

THE MINISTER OF DEFENCE (SHRI A.K. ANTONY) : (a) to (d) Procurement of various kinds of defence equipment/platforms is made by the Government from various indigenous as well as foreign sources to meet the requirements of Armed Forces. This is a continuous process based on the technological changes, threat perception and available resources and is undertaken in accordance with the defence procurement procedures. The Headquarters Integrated Defence Staff (HQ IDS), in consultation with the Service Headquarters (SHQs), formulates the 15-year Long Term Integrated Perspective Plan (LTIPP), the 5-year Defence Plans and the Annual Acquisition Plans (AAPs). The acquisition case are accordingly progressed. A provision of Rs. 44800.21 Crores has been made in the Budget Estimate for the year 2010-2011 under capital acquisition for procurement of various kinds of defence equipment/platforms required by armed forces including Coast Guard.

Government has taken various policy initiatives to promote indigenization of defence production with the goal of self-reliance in the defence sector. The Defence Procurement Procedure (DPP) provide for "Make" category for Indigenous Research, Design, Development and production of systems. These include high technology complex systems. Further, a new category "Buy and Make (Indian)" has been included as an amendment to DPP-2008 with effect from 1st November, 2009 in order to encourage participation by Indian Industry.

Defence Research and Development Organization (DRDO) has opened five Centres of Excellence and has provided transfer of technology for a number of items/systems developed by DRDO.

Further, the Defence Public Sector Undertakings (DPSUs) are being continuously strengthened with modernization/upgradation of infrastructure.

Streamlining bidding norms of NHAI

*418. SHRI N.K. SINGH: Will the Minister of ROAD TRANSPORT AND HIGHWAYS be pleased to state:

(a) whether the Finance Ministry has asked the National Highways Authority of India (NHAI) to revert to the previous regime of awarding contracts;

(b) if so, the reaction of Government/NHAI in this regard;

(c) whether the target of NHAI to build 35,000 km. of roads in five years would be achieved;

(d) if so, the details thereof;

(e) whether the bidding norms of NHAI would be streamlined to make them effective and growth-oriented; and

(f) if so, the details thereof?

THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS (SHRI KAMAL NATH) :
(a) and (b) No such request/direction has been issued from the Ministry of Finance. Certain

amendments have been carried out in Request for Qualification (REQ) and Request for Proposal (REP) documents. The amendments have been carried out in accordance with the mechanism duly approved by the Government after approval by NHAI Board which includes, amongst others, representatives of the Ministry of Finance and Planning Commission. RFQ/RFP documents may be amended in keeping with the requirement from time to time to ensure implementation of the National Highways Development Project (NHDP).

(c) and (d) The Government has fixed a target for constructing 20 Kms. of National Highways per day, which translates into 35,000 Kms. in five years. The Government has taken various measures to expedite the award and implementation of individual projects under various phases of NHDP, the details of which are collectively given in Statement-I and Statement-II respectively (See below).

(e) and (f) Certain amendments have been carried out in the RFQ/REP documents for Build-Operate-Transfer (BoT) projects. The summarized details of the amended provisions of RFQ/RFP are given in Statement-III.

Statement-I

Policy Decisions to expedite the NHDP:

- (a) The procedure for issue of Land Acquisition notifications has been simplified. Earlier, all notifications under National Highways (NH) Act were vetted by the Ministry of Law. An amendment was made in the Allocation of Business Rules by which these notifications are not required to be sent to the Ministry of Law. The Ministry of Law approved standard formats of various notifications keeping in view the similar nature of the notifications of Land Acquisition.
- (b) Special Land Acquisition units (SLAUs) are being set up to expedite land acquisition for various projects. In order to expedite land acquisition, Regional Chief General Managers (CGMs) of NHAI have been empowered to accept awards passed by competent authority land acquisition under section 3(G) of NH Act for amount up to Rs. 10 crore per case.
- (c) To expedite the construction of ROBs, an officer of the Railways has been posted to NHAI to coordinate with Ministry of Railways. Memorandum of Understanding (MoU) has also been signed with M/s. IRCON for construction of some of the ROBs. A system of monthly coordination meeting between Nodal Officers of NHAI and Railways was introduced to expedite clearances. Chairman, Railway Board has been requested to take steps to reduce the administrative delays such as dispensing away with the stage approvals of the detailed design of these ROBs, time-bound approvals of General Arrangement Drawings (GADs) and the creation of dedicated highway cell in Ministry of Railways for proper monitoring etc.

