Firms building roads in hilly terrain can now lease tunnel-boring equipment

Option cheaper and less time-consuming, says official from highways authority

OUR BUREAU

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Construction companies bagging contracts from National Highway Authority of India (NHAI) for making roads in hilly areas need not buy expensive tunnel boring machines (TBMs) but can explore leasing them, said RK Pandey, Member-Projects, NHAI, while speaking at an Assocham conference on Friday.

Under the Bharatmala project, the Road Ministry’s NHAI and National Highways Infrastructure Development Corporation Ltd (NHIDCL) have to build almost 400 km of tunnels. “If the lowest bidder, who wins a project, goes to buy a TBM, it may take two years for him to get a TBM,” Pandey said, adding that the leasing may spread the risk.

As these projects — that involve building tunnels through high altitude areas or mountains — are much more expensive than the usual highway projects, both the government and private sector stakeholders want to cover their risks to the extent possible in the contract documents itself. The time and resulting cost over-runs could be much higher than the project cost itself.

About 30 years ago, when hot mix plants were introduced, the Ministry procured some of them and shared them with private firms. Now private sector firms can invest and lease out TBMs, Pandey said.

Geotechnical risks involved in Himalayan tunneling projects are unpredictable. This can potentially result in huge cost and time over-runs, said Vinod Shukla, CEO, PEMS Consultants, while sharing the improvements required in existing contracts.

For the first time, NHIDCL incorporated a risk matrix specifically for geo-technical risks involved in such projects, pointed out Shukla. That said, he added, there were still a whole list of points that shifted the risk in the contract document more towards the private sector.

Sanjeev Malik, Executive Director, NHIDCL, a body that is implementing several projects in the North-East, and Jammu and Kashmir, noted that while there is scope for the government to take more risks, it is already taking several risks in the engineering procurement contract (EPC) mode of project implementation against the build-operate-transfer (BOT) mode.
New secy general at Assocham

ASSOCHAM ON THURSDAY said Deepak Sood has took over as secretary general. Sood has earlier worked in the CII. He was also deputed as CEO of Invest Karnataka Forum, an investment promotion arm of the Karnataka government.
DEEPAK SOOD APPOINTED ASSOCHAM SECRETARY GENERAL
Chandigarh: Deepak Sood, an industry leader with over two-and-half decades of experience in Corporate India, Government and Fortune 500 companies, took over as Secretary General of the Associated Chambers of Commerce and Industry of India (ASSOCHAM), the country’s apex business chamber. Sood had earlier worked as Executive Director of the Confederation of Indian Industry (CII).