



India Infrastructure Update



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POWER

NHPC Reports Progress on 120 MW Sewa II Hydel Power Project in J&K

NHPC is proceeding with the implementation of 120 mw Sewa II hydel power project in J&K. The power plant is to be located on River Sewa, a tributary of Ravi river in Basohli Tehsil of Kathua district. The scheme includes construction of 48 mtrs high concrete gravity dam, 10,005 mtrs long headrace tunnel and 3 x 40 mw underground power house and tailrace tunnel. The project costing Rs.6.65 bn is being funded through a combination of debt and equity. Gammon India has been awarded the Rs. 1.96 bn contract for executing the civil works pertaining to dam and appurtenant works. Patel Engineering has been awarded the contract costing Rs. 1 bn for executing power house and appurtenant works. The project is likely to be completed by 2007.

States Call for Easing Mega Power Project Status Norms

States have approached the Centre for a dilution in the mega power status norms in a bid to allow projects promoted by them get to tax exemptions. Almost all the southern States including Karnataka have appealed to the Centre for reduction in the capacity requirements to 500 mw. Currently, the guidelines of the Ministry of Power permit only 1000 mw projects to be treated as mega power projects. Mega power status allows projects to avail tax exemptions. The Ministry of Power and the Ministry of Finance are currently processing these appeals from the States. If it comes through, the revision in the norms will allow the proposed 500-mw Bellary thermal power station to be categorised as a mega power project. As a result, the project tariffs could be brought below Rs 2 per unit. The Letter of Intent (LoI) for the contract has been given to BHEL and firm work order for the project is to be handed over by December with a deadline of 36 months for completion. The project cost has been estimated at Rs 21 bn, but is expected to come down further below Rs 20 bn.

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Reliance Proposes Power Project Near Bangalore

Reliance Industries Ltd (RIL) has offered to set up a 3000 mw power project in Karnataka near Bangalore to tie up forward linkages for its gas finds in the Krishna-Godavari Basin. State Confirming that such a proposal had been made, government officials claim that it is in still in the preliminary stage. RIL has offered to set up the project in two stages. The first stage would be set up as a 2000 mw station, which would be subsequently ramped up to 3000 mw. RIL, expects this to translate into an off-take of at least 15 mn standard cubic metres per annum of gas. RIL has also sought an assignment of one of the five electricity supply companies in the State, preferably Bangalore Electricity Supply Company Ltd (Bescom).

RIL's offer comes even as it has completed the technical bids for the 1400 mw gas-based power project in Bidadi, promoted by Karnataka Power Corporation Ltd also near Bangalore. Financial bids for the project are expected to commence shortly. But the bulk power buyer in the State has major reservations against tying future sources of power supply to gas. A major reservation seems from the fuel pricing component.

Jindal Thermal Plans 1000 MW Project

Jindal Thermal Power (JTPC), the subsidiary of Jindal Vijaynagar Steel (JVSL), is planning a 1000 mw project for around Rs 35-40 bn. As per the company, the project is still on the drawing board, and a final decision is expected to be taken in the next few months. The estimated cost per mega watt is between Rs 35 mn and Rs 40 mn. The company is weighing an initial public offer to raise funds for the project.

JTPC plans to set it up as a port-based project, possibly at Mangalore. JTPC recently announced a Rs 8.25 bn expansion for doubling its existing plant capacity at Bellary, Karnataka, from 260 mw to 520 mw. There is some speculation on that the expansion may be shelved. However, a final decision has not yet been taken. The doubling of capacity is to support the expansion of capacities at JVSL in the future. At present, JTPC supplies power to the Bellary plant and to Jindal Praxair Oxygen Company, the associated oxygen plant of JVSL. The company has two units of 130 mw each and both units generate power using corex gas, a byproduct of the adjacent JVSL steel plant as main fuel and coal as secondary fuel. Its existing power plant was largely set up as a captive power plant for JVSL and had inducted Belgian power major Tractebel as an equity partner.

BHEL to Set up 125-MW Lignite Plant in Barmer

BHEL is putting up a lignite-based power project at Giral in Barmer district of Rajasthan. The Rs 2.4 bn power plant will be commissioned in 33 months. The 125-mw thermal power station of Rajasthan Rajya Vidyut Utpadan Nigam Ltd will have an ecofriendly state-of-the-art Circulating Fluidised Bed Combustion steam generator that will utilise low grade fuels such as lignite, high-ash coal, washery rejects and petroleum coke. BHEL will undertake the design, engineering, manufacture, supply, erection and commissioning of the main plant equipment and associated auxiliaries.