- (d) Action is taken against non-performing contractors who are not allowed to bid for future projects unless they improve their performance in existing contracts.
- (e) A number of issues relating to RFQ/REP/MCA documents *e.g.* termination clause, exit clause, security to lenders other issues of concern to developers such as forfeiture of bid security on account of non-responsiveness, Threshold Technical Capacity (TTC), etc. have been resolved with the acceptance of the recommendations made by the Chaturvedi Committee. An Inter-Ministerial Group (IMG) under the Secretary, RT and H has been set up to consider further issues related to MCA.
- (f) Road projects on all three modes of delivery, *viz.*, Build-Operate-Transfer-BOT (Toll), and BOT (Annuity) as well as EPC may be considered for implementation concurrently rather than sequentially. If traffic does not merit implementation on BOT (Toll), such a project can be implemented directly on BOT (Annuity) subject to the overall cap as envisaged in the work plan. The decision of shifting a project from BOT (Toll) to BOT (Annuity) would be taken by IMG chaired by Secretary (RT and H) and approved by Minister of Road Transport and Highways.
- (g) Before implementing a project on EPC basis, it will be compulsorily tested for BOT (Annuity) and only if unacceptable bids are received, the project will be taken up for award on EPC basis.

Statement-II

Implementation/Monitoring mechanism to expedite implementation of the NHDP:

- (a) The National Highways Authority of India (NHAI) has set up Regional Offices at 10 different locations in the country to look after implementation of projects. Necessary Powers have been delegated to the Regional Officers for this purpose.
- (b) The Contracts are regularly monitored at various levels such as by Supervision Consultant, Regional Officers, Project Directors, senior officers of NHAI. Progress reviews are also held at the level of Chairman, NHAI, Secretary, Ministry of Road Transport and Highways and Minister, Road Transport and Highways.
- (c) State Governments have appointed senior officers as nodal officers for resolving problems associated with implementation of the National Highways Development Project (NHDP) such as land acquisition, removal of utilities, forest/pollution/environment clearances etc. These nodal officers hold periodic meetings to review the projects and take action to resolve the problems.

- (d) Minister of Road Transport and Highways (RT and H) has also written to all the Chief Ministers emphasizing the need to streamline the process of land acquisition and utility shifting etc., by constituting high level committees under the Chairmanship of the Chief Secretary of the respective States. In this committee, the Chief General Manager, NHAI in-charge of the respective states would act as Member Secretary and all the other Principal Secretaries of Departments of Revenue, Public Works Department (PWD), Water and Power supply, Forests etc. would take part to resolve the inter-departmental issues along with the other concerned jurisdictional revenue officials.
- (e) A committee of Secretaries has been constituted under Cabinet Secretary to address inter-ministerial and Centre-State issues such as land acquisition, utility shifting, environment approvals, clearance of Railways Over Bridges (ROBs).

Statement-I

Annexure referred to in Ministry of Road Transport and Highway's Office Memorandum No. NH-37015/1/2009-Highways dated 09-04-2010.

- 1(a) The following will be added at the end of the *clause 2.2.2(B)* of RFQ.

"In the immediately preceding financial year, the Applicant or the Applicant Consortium as the case may be, shall demonstrate,

- **For Projects with TPC value of less than Rs. 2000 Crore - a [combined] minimum Net-worth requirement of 25% of the TPC value.**
- **For Projects with TPC value of Rs. 2000 Cr. or more but less than Rs. 3000 Cr - a [combined] minimum Net-worth requirement of Rs. 500 Crores plus 50% of the amount by which the TPC value exceeds Rs. 2000 Cr.**
- **For Projects with TPC value of Rs. 3000 Cr or more - a [combined] minimum Net-worth requirement of Rs. 1000 Crores plus 100% of the amount by which the TPC value exceeds Rs. 3000 Cr."**

[As footnote: "In case an Applicant has issued any fresh Equity Capital during the current financial year, the same shall be permitted to be added to the Applicants assessed Net-Worth subject to the Statutory Auditor of the Applicant certifying to this effect"]

- 1(b) The following will be added at the end of the *clause 2.2.2 (B) of RFQ following the amendment in (a) above.*

"Provided further that the each member of Consortium shall have a minimum Net-worth of 12.5% of TPC in the immediately preceding financial year".

