

## INTERFACE

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Execution process of infra projects face severe roadblocks

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**C&C Constructions** Ltd. is one of the fastest growing construction companies of India, focusing on infrastructure construction segments including highways, airports, telecom infrastructure and power transmission. **GS Johar**, Chairman - C&C Constructions speaks to **Jibran Buchh** about the challenges faced in road projects, new BOT trend, and land acquisition.



### **What are the main challenges faced while implementing road and highway projects in India? How can these challenges be eliminated?**

The entire execution process of infra-project faces severe roadblocks. Land acquisition proves to be major issue which typically is more relevant for road and highway projects.

Around 70 per cent of the infrastructure projects are delayed because of this predicament. However, I believe that the government is taking right steps in this direction. NHAI is in the final stages of acquiring 80 per cent of the land for the projects to be awarded. The pace of land acquisition has also improved four times than it was earlier. Although, it is high time that India adopts a legislation that prevents the displaced people from lodging cases thereby unnecessarily extending the time line.

Apart from land acquisition, fund management, labour scarcity, raw material supply, poor connectivity and extensive and extended approval processes are also moot points

### **Currently, the trend of BOT project is becoming fast recognized. Comment.**

Trend of BOT is new to India but not to the world! Infrastructure has been delivered through BOT projects in Australia since 1989-90. Since that time there have been of the order of 100 major BOT projects in Australia. Interestingly, the rise of BOT projects in Australia coincided with the dramatic fall of the property market, and the economic down turn generally. It seems that the BOT style of project became popular when major contractors had little work in their order books, and governments had little capital funds available for needed infrastructure projects. In contrast to Australia, the USA started performing infrastructure projects in the late 1970's following US Federal legislation introduced by the Carter Administration compelling private sector investment in certain utility projects, with the aim of introducing private sector efficiencies into public sector projects. The fundamental basis for Build Own-Operate Transfer projects is the introduction of private sector investment into public sector projects. China has a track record in BOT projects. Experience and demographics suggest that we will see a dramatic increase in the number of BOT projects in India over the next decade for which C&C is

equipped; as on date our eight BOT projects are underway out of which five are of Highways, one Transmission Lines -substations, Development of Inter State Bus Terminus (ISBT) and Computerized Interstate Check Posts.

**Road, highway projects are capital-intensive with long gestation period. How can long term funding be made easier to road, highway developers?**

Road projects are high capital-intensive and the gestation period for recouping the investments is very long. These projects require element of subsidy, financing and active support from government, if they are not self-viable.

**Land acquisition has been a major hurdle in highway development across India. How can this problem be tackled?**

In China by official reports more than 66 million farmers have been dislocated in recent years for various commercial development projects. Local officials in cahoots with local business have been rather cavalier in this matter, and this has inflamed passions in the countryside. In India the scale of such dislocation has been so far much less, but already has led to a great deal of agitations and some violence. There are, of course, disputes about the necessity of big commercial development projects in some areas and their damaging effects on community life and local environment.

The solution to land acquisition is for the state to offer sellers a compensation package in two parts: a minimum lump sum amount related to the recent average market value of the agricultural land, and an annuity. A stream of annuity payments is much better for poor farmers than one-off cash payments which often get frittered away. The state also needs to be involved in some form of temporary welfare payments (and job training) to unregistered sharecroppers and landless workers.

And to create the fairness in the process all the matter of land transfer and administering of compensation and resettlement should be handed over to an independent quasi-judicial authority or a regulatory commission for each state, sufficiently insulated from the day-to-day political process but subject to periodic legislative review. Although there could not be full proof solution to it - but tackling it through various means and modes is required.



Government intends to develop 20 km of roads per day

**Apart from Afghanistan any other country where you have plans to execute the project?**

As part of its international operations, C&C has been present in Afghanistan since 2003. Our most recent partnership with Isolux Corsan, the Spanish engineering giant will help us take up projects across diverse geographies such as Asia, former Soviet Bloc (excluding Eastern European countries) and Africa. It would present us with abundant opportunities in terms of expanding geographical reach.

**What is C&C Construction's long term business strategy in India?**

The construction industry is thriving. We have projects in roads, railways, buildings, water &

sewage, and power transmission segments. All these sectors are booming. We focus where there is maximum profitability and not necessarily only on maximum business. We intend to get into more verticals and geographies in future.

**Tell us about C&C's current projects?**

Currently we are doing twenty highways, seven urban infra, three water & sewerages, one railway and seven transmission projects - out of which eight are of BOT basis.