

India puts road bidding online

Written by Administrator

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New Delhi: Companies bidding for Indian road-building contracts will have to apply online from August as the government makes the process more transparent to lure foreign investors and end "cartels" that force up prices.

The use of internet tendering will stop companies clubbing together to drive up project costs, Minister for Road Transport and Highways C.P. Joshi said in an interview. The government wants to attract \$60 billion (Dh220 billion) of investment to help India expand its road network in the five years ending 2017, he said.

"Cartels always increase the cost and impact on the quality of the road," Joshi, who took over the ministry in January, said in his New Delhi office on Tuesday. "We are going for transparency and accountability" to attract more investors, he said.

India is embarking on the biggest road-building programme in its history as part of a wider attempt to address the country's infrastructure deficit, which economists say acts as a brake on growth and deters overseas investment.

Delivery of goods

Poor roads cost industry as much as \$4.8 billion a year by increasing transport time and slowing the delivery of goods, according to a 2009 report by the Transport Corporation of India Ltd., the nation's biggest cargo and logistics services company. India is well behind its target of building 20 kilometres of roads a day. It only managed a rate of about 5 kilometres in the year ending March, according to the Planning Commission. The reasons for delays include problems acquiring land and poor management, Joshi's ministry said separately in a written response to questions.

India's infrastructure is ranked 91 out of 139 nations by the World Economic Forum's Global Competitiveness Index. Poor transport links, ports and power generation could knock 1.1 percentage points off economic growth in 2017, McKinsey & Co. said in a report.

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The government is turning to public-private partnerships to help provide the capital needed to build roads.

Investment

Morgan Stanley and London-based 3i Group Plc, Britain's largest publicly traded private equity firm, separately announced in the last three months they plan to invest a total of \$500 million to develop the country's highways.

Indian Prime Minister Manmohan Singh called for the highways department to step up efforts to improve the quantity and quality of the country's roads after reviewing the ministry's progress earlier this month.

Singh said yesterday there should be more transparency in how all government contracts are awarded for infrastructure building.

Source : gulfnews.com