

# Bids for Road Projects Worth ₹17k cr Likely by October-end

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Move will test private investors' interest in govt's renewed push to infra sector

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Road projects worth ₹17,000 crore are to be awarded in the next five weeks after nearly 18 months of muted activity. The fate of these projects would be a good indicator of private investors' willingness to bet on the government's renewed push to infrastructure sector in recent weeks. By October-end, six annuity projects worth ₹5,784 crore and four toll-based projects worth ₹11,274 crore will be opened for bidding.

This also includes the ₹9,654-crore Agra to Lucknow eight-lane expressway project, which will be implemented by the Uttar Pradesh Expressways Industrial Development Authority (UPEIDA).

"This can be a good barometer to judge the market sentiment. There are people who are hungry, but only financially viable projects which have land and requisite clearances in place will find takers," said Abhaya Agarwal, Partner and Leader, PPP, at EY.

The pace of award of highway projects has been slow because of issues like poor market sentiment, shortage of equity, lenders' demand for 100% possession of land, delays in getting clearances, banks reaching their exposure limit towards the infrastructure sector and a ban on quarrying of stones and mining of ordinary earth used in road

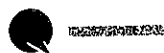
construction. This year the National Highways Authority of India (NHAI) has awarded only 479 km against its target of 3,000

## Test of Investor Appetite

### Bids to be Invited For

6 annuity projects worth ₹5,784 crore

4 toll-based projects worth ₹11,274 crore



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**ABHAYA AGARWAL**, Partner & Leader, PPP at EY

### Highway Hurdles

Poor market sentiment

Shortage of equity

Banks reaching exposure limit in the sector

Lenders' demand for 100% possession of land

Delays in getting clearances

Ban on quarrying of stones and mining of ordinary earth

km by September. In the previous financial year, projects for only 1,116 km were awarded against the target of 9,500 km.

However, Shraavan Shah, senior research analyst at The Market Financial Intelligence, is optimistic. "The projects being opened for awarding could bring a ray of hope.

Most of these projects including those in Assam, J&K as well as the Agra-Lucknow expressway are largely ready and there is a high chance that developers would pick them up," said Shah.

The drastic slump in market sentiments prompted Prime Minister Manmohan Singh to address things personally. The PM promised to kickstart several stalled infrastructure projects worth ₹1.5 lakh crore including two new ports, eight new airports, new industrial corridors and rail projects. "We have recently taken many steps to speed up the process of government clearances for industry, build an environment more conducive to trade and industry and increase investment in the economy. A special cell has been set up to help big projects with clearances.

The Cabinet Committee on Investment is working to remove hindrances in the way of stalled projects," said the Singh in his Independence Day speech, adding that investments would increase because of these efforts in the coming months.

**The pace of award of highway projects has been slow because of issues like poor market sentiment and shortage of equity**

Several of the issues have been addressed with the government allowing de-linking of environment and forest clearances, relaxations on mining of ordinary earth and so on. It has also approved policy changes allowing stressed developers to fully exit highway projects.

"At this point, developers are looking for a balanced portfolio with a mix of toll-based and annuity-based projects. Toll-based projects have risks involved including traffic projections not matching the actual. Annuity on the other hand, means assured payments," said a senior official from an infrastructure major.

### t tender notice

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Notice no. 163/2013-14 Dt:26-09-2013; Providing CPWS Scheme to Mydukur and strict; Estimated Cost (Rs. In Lakhs) in e-procurement market: 3-10-2013; Accepted dates:3-10-2013 to 21-10-2013; Late: 21-10-2013 @ 5.30 pm; Financial Officer Concerned: Superintending; Fax Nos: 08562-244145. The bidders are other details in zip format. Further details et place on www.eprocurement.gov.in

Sd/- Engineer in Chief, RWS & S Dept, Hyderabad.