520 MW Parbati-III Hydel Project Gets CEA Clearance

Central Electricity Authority (CEA) has given techno-economic clearance for constructing the 520-mw Parbati-III Hydroelectric Project on the river Sainj in Himachal Pradesh (HP). National Hydroelectric Power Corporation (NHPC) will implement the project at an estimated cost of Rs 22.28 bn. The project is likely to utilise the outflows from Parbati-II Hydroelectric Project and inflow from Sainj river. The project involves construction of an underground powerhouse with installation of four generating units of 130 mw each. The project is likely to generate 1977.23 mn units of power per year with the tariff estimated at Rs1.87 per unit.

Hindujas Ready to Revive Vizag Power Project

After a gap of three years, the Hinduja group is set to revive the 1040 mw Visakhapatnam power project in Andhra Pradesh. The project was earlier to be jointly developed by the Hinduja group (through Ashok Leyland) and National Power of the UK but this joint venture failed to kick-off on account of cost issues at the state level even after the central government offered the revised counter-guarantee in 1999. The Hindujas have now conveyed to the government that they are ready to go alone and implement this project.

Issues related to the project revival were discussed at a recent meeting between Union power secretary R V Shahi, state energy secretary Z Hussain and various private project developers, where the Hinduja group was represented by chairman of Ashok Leyland R J Shahaney. The Hinduja group has stated that it is willing to take a re-look at the calculations for the project, so that they are able to match the tariff of this project with that of the Simadhari thermal power project of NTPC, which as per sources would come to about Rs 1.80 per unit.

The state government has assured complete support to this project. The recent amendments to the new Electricity Act have also simplified many procedures for project developers and they don't need a generation licence any more. The power project is expected to be completed by 2008.

Closure of UK-aided Power Project in AP

The AP Transco and the DIFD, UK, have announced closure of the Energy Efficiency Project implemented in the State with Rs 3 bn British aid claiming "good results" under the project. The British amount came as an outright grant without any strings attached for improving efficiency of the supply system, and it was used for a pilot project taken up for distribution upgradation in Khammam, Mahabubnagar and Nalgonda districts, and for establishment of SCADA facility at Erragadda in Hyderabad — Supervisory Control and Data Acquisition — which ensures efficient inflow-outflow of energy in the grid and fool-proof fault-finding. As per AP Transco, the project has resulted in reducing technical losses in aforesaid districts by half from the earlier 22-24%.

NTPC Bags Power Project Contract In Sri Lanka

The Government of Sri Lanka has sought the assistance of the National Thermal Power Corporation (NTPC) to set up a 300 mw power project in Sri Lanka. The project will be on build-operate- own basis and will be a joint venture with the Government of Sri Lanka. Bharat Heavy Electricals Ltd will be providing the engineering procurement and construction (EPC) services for this project. A high level team of NTPC officials will be visiting Sri Lanka shortly to discuss the modalities of the project.

KPC to Add 350 MW Soon

Karnataka Power Corporation (KPC) will be shortly adding 350 mw to its portfolio, when it will merge the generating capacities of three power projects from Karnataka Power Transmission Corporation (KPTCL). The three power projects are currently under the purview of Vishveshwaraya Vidyut Nigam Limited (VVNL) managed by KPTCL. and have assets worth Rs 1.95 bn. The proposal to take over the three projects at Shimsha (Jog Falls), Tungabhadra and Yelahanka, is with the Centre, and the corporation is anticipating the go-ahead in a couple of months.

KPCL will be only taking over the assets and will allow KPTCL to retain the manpower currently managing these three projects. The merging of these three projects is expected to give the much-needed bridging time for KPCL, the largest power generation corporation in the state of Karnataka, which is facing an acute deficit of power. The company currently fulfils 64 per cent of the state's requirements and has augmented its installed capacity to 4350 mw.

In order to meet the increase in demand of power in the state, KPCL has taken up two mega projects of 500 mw and 1400 mw in Bellary and Bidadi respectively, which should be adding more muscle to its generating capacity. While the 500 mw unit has recently achieved financial closure, the engineering, procurement and construction (EPC) contract is expected to be announced shortly. The corporation recorded a turnover of Rs 20.94 bn, and achieved a net profit of Rs 2.40 bn for the last financial year.

Excise on Final Sale Price May Dent Oil Companies Profits

Oil companies could take a hit even as retail buyers are left unhurt, thanks to some changes proposed in the levy of excise duty on fuels. The finance ministry is preparing to shift the price on which excise duty is computed to the final sale price in the case of certain goods, including petro products. This is akin to the maximum retail price (MRP)-based excise duty introduced for a variety of packaged commodities.

The finance ministry feels that the oil companies have been doing some fancy footwork on inter-company sales of products. It is common practice in the petro sector for, say, IOC to buy products from HPCL for sale in a region close to an HPCL refinery rather than transport products from its own distant refinery. Similarly, HPCL would source from IOC or Bharat Petroleum, depending on the location of their refineries.

