

**GOVERNMENT OF INDIA  
SHIPPING  
LOK SABHA**

UNSTARRED QUESTION NO:1065  
ANSWERED ON:13.07.2009  
ENHANCING TECHNICAL CAPABILITY OF BIDDERS  
Ray Shri Rudramadhab

**Will the Minister of SHIPPING be pleased to state:**

- (a) whether the Empowered Committee on Infrastructure has recommended to enhance the minimum threshold technical capability of bidders to twice that of the total project cost;
- (b) if so, the details thereof and the reasons therefor;
- (c) the other changes being made in the Request for Qualification to keep only serious and stable bidders in the fray; and
- (d) the penalty likely to be imposed in case of delay in completion of projects?

**Answer**

MINISTER OF SHIPPING (SHRI G.K. VASAN)

(a): Yes, Sir.

(b): Since BOT projects require the concessionaire to make the investment required for the project, it was suggested that threshold be increased to twice the project cost with a view to pre-qualify entities with greater experience and capacity so that the prospects of project financing and implementation are not compromised.

(c): The other changes proposed in the Model RFQ document to keep only serious and stable bidders in the fray are:

(i) In a consortium, the members in addition to holding 26% equity in the Special Purpose Vehicle (SPV) would hold equity share capital equal to at least 5% of the total project cost for a period of 2 years after commissioning of the project.

(ii) The number of pre-qualified bidders has been restricted to 6 which could be further increased to 7 in case of project costing less than Rs.500 crores or for repetitive projects.

(d): The penalty for delay in completion of the projects is prescribed in the Concession Agreement.