

A wish list on transport infrastructure

By: Mukesh Kacker

Now that the celebrations after a well earned victory and the immediate task of Cabinet formation are over, the prime minister must be turning his attention to the agenda that has been prepared for the first 100 days of the new government. And though infrastructure figures in that agenda, I would be grateful for a little attention to the perspective of an outside observer. The Planning Commission had stated, at the beginning of the XIth Plan, that a growth rate of 9% could be sustained only through much higher levels of spending on infrastructure. The global meltdown has put paid to those hopes but one fact remains unchanged. The path to economic recovery still passes through the revival of infrastructural growth. What has become even more pertinent is that such revival will become increasingly difficult without far-reaching reforms in different sectors of infrastructure.

In the highways sector, the slow progress of the NHDP during the last five years, not just in construction but also in award of contracts, has been a major disappointment. More than 35,000 km length remains for award of contracts and more than 45,000 km length remains to be completed by December 2015. The ministry of road transport and highways (MoRT&H) and the NHAI, in its present shape, are in no position even to award the projects, leave alone complete them within the stipulated time. The proposal for the restructuring of NHAI is deficient in that it does not suggest concrete steps to make NHAI independent of the minister/ministry in its day-to-day working. Also, it does not suggest a transparent method of selecting the best candidates for the post of chairman, member and CGM. An important lesson that has been learnt during the meltdown is that changes in economic/financial environment can necessitate changes in standard bid documents (RFQs and RFPs) or in VGF rules and procedures. However, the present institutional arrangement for approving such changes is so fragmented that by the time changes are approved the original reason no longer exists.

Incidentally, the reported move to downgrade design parameters to bring down the cost of the project, in order to make a project affordable as well as to reduce the quantum of VGF, is a retrograde step and must be scrapped. There is a strong case for establishing a permanent ministry/ department of infrastructure policy under the direct charge of the PM, to replace the present stop-gap arrangement of the Committee on Infrastructure. An equally strong case for establishing an independent regulatory authority for roads, bridges, highways and expressways exists, in order to handle the post-construction issues relating to the management, control and operations-maintenance of the highways on a unified pattern across the country.

The civil aviation sector has been a mixed bag of achievements and failures. While the opening up of the skies has brought in a large number of private airline operators, the development and modernization of airports to handle the explosion in air traffic leaves much to be desired. Though the privatization of the Delhi and Mumbai airports through the PPP mode was a positive step, the way it was done was too brazen for comfort. In fact, the Concession Agreement with DIAL is a case study on how not to structure a good PPP. Unlike highways, airports have the additional elements of national security, customs and connectivity and, therefore, the PPP document here cannot be a document that merely distributes commercial risks between the parties. In case of airports, irrespective of who the lead partner is in the SPV, the government must retain overriding powers in all aspects of planning.