The finance ministry feels that the oil companies have been keeping the price low in such inter-company sales, so as to minimise excise duty. The fact that the government has been forcing the oil companies to sell fuels at prices below import parity gives the oil companies a legitimate explanation for fixing their sale prices also below any verifiable benchmark. The finance ministry wants to remove this grey area. The government cannot implement the new system only in the petroleum sector, as the law ministry has advised it might be legally untenable. The finance ministry is therefore looking at whether Section 4 of the excise law could be modified in a general sense, so that the excise would be levied on final retail price in case of commodities where transaction prices can be manipulated.

IOC, Bengal Focus on Pipeline Plan

Indian Oil Corporation (IOC) and the West Bengal government have decided to seek a speedy solution to implement the Rs 1.5 bn Haldia-Paradip pipeline. Without the proposed 350 km-long crude pipeline the fate of IOCs loss-making refineries in the east Haldia and Barauni, hangs in balance too.

IOC has told the West Bengal government that without adequate draught at Haldia port, IOC cannot bring in large crude containers. This has led to high landed costs of crude for supplies to IOCs 4.6 mt Haldia Refinery and the 4.2 mt Barauni Refinery. Apart from implementing turnaround plans for these two refineries, the expansion plans to take Haldia and Baraunis capacities to 7mt and 6 mt respectively is also held up with a high landed crude cost at Haldia port.

The Haldia-Paradeep pipeline, however may in all possibility, be the death knell of Kolkata Port Trusts Haldia Dock Complex. In order to make up for the loss of crude traffic at Haldia, IOC is likely to propose an increased product evacuation through the Haldia port for domestic markets and exports to neighbouring and other South East Asian countries. The government is keen on sorting out the issue with IOC, but is clear that though IOC has a point, it cannot be allowed to have the pipeline at the expense of the cost of Haldia port.

Consortium to Advise Govt on IPCL Stake Sale

The government has appointed a consortium consisting of JM Morgan Stanley, Kotak Mahindra Capital Company and SBI Capital Markets as advisors for selling its 34% residual stake in Indian Petrochemical Corporation (IPCL). The government plans to complete the entire exercise by March '04. Reliance Industries (RIL), which owns a 46% stake in IPCL, holds the first right of refusal for any shares proposed to be sold by the government. The residual stake will be sold through the public offer route. Before that happens, Reliance will be given an option to raise its stake to 51%. Along with IPCL, the government plans to sell its residual stake in companies such as CMC.

IPCL share price is currently ruling at Rs 213.45. RIL had acquired the government's 26% stake in IPCL at Rs 231 per share and later made an open offer to acquire another 20% stake at the same price. RIL had paid a total consideration of Rs 1.5 bn. While UTI and mutual funds hold close to 9.5% stake in IPCL, the public has close to 8% stake. IPCL is currently integrating its operations with RIL which has shifted some of its senior executives to the former PSU. RIL is now planning to increase the capacity of IPCL through debottlenecking.

HPCL is Top Bidder for Lanka's Ceypetco

Hindustan Petroleum Corporation (HPCL) has emerged the number one contender for Sri Lankan petroleum company Ceypetco with a \$101mn bid, which is 26% more than the next highest bid of \$80m, which came from East West Corporation, a local Sri Lankan bunkering company.

Among other bidders, BPCL had bid \$77m. International oil major Shell bid even lower at \$55m. Reliance and Malaysian Petronas are understood to have bid around the same level, at around \$50m. Chinese company Sinopec was also in the fray but with a much lower bid. A top team from HPCL is already in Sri Lanka to do the final due diligence.

The reaction by the Sri Lankan government is awaited. At the recent meeting between the heads of the Indian and Sri Lankan governments, the Sri Lankan prime minister had reportedly indicated that the government was not keen on an Indian take-over considering that IOC already holds 33% in the company.

IOC's Orissa Project Awaits Sales Tax Sops

Orissa will finally have its first oil refinery at Paradeep, after the state government formally agreed to 11 years' sales tax concession and exemption of entry tax on crude oil. The Cabinet has to approve the decision arrived at a high-level meeting of Orissa government officials and IOC top executives. For the past three years, the Rs 124 bn project has been hanging fire because the state government was not prepared to give tax sops to IOC. The project also went into limbo following the Union petroleum minister Ram Naik's observation to review the feasibility of the 8m tonne capacity project, even though the oil major had spent over Rs 5 bn at the site.

Cell Club's November Addition Highest Ever

GSM communications operators added 1.38 mn subscribers during the month of November '03, the highest additions in any month so far. The previous highest number of subscribers was 1.15 mn added in the month of July.

The November figures have been boosted by the fact that a single operator has reported a phenomenal jump in a single circle in a month. Spice in Punjab has shown a jump of 203,000 subscribers in November 03, which is very large for one month. The other operators in Punjab, Bharti and Bharat Sanchar Nigam (BSNL) have been showing average monthly additions of around 35,000-40,000 and 10,000-20,000 subscribers respectively. The GSM additions are double that of the additions by CDMA (code division multiple access) operators who have added around 525,000 subscribers during November. With full mobility only from November 16, the CDMA players are hoping to show much better numbers.