[footnote: "In case an Applicant has issued any fresh Equity Capital during the current financial year, the same shall be permitted to be added to the Applicants

assessed Net-Worth subject to the Statutory Auditor of the Applicant certifying to this effect”]

- 2(a) The following will be added as clause 2.25 of RFO.

“Applicant/Consortium would provide an undertakings of NHAI that the EPC works of the project would be executed only by such EPC contractors who have completed at least a single package of more than 20% of the TPC or Rs. 500 cr. whichever is less.”

- 2(b) “The following will be added in *Appendix I “Letter comprising the Bid”* of RFP.

The EPC contractor/s who would be executing the EPC works of the Project are _____, _____, _____ and it is confirmed that these contractors meet the minimum criterion set out in our REQ for this Project.

It is irrevocably agreed that the value of any contract for EPC works awarded shall not be less than 20% of the TPC or Rs. 500 cr. whichever is less.

It is also agreed that any change in the name(s) of EPC contractor(s) would be with prior consent of NHAI. We agree that NHAI shall grant such permission only and only if the substitute proposed is of the required technical capability as applicable.”

3. The following will be added at end of the *clause 1.1.8 of RFP*.

“A Bidder shall not be eligible for bidding if,

- (i) For projects with TPC less than Rs. 3000 crore, as on Bid Due Date, the Bidder, its Member or any Associate, either by itself or as member of a Consortium has been declared by the Authority as the Selected Bidder for undertaking 3 (three) such projects and the bidder is yet to achieve Financial Closure.
- (ii) For projects with TPC in excess or equal to Rs. 3000 crore, a bidder shall not be eligible for bidding if, as on Bid Due Date, the Bidder, its Member or any Associate, either by itself or as member of a Consortium has been declared by the Authority as the Selected Bidder for undertaking 2 (two) such projects and the bidder is yet to achieve Financial Closure.

Subject, however, to the provision that total number projects under (a) and (b) above for which the bidder is yet to achieve financial closure shall not exceed 3 (three).

A Bidder shall be considered as a Selected Bidder for the projects of NHAI, where the Letter of Awards (LOA) has been issued.”

4. The following will be added at the end of the *clause 3.2.9 of RFQ.*

- “a. The Experience Score of the Applicant shall be computed as a weighted average of the Experience Score of a member and his proposed equity stake (%) in the Consortium.**
- b. Similarly, the Financial Score of the Applicant shall be computed as a weighted average of the Financial Score of a member and his proposed equity stake (%) in the Consortium.**

Provided that the financial strength or the experience score taken into assessment will be only of those who contribute a minimum 26% share to the Consortium.

Illustration:

For illustration and avoidance of any doubts, the following method is placed in clarification:

If Company A (Net-worth: Rs. 1000 Crores) and Company B (Net-worth: Rs. 500 Crores) in a Consortium with shareholding of A as 60% and B as 40% then the Weighted Financial score of the Consortium shall be:

For Weighted Financial Score

$$1000 \times 60\% + 500 \times 40\% = 800 \text{ Crores}$$

If Company A has been assessed to have an Experience Score of 1000 and Company B has been assessed to have an Experience Score of 5000, in a Consortium with shareholding of A as 60% and B as 40% then the Weighted Experience Score of the Consortium shall be:

$$1000 \times 60\% + 5000 \times 40\% = 8000$$

5. The following will be added at the end of the *clause 2.19.3 of RFQ.*

“(a) Any entity (the Bidder, its Member or Associate was either by itself or as member of a consortium) which has been barred by the Central Government, or any entity controlled by it, from participating in any project (BOT or otherwise), and the bar subsists as on the date of Application, or has been declared by the Authority as non-performer/blacklisted would not be eligible to submit an application, either individually or as member of a Consortium.”

6. The following will be added as *clause 3.4.4 of RFQ.*

“(a) In case of foreign companies, a certificate from a qualified external auditor who audits the book of accounts of the Applicant or the Consortium Member in the formats provided in the country where the project has been executed shall be accepted, provided it contains all the information as required in the prescribed format of the RFQ.”