

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

UNSTARRED QUESTION NO:3207
ANSWERED ON:31.07.2014
LOSSES IN ROAD CONSTRUCTION PROJECTS
Singh Shri Bharat

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

- (a) whether it is a fact that the Government is incurring heavy losses due to delay of road construction projects;
- (b) if so, the details thereof along with the reasons therefor; and
- (c) the steps taken by the Government to avoid recurrence of such circumstances in future?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (SHRI KRISHANPAL GURJAR)

(a) to (c) Ministry is primarily responsible for development and maintenance of National Highways. The National Highways projects in various States are affected due to land acquisition, utility shifting, environment/forest/wild life clearances, issues pertaining to ROBs/RUBs with Ministry of Railways, slow progress by the contractor/ concessionaire, inability of developers to generate equity funds, non availability of soil/aggregates, public agitation for additional facilities, arbitration/contractual disputes with contractors etc. The cost overrun is applicable only in item rate contracts. In such contracts, there is a provision of payment of escalation due to delays. In case the project is delayed due to reasons attributable to the contractor, liquidity damages are to be imposed and no escalation is paid. Actual escalation due to delay or cost over-run will be known only after completion of the projects and final settlement of bills. The progress of the projects has been reviewed to sort out the issues related to slow progress and inadequate funds. The steps are taken for exit for equity investors, premium re-scheduling, securitization of road sector loans, mutual termination / cancellation of awarded road projects and re-bidding, close coordination with other ministries and revamping of dispute resolution mechanism etc.