The total mobile population of the country stands at 29.29 mn, as of November 03, including the GSM base of 20.73 mn and the CDMA base of 8.5 mn. The CDMA figures include subscribers to CDMA-based wireless services of BSNL and MTNL. These two have a subscriber base of 1 mn.

CDMA operator Reliance Infocomm is the single largest mobile operator in terms of subscriber base, and this doesn't include the GSM base of its sister concern, Reliance Telecom. Reliance Infos CDMA subscriber base of 5.21 mn is marginally higher than Bharti's GSM subscriber base of 5.17 mn. Among private telecom operators, Reliance with a combined subscriber base of 5.86 mn, including 5.21 mn CDMA and 640,000 - GSM users, is ahead of Bharti's total subscriber base of 5.72 mn. Bharti Telenet, the basic service arm of the group, has 545,000 subscribers including 517,000 wireline users, while the balance are fixed wireless subscribers. The total subscriber base of Bharti (Telenet and the cellular operations) is 5.719 mn. Tata Teleservices, another CDMA operator, has reported a subscriber base of 1.31 mn as of November 03 compared to 1.19 mn in the previous month. Of its total user base in November, 502,000 were mobile subscribers, 470,000 had fixed wireless phones and the balance 344,000 had wireline phones.

TRAI Shifts Focus to Net Telephony

As per a consultation paper on Internet and broadband, the Telecom Regulatory Authority of India (TRAI) is contemplating allowing unrestricted internet telephony as a means to accelerate growth in internet and broadband in the country. Currently internet telephony usage is restricted to calls outside the country. Calls have not been permitted within the country since it would clash with the interests of the national long distance operators, for which the latter have paid huge licence fees. Other issues discussed in the consultation paper include promoting the availability of low cost internet access devices, fostering local development and manufacturing of equipment via government incentives and taxation incentives, as well as promotion of the internet through greater usage in transactions, promoting access to and development of local content.

BSNL Cuts ISD Rates within Asia

BSNL has announced an array of sops for its customers including big cuts in ISD tariffs. International calls to Asian countries will be 50% less expensive till mid-January 2004. Reduced ISD rates to US, Canada and Europe, announced earlier, will also be valid till January 15, 2004. ISD rates to Singapore, Hong Kong, Indonesia, Malaysia and Thailand have been brought down to Rs 12 per minute from an earlier rate of Rs 24 per minute, while the new rates for UK are Rs 7.20 per minute and for USA, Canada and the whole of Europe Rs 9.60 per minute. BSNL has announced other sops for customers including waiving the Rs 600 charged for shifting landline telephones within the city or country. The fee earlier charged for transferring connections has been eliminated and the lock-in period of one year for general and third-party transfers of phone connections has also been removed.

Existing BSNL customers can opt for a second telephone connection for exclusive Internet access. For a monthly payment of Rs 499, users of this scheme can have unlimited access to the internet. They however have to pay Internet charges to the ISP. The scheme which opens for registration from December 15 is initially valid for one year.

Reliance Ups Offer for Flag Telecom

Reliance has revised its offer for Flag Telecom to \$211 mn as compared to the earlier offer of \$207 mn in an all-cash deal. According to the amended agreement with Flag, the price per share works out to \$97.41. Reliance will also be paying an additional \$1mn in cash to Harbert Distressed Investment Master Fund, the largest shareholder in Flag, in exchange for the fund voting in favour of the amalgamation between Flag and Reliance. Harbert is a direct holder of 37.1% of FLAG Telecom's outstanding common shares. Harbert's voting agreement with Flag and Reliance, is expected to ensure approval for the amalgamation at the special shareholders' meeting on December 22, '03. Flag Tele's SEC filing states that it continues to make good progress towards amalgamating Flag Telecom with Reliance Gateway. With the agreement with Harbert it states, that the company has achieved a key milestone towards obtaining the requisite vote to approve the amalgamation. As part of the voting agreement with Harbert signed on December 4, '03, Flag has agreed to terminate the registration of its common shares prior to the date on which FLAG Telecom holds the special shareholders meeting. Flag has stated that it seeks to accelerate the deregistration - which is akin to delisting of shares on the Indian bourses - and has already filed the requisite forms with the SEC on December 4, '03. However, if the deregistration is not effective prior to December 22, '03, Flag has agreed to adjourn or postpone the special general meeting and plans on notifying its shareholders as promptly as possible of any adjournment or postponement of the meeting date, through its SEC filing. Reliance appears to have revised the consideration in exchange for "active steps" by Flag to ensure deregistration that will enable Harbert to vote in favour of the amalgamation. The deregistration is effective 90 days after the filing of the requisite forms with the SEC.

