

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

UNSTARRED QUESTION NO:1634  
ANSWERED ON:05.03.2015  
ENGINEERING PROCUREMENT CONTRACT  
Chudasama Shri Rajeshbhai Naranbhai

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

- (a) whether certain organizations awarded road projects last year have requested for extra time to raise finance for construction;
- (b) if so, the details thereof alongwith the punitive measures taken against such organization;
- (c) whether the Government proposes to award more projects on Engineering Procurement Contract (EPC) mode despite of delay in completion of projects awarded earlier under EPC mode; and
- (d) if so, the reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (SHRI PON. RADHAKRISHNAN)

(a) & (b) Out of two Public Private Partnership (PPP) projects awarded during 2013-14, one project (Solapur-Yadeshi section) has achieved the financial close within the contractual assigned period, i.e. 180 days. The other PPP project (Barwa Adda-Panagarh) has achieved financial close within the contractual extended period, i.e. 300 (180+120) days. Concession Agreement provides for achieving financial close beyond 180 days from the signing of concession agreement by granting an additional 120 days by paying a penalty of Rs. 1,00,000/- per week.

(c) & (d) Due to lukewarm response for road project awards under Built Operate & Transfer (BOT) on account of general slowdown of economy, liquidity constraints on account of sectoral lending caps of banks and limitations of the concessionaires like availability of equity, etc., Government has taken a decision to predominantly implement National Highway projects in the new form of Engineering, Procurement and Construction (EPC) mode to overcome the short comings of conventional 'Item Rate' contracts and provide certainty of price as well as time. The new form of EPC mode provides a contractual framework that specifies the allocation of risks and reward, equity of obligations between government & contractor and predictability of costs to ensure financial discipline, both for the contractor as well as the Government.