

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

UNSTARRED QUESTION NO:5488

ANSWERED ON:29.04.2013

GMR S PROPOSAL FOR FINANCIAL RELIEF

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan; Yadav Shri Dharmendra

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

- (a) whether the National Highways Authority of India (NHAI) is planning to discuss GMR Infrastructure's proposal seeking financial relief to help restart work on the Kishangarh-Udaipur-Ahmedabad project;
- (b) if so, the details thereof;
- (c) whether the said proposal offered by the GMR has been approved by the representatives of the Planning Commission and the Ministry of Finance;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) whether the Ministry is working out a solution for the whole road sector and if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (SHRI SARVEY SATHYANARAYANA)

(a) to (e) The Concessionaire of the Kishangarh-Udaipur-Ahmedabad project had served a notice on 21.12.2012 upon the National Highways Authority of India (NHAI) of its intention to terminate the Concession Agreement. The Concessionaire had also filed a petition simultaneously before the Hon'ble High Court of Delhi and obtained an ex-parte order dated 28.12.2012 directing the parties to maintain status-quo till the next date of hearing so that NHAI does not take any action for forfeiture of performance bank guarantee. NHAI contested the Notice of the Concessionaire as illegal/untenable under Concession Agreement and advised the Concessionaire in its reply dated 01.01.2013 to withdraw the notice dated 21.12.2012 and co-operate with the NHAI to commence the work. The Concessionaire has also served a termination letter on 07.01.2013, to which NHAI reiterated its earlier stand vide its letter dated 17.01.2013. NHAI filed its affidavit before the Hon'ble High Court of Delhi seeking dismissal of the petition filed by the Concessionaire. The matter is presently sub-judice. Now, the Concessionaire has submitted a proposal offering to execute the project in case NHAI is agreeable to reschedule the premium, without affecting the net present value (NPV) of the total premium due to NHAI, over the concession period and also requested for one time compensation for increase in Project Cost attributable to delay in fulfilling Conditions Precedent by NHAI, especially the delay in environmental clearance for the project. Keeping in view the huge financial implications on the part of NHAI, the proposal of the concessionaire for rescheduling of the premium was discussed in the NHAI Board in its meeting held on 26.03.2013, wherein representative of Planning Commission and Ministry of Finance were also present. The NHAI Board considered and approved the proposal of the concessionaire for consideration of the Government, while leaving all other matters to be dealt as per the existing provisions of the Concession Agreement. Formal comments of the Planning Commission and the Ministry of Finance have not been received. However, out of the 8 Members present in meeting of the NHAI Board, one Member i.e. Finance Secretary has recorded his dissent to the proposal and another Member i.e. Secretary, Planning Commission has sent her comments in writing but did not want them to be recorded as dissent. Both the members have objected the proposal of the concessionaire mainly on the grounds that the schedule of premium payable by the concessionaire is laid down in a legally binding contract, drawn up at the conclusion of an open bidding process, in which the quantum of premium payable as also the schedule of payment was a clear bidding parameter. Government has sought legal advice on this issue as the same has wider implications for road sector and needs careful resolution in order to protect the interest of the Government.