Bharti May Acquire More Cellular Businesses

Bharti may acquire more cellular businesses by March 2004, thereby further consolidating its position in the Indian telecom market. The company's bankers have suggested more acquisitions—but have declined to name the possible targets. Also on the cards is Bharti's telecom services subsidiary BTVL's plan to raise more funds abroad next year. Besides, the company has been lobbying for raising foreign investment limit in the telecom sector from 49% to 74%. The government favours the move but held back last month from clearing it due to concerns raised by security agencies.

Till March 2004, the company expects to have six million cellular subscribers for its Airtel cellular service from 15 telecom circles it operates in, even without acquisition(s). By then, Airtel is expected to roll out services in six more telecom circles at an investment of around Rs 6 bn.

TCIL Projects in 20 Countries

Telecom Consultants India (TCIL) is fast becoming a true multinational by commissioning telecom projects in 20 countries. It has recently installed mobile telephony projects in Bhutan and Nepal. It is vying for projects in a number of countries in Africa and the Gulf region. Saudi Arabia, Kuwait, Ethiopia, and Botswana are among the countries where TCIL is currently doing projects. In Bhutan, TCIL has completed installing the first mobile network of the country. The network is based on GSM technology. TCIL would also provide maintenance support for the project. Under phase one of the project, TCIL has connected Thimpu, Paro, Chukha, Gedu, Phuentsholing and the highways connecting these cities. The second phase of the project, that will begin soon, would involve expansion of the project in these cities and also expansion of the network in the existing cities. The project was commissioned in a record time of four months. In Nepal, TCIL is implementing an ambitious East West highway project. Under this project, TCIL is laying an optical fibre cable (OFC) network of 1000 km along the East West Highway of Nepal (including peripherals) from Bhadarpur in the East to Nepalganj in West. TCIL would lay 79 exchanges. The network would utilise the latest state of the art SDH system up to STM 16 that enables over 30,000 simultaneous conversations over a single pair of fibre.

New Numbering System to be in Place Soon

The TRAI is considering a change in the numbering system in view of the unified licence regime. Earlier, the wireless in local loop (WLL) services were under basic services and hence they followed the same numbering scheme of fixedline telephone service providers. The mobile service operators were allotted numbers beginning from '9'. Under the unified licence regime, all the operators have become mobile operators and therefore, they should follow the numbering scheme applicable for mobile services. The regulator will also shortly address the issue whether interconnectivity charges will be at Short Distance Charging Area level or Long Distance Charging Area level.

BPL Buys out AT&T's 49% Stake in Cellular

The BPL Mobile Group, promoted by Rajeev Chandrashekar, has bought AT&T's 49% stake in BPL Cellular, a cellular service provider in Kerala, Maharashtra and Tamil Nadu. Estimates by sources vary widely, ranging from Rs 400 mn to 500 mn to as much as Rs 1.75-2 bn.

As a result of the stake sale, AT&T has a stake only in Idea, a cellular service provider in Gujarat, Maharashtra, Madhya Pradesh and Delhi. The acquisition of the AT&T stake now gives BPL Mobile the flexibility to approach financially strong investors who are committed to investing in the Indian cellular market. BPL Communications (BCL) holds a 51% stake in BPL Cellular, while AT&T holds the rest. The BPL Mobile group has 60.35% equity in BPL Communications. Other important investors in BCL are AIG Asia Infrastructure Fund which holds close to 17.5%, Telecom Venture group (TVG) which holds about 7.5%, and CDC which holds about 7.5%. The operator in Mumbai is BPL Mobile, a different company. BPL Communications holds 74% in BPL Mobile, while France Telecom holds 26%.

BSNL is Biggest Internet Operator

Bharat Sanchar Nigam is the largest operator in the Internet market, with a share of 21% of subscribers, as compared to 12% in the last quarter. This was revealed in a TRAI study. According to the study, Sify has a 17% market share, VSNL has 16% and Dishnet DSL has 5%. The two state owned ISPs, BSNL and MTNL, have 39% of the internet subscribers and rank first and second in terms of market share during the July-September 03 quarter as compared to fourth and first places in the previous quarter. The average minutes of use per subscriber per month is about 400 minutes among 43 ISPs, while the average revenue per user per month is around Rs 303. A total of around Rs 3.41 bn revenue has been reported by 78 ISPs. During the quarter ending September 03, the internet service market saw a marginal growth, with internet subscribers recording a rise of about 5.5% with the total number of subscribers at 3.9 mn compared to 3.77 mn in June 03.

Foreign Handsets May Come Cheaper

Imported mobile handsets may become cheaper, if the government decides to go by the recommendations of the TRAI. TRAI has made a case for a reduction in the basic customs duty (BCD) on mobile handsets from 10% to 5% and a withdrawal of the 4% special additional duty on customs (SAD) in the run-up to the ensuing budget. The telecom regulator has sent its recommendation to the DoT which, in turn, has been forwarded to the finance ministry. Currently, the effective duty on mobile handsets is 14.4% (10% BCD plus 4% SAD). A duty cut, TRAI reckons, would help improve teledensity and curb the grey market. The recommendation to abolish SAD was also made by the Kelkar Committee on indirect taxes. The panel had simultaneously suggested slashing import duty to zero and re-imposing countervailing duty in '03-04.

