traffic of less than 5000 Passenger Car Units (PCU) under National Highway Development Projects (NHDP) Phase-IV, where projects could be directly also undertaken on EPC basis. Division of rights and duties in respect of different roles played by the Government, the private sector and the common people in each model are as given in the Annexure.

(c) The Planning Commission has not raised any objection/shortcoming in these models for awarding contracts for the construction of national highways in the country.

(d) Multimodel system of delivery instead of a single model system is adopted primarily in view of financial constraints as budgetary resources are limited. Moreover private entrepreneurs also have limited risks appetite and are more guided by the perception of return on their investments over long periods. Therefore, in view of the merits of the different models and their cost implications, Government has adopted a policy to go for least burden on budgetary resources with objectives to achieve the maximum highways development in expeditious manner.