

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

UNSTARRED QUESTION NO:3218

ANSWERED ON:04.08.2016

Cost and Time Overrun of Highway Projects

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

- (a) whether there has been cost and time overrun in many National Highway projects particularly in Punjab, Haryana, Madhya Pradesh and Gujarat;
- (b) if so, the details thereof during each of the last three years and the current year, State and project-wise;
- (c) whether with the aim to minimize the cost overrun and delays in completion of highway projects his Ministry is amending the process of project preparation, if so, the details thereof;
- (d) whether the Government has asked the consultant preparing Detailed Project Report (DPR) to get statutory environmental clearance, if so, the details thereof along with the payment of consultancy fee for DPR has been linked with clearance and progress of work; and
- (e) the corrective measures taken by the Government to expedite the work on these projects?

Answer

THE MINISTER OF STATE IN THE
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

(SHRI PON. RADHAKRISHNAN)

(a) to (c) Some National Highway projects have been delayed mainly due to land acquisition, utility shifting, non-availability of soil/aggregate, poor performance of contractors, environment/forest/wildlife clearances, ROB & RUB issues with Railways, public agitation for additional facilities, arbitration/contractual disputes with contractors etc. The details of delayed projects are annexed. Cost overrun is applicable only to EPC/item rate contracts. In such contracts, there is a provision for payment of escalation due to delay if it is not attributable to Contractor. In case the project is delayed due to reasons attributable to the Contractor, liquidated damages are to be imposed and no escalation is payable. Actual escalation due to delay or cost overrun is known only after completion of the project and final settlement of bills.

(d) Obtaining statutory clearance is the responsibility of project proponents. However, the DPR consultants prepare the required documents, including application in prescribed formats and assist NHAI in presenting the case before the appraisal authorities. Payment of consultancy fee to the DPR consultants includes these deliverables.

(e) Various steps have been taken which include streamlining of land acquisition, streamlining of environment clearances, exit for equity investors, premium re-schedulement, securitization of road sector loans, close coordination with other Ministries, revamping of dispute resolution mechanism, frequent reviews at Minister levels, etc. Other than this, following steps have been taken:

â€¢ One time fund infusion to revive and physically complete languishing BOT projects;

â€¢ Permitting 100% equity divestment after two years of construction completion for all BOT projects;

â€¢ Harmonious substitution in the event of financial and concessionaire's default;

â€¢ NHAI has been authorized to extend the concession period for all current projects in BOT (Toll) mode, except for projects where tolling is permitted from the Appointed Date, which are languishing during the construction period due to causes NOT attributable to the concessionaire, subject to certain conditions. Further, NHAI has also been authorized to pay annuities to the concessionaire corresponding to the actual period of delay NOT attributable to the concessionaire upon successful completion of the project i.e on achieving COD.