Bangalore-Maddur Road Work Begins

Work on the four-laning of the 63 km Bangalore-Maddur stretch of Bangalore-Mysore-Bantwal highway has commenced from December 15, 2003. The Bangalore-Maddur stretch of the work being taken up on Build-Own-Operate-Transfer (BOOT) basis is estimated to cost Rs 1.88 bn. The entire four-lane highway is expected to cost Rs 4.85 bn. The work is expected to be completed in 36 months. Subsequently, the Maddur-Mysore and Mysore-Madikeri-Bantwal portion will be taken up. While the Maddur-Mysore stretch is estimated to cost Rs 1.31 bn, the Mysore-Madikeri-Bantwal portion will cost Rs 2.66 bn. The Bangalore-Mysore Infrastructure Corridor project being built by the Nandi Infrastructure Corridor Enterprise is expected to be taken up soon but land acquisition has been posing hurdles. However, the government is not contemplating scrapping of the BMIC project as it wants to ensure that the Bangalore-Mysore expressway is completed in the shortest possible time.

Konkan Railway's Profitable Ro-ro Service

Konkan Railway Corporation's roll-on, roll-off (ro-ro) service is a success, not only for the corporation but also among the truckers for whom it is intended. Introduced in January 1999, the corporation transports loaded trucks on wagons — called flats in railway parlance — between different destinations.

Last financial year, the corporation earned Rs 75 mn from the ro-ro service. The service helps in an indirect saving in fuel cost, and reduces vehicle operating costs in terms of wear and tear of tyres and vehicle maintenance. The service is available between Kolad, about 145 km south of Mumbai in Maharashtra's Raigad district, and Verna, in Goa. The ro-ro service saves a 430-km stretch of travel to Goa from Verna on the national highway. The truck drivers need not drive on the ghat section. The time taken to transport the wagons on rail is less than 12 hours while the transit time by road is much more. By using the ro-ro service, transporters use the same fleet of trucks for more number of trips. The service also ensures on-time, intact cargo delivery, free of any risk factor and free from multiple handling of consignments.

Traffic on Delhi-Gurgaon Road to Grow 5 per cent p.a

As per Wilbur Smith Associate, a US-based firm, appointed by project executor Jaypee DSC to undertake the traffic management exercise, the annual traffic growth along the Delhi-Gurgaon expressway is projected at 5% p.a. ICS Inter-Toll, another US-based firm, appointed to chalk out a tolling strategy, has recommended setting up of three toll plazas along the 27.7 km stretch, one at the border, one at the Indira Gandhi International Airport and one at KM 42. Smith's estimate of per day vehicular traffic at the three toll points for the inaugural year is 42,100; 6500 and 18,000, respectively. DS Construction expects to open the expressway to traffic by January 2006 and to break-even by the ninth year of operation. Road maintenance will be done every 8 years and will cost 3.6% of the project value, which is Rs 199.8 mn.

World Bank Pat for Kerala Road Project

A visiting World Bank team has expressed its appreciation over the progress in the implementation of the Rs 16 bn Kerala State Transport Project (KSTP), the road development programme it was sponsoring in the State. The team, led by Mr Stein Lundeby, met the Minister for Public Works, Dr M.K. Muneer, and conveyed to him the lending institution's approval of the progress made in the implementation. The team had visited the road stretches of Shoranur-Palakkad, Thrissur-Kuttipuram, Angamaly-Muvattupuzha-Thodupuzha, Thycod-Kottarakkara, Alappuzha-Changanassery, apart from the inland navigation project in the Alappuzha-Vaikkom area. The KSTP would become a model for the whole of India, the visiting team hoped.

Apart from Mr Lundeby, the team comprised Mr Arnab Bandopadhyaya, Highway Engineer, Mr Ernest Hunimdm, Consultant, Modernisation Programme, Mr Vytheeswaran, environment specialist and Ms Sajithakumari, Sociological Consultant. According to Ms Lida Jacob, Secretary, PWD, an amount of Rs 1.31 bn had been spent on the programme.

ADB's \$400-Mn Loan for Rural Road Project

THE Asian Development Bank (ADB) has approved a \$400 mn loan for building 11,000 km of all-weather roads in Madhya Pradesh and Chhattisgarh as part of the Pradhan Mantri Grameen Sadak Vikas Yojana.

The \$400-mn loan for the Rural Roads Sector I Project, cleared by the ADB's board in Manila, will also be utilised to establish management systems to ensure sustainability of the road networks. ADB's loan comes from its ordinary capital resources with a 25-year term, including a grace period of five years. The spread is determined in accordance with ADB's LIBOR-based lending facility.

ADB will also provide a technical assistance grant of \$1 mn financed by the Government of the UK to prepare a second phase of the project.

Southern Railway to Flag off Two New Freight Schemes

Southern Railway has geared up its marketing efforts to offset its freight loss due to reduced petroleum traffic and the realignment of railway zones. It is offering many incentives and concessions to its freight customers. These include setting up an integrated logistics plan to be operational from Dec 2003 for secondary handling and secondary transportation of goods. The scheme offers transport services to customers from their warehouses to the railway station and on reaching the destination, transporting them to the warehouse. Southern Railway is also promoting the rail-side warehousing plan whereby private parties will be given land close to railway goods sheds on lease to develop their own warehousing. This is expected to be operational from Dec 2003. A new Freight Operation Information System is being launched, which will provide online information about the status of consignments.

Five Ports to Develop Cruise Tourism

In an effort to boost cruise tourism in India, the Ministry of Shipping and Department of Culture plan to set up circuit ports along the eastern and western coasts. The ports of Mumbai, Mormugao, New Mangalore, Cochin and Tuticorin will be developed as cruise ports. The Indian government has announced a scheme to fund projects for infrastructure development to facilitate cruise tourism. A committee has been set up to handle the marketing and infrastructure facilities to promote cruise tourism. The central government will set up a central marketing agency for all ports to chalk out business strategies.

Indian Govt Scraps Tenders for Airports, Will Invite New Bids

The Indian government has decided to scrap tenders to appoint a financial consultant for the privatisation of Delhi and Mumbai airports, and is instead planning to invite fresh bids. This decision was taken at a meeting between Civil Aviation Minister Rajiv Pratap Rudy and Finance Minister Jaswant Singh, a day ahead of the Group of Ministers (GoM) meeting on the issue. Top officials of the Finance and Civil Aviation Ministries were also present.

The GoM, which also includes Disinvestment Minister Arun Shourie and Law Minister Arun Jaitley, had earlier short-listed three firms — ABN Amro, Ernst and Young and KPMG — on the basis of their technical bids. There was a deadlock over the appointment of a financial advisor for the restructuring process of the two airports as the GoM had found the lowest bidder was not the firm that was considered to be the best in technical aspects. The GoM, headed by the Finance Minister, is believed to be unhappy over the failure to select the best-suited advisor despite three rounds of meetings.

Development of Ports at Azhikkal and Alappuzha

The project involving the development of Azhikkal port has received four expressions of interest with the bidders being Sharjah-based Universal Lubricants; Singapore-based Antara Koh; Lagan Holdings Ltd of Northern Ireland; and Chandragiri Constructions of Kerala. The project is estimated to cost Rs17.50 bn and will have berthing and allied facilities for cargo and container ships and a ship-repairing yard. The Allapuzha port project is estimated to cost Rs 2.50 bn and will have a marina and other recreational facilities, apart from a passenger terminal.

Major Ports Plan Lower Tariff

Many of the major ports in India are considering introduction of a separate tariff regime for mainline container vessels, which are now reluctant to call at Indian ports due to the high vessel-related charges. While ports such as Visakhapatnam, Chennai and Tuticorin have made a beginning in this regard, which have yielded positive results, many other ports are thinking in terms of introducing this proposal to have a lower tariff structure for mainline container vessels.

India Invites EU to Invest in \$25 Bn National Ports Project

The Prime Minister has announced an ambitious \$ 25bn ports project and invited the European Union to invest in the venture. Addressing the EU-India business summit, the Prime Minister stated that India planned to strengthen its infrastructure by building and upgrading a chain of modern ports along its vast coastline. The major new initiative named — “Sagarmala” (Sea Necklace) — aims to build and upgrade a series of modern ports supporting international and coastal shipping all along the peninsular coastline. Further, Indian officials have said they would invite bids for building the project in early 2004, adding that the government was looking at a private-public partnership to fund the ambitious project.

Caution against Privatising Ports

As per the Water Transport Workers Federation of India, Indian ports need to be more cautious with privatisation as ports the world over, especially in developed countries, still continue to function in the public sector. Dispelling the belief that privatisation of ports promotes efficiency in port operations, the Federation stated a recent survey of top 100 container ports in the world by the International Association of Ports and Harbours, which revealed that though the influence of private sector in ports is growing, the role of public sector agencies also remained significant. As many as 92% of the port that had responded to the international association’s survey constituted public organisations.

The Federation suggest that one way to capture overseas markets for goods is to ensure inexpensive shipping service and port operations. This is what advanced maritime nations were achieving through focussed policy measures of unobtrusively keeping the flow of public funds to shipping and ports.

IA Hopes to Break Even this Fiscal

Indian Airlines hopes to break even this fiscal, backed by better revenue and cost cutting efforts. Last fiscal, the airline incurred a loss of Rs 2.45 bn. IA reduced losses by 20% to an estimated Rs 446.5 mn in the first quarter of this fiscal year compared to a net loss of Rs 580.2 mn in April-June 2002, mainly through aggressive marketing and promotional activities. The loss of last fiscal has been attributed to higher fuel prices coupled with 26% sales tax imposed by states and 16% excise duty.

Draft for Bangalore Airport to be a Model

A working group constituted by the Civil Aviation ministry has finalised a draft concession agreement for Bangalore international airport, which is envisaged as a model for other greenfield airports in future. A formal shareholders’ agreement has also been entered into for the Hyderabad international airport at Shamshabad by the joint venture partner, AAI and the Andhra Pradesh government.

Bangalore Water Board Upbeat on Project to Plug Leakage

Six months ago, the Bangalore Water Supply & Sewerage Board (BWSSB) launched a pilot project in an old zone of the city to plug part of the 35% loss in its water distribution system. The project has been a success and the board will be bringing the entire city under the project next year.

The utility also plans to put a lasting clamp on leakage across the city by delegating its management to two or three contractors for 10 years. Extending the project to check unaccounted-for water (UFW) to the rest of the city would involve a funding of Rs 4 bn. This has been arranged from the Japan Bank for International Cooperation, which had financed the pilot project. The bids for the new project are expected to be called around June 2004.

The Rs 480 mn UFW pilot has been on for 18 months and has been financed out of the Rs1 bn savings from the just-completed Phase 1 of the Cauvery Water Supply Scheme-4. A consortium of Thames Water Asia, Singapore, and L&T was involved in executing it. The project involves a tight, 24-hour automated monitoring of the flow and rehabilitation of aged pipelines in 16 select 'district monitoring areas' or DMAs. The Thames-L&T team will be managing the project in these areas for another 18 months, after which the maintenance of these areas will be tendered out for a longer tenure. BWSSB expects the pilot covering 40,000 households to help bring down its distribution losses to 10-15%. The initiative has also raised the hope that the current turnover of Rs 300 mn can be pushed up to Rs 400 mn.

Call to Convert Hazardous Waste into Fuel

The Central Pollution Control Board (CPCB) has called for creating inventories of hazardous wastes with high calorific value that can be used as fuel in cement kiln, while studying the impact of such usage on environment. Addressing a national seminar on 'Zero cost fuels', Dr B. Sengupta, Member Secretary of CPCB, said that high temperatures (flame temperatures of 2000 degrees Centigrade and material temperatures up to 1400 degrees Centigrade) and residence time of four-five seconds in an oxygen-rich atmosphere ensured the destruction of organic compound in any waste. The seminar was organised by Confederation of Indian Industry's Shorabji Godrej Green Business Centre to promote conversion of 'wastes' into fuels and disseminate information about the latest trends and technologies in this area.

Narmada Water to Reach 30 Mn People by 2021

According to plans drawn up by the Gujarat Water Supply and Sewerage Board (GWSSB), about 30 mn people of Gujarat will get Narmada water by 2021 due to the implementation of a multi-mn pipeline project to provide Narmada canal water to urban and rural parts of the state. The action plan chalked out by the GWSSB aims at providing sufficient hygienic water to 24.1 mn of the population by 2011 and to 29.2 mn population by the end of the next decade in 2021. The master plan, which aims at providing piped water to 135 cities and 8215 villages of the state, will cover all urban and rural areas of Kutch and Saurashtra that have been facing a severe water crisis for the past few years. The major districts of the state that will benefit from the project are Ahmedabad, Mehsana, Banaskantha and Sabarkantha.

Cement Unit to Use Waste as Fuel

The Rajasthan-based Shree Cement Ltd has prepared a plan to generate fuel from wastes. It will help the company reduce the fuel cost by about four per cent. The company is in talks with a German company and the project is likely to be started soon. According to the company, it requires few equipment, which will cost between Rs 5 mn -10 mn to launch the waste fuel plan. The project will use municipal, agriculture, industrial wastes as well as plastics to generate fuel. The company is in talks with local municipalities for procuring waste. It has bagged national awards for the best thermal energy performance during 2001-02 and 2002-03, using coke as fuel.

Takeover of Water Resources Inevitable

As per the Rural Water Supply Minister of Karnataka, K B Kolivad, the take over of water resources owned by private parties would be inevitable if there was a severe drinking water crisis in the coming summer. Keeping in mind the deficient rainfall, the state government has already made the necessary arrangements to avert drinking water crisis in the state.

Besides placing restrictions on water consumption, restrictions have also been imposed on the agricultural activities dependent on bore-wells. As per the state's resources, it is possible to provide drinking water to about 20 mn people using the existing bore-wells. However, the state government feels that if the need arises, then private bore-wells, tanks and ponds would be used to provide water to the people and the cattle.

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