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Prime Minister Reviews the Roads Sector, Calls for Speeding up Projects

"Roads are a vital infrastructure, and despite improvements, the sector still needs efforts to upgrade the quality as well as length of India's national highway network," said Prime Minister Dr Manmohan Singh. The Prime Minister was taking a review of the road sector, and he desired that action be initiated to bridge the deficit in both quality and quantity. The meeting was attended by Sh Pranab Mukherjee, Finance Minister, Sh CP Joshi, Minister for Road Transport & Highways, Sh Montek Singh, Dy Chairman, Planning Commission, and Sh Jitin Prasada and Sh Tusharbhaj Chaudhary, Ministers of State in Ministry of Road Transport & Highways. Sh TKA Nair, Principal Secretary to Prime Minister, and Sh Ajit Seth, OSD, Cabinet Secretariat, also participated in the meeting.

Since 2004-05, 26883 kms of national highways have been completed, against 8918 kms in the 5 years preceding this period. Greater transparency in projects is being implemented with the placing of concession agreements on the NHA website. The Ministry will also introduce e-tendering in August 2011, and will launch project monitoring through GIS-based satellite imagery from September 2011.

While the Ministry has set a goal of awarding 7300 km of national highways projects in 2011-12, Prime Minister said that he expected them to exceed this target. While appreciating the increase in the works awarded last year, the Ministry was asked to prepare a shelf of projects of around 10,000 km, and another 15000 kms be taken up for preparation of detailed project reports. The decision making process needs to be speeded up at each stage. The Prime Minister flagged the need to strengthen the organizations involved in this gigantic task, especially NHA. Re-structuring of NHA should be implemented quickly, and all vacant posts need to be filled up.

Dr Manmohan Singh also directed special attention to projects in areas with poor connectivity, especially J&K, North east and the Left wing extremism affected areas. The Prime Minister also stressed upon the need to ensure that public is not inconvenienced when new works are being undertaken, and that alternate roads and detours should be safe and adequate to handle the traffic. With monsoons around the corner, the stretches under construction and upgradation should be given special attention.

[SOURCE – PIB, GOVT OF INDIA](#)

Pace of construction in road rises to 6km a day

Since January projects worth Rs 11,000 crore have been awarded in the roads and highway sector. This translates into an award of 1,272 km of highways. The pace of construction in the sector rose from 4.9 km a day for the whole of last year to 6 km a day constructing 894 km of highways between January- May 2011.

The National Highways Authority of India (NHAI) has identified over 100 projects for bidding under the public private partnership (PPP). The ministry and the NHAI have also stepped up land acquisition by empowering regional offices in various states to clear settlements up to US\$ 2.2 billion

[SOURCE – CONSTRUCTION UPDATE](#)

Government to award US\$ 15 billion road contracts this fiscal

Contracts for building 11,050 kms of roads will be awarded in the current fiscal year involving an estimated investment of US\$15 billion, as per the target set by the Ministry of Road, Transport and Highways. The ambitious road building plans were reviewed by Prime Minister Manmohan Singh with Road Transport Minister C P Joshi and senior officials of the ministry and the National Highways Authority of India (NHAI).

Of the total work proposed to be awarded this fiscal, 7,300 km would be under the National Highways Development Project (NHDP), an increase of 44 per cent over 5,095 km in 2010-11. Under this component, investment is earmarked at US\$ 13 billion. As part of a development strategy, the government wants to complete 1,759 km of roads in the Left Wing Extremism (LWE) affected areas this year involving an outlay of US\$ 667 million

The road ministry plans to award 1,991 km road projects too under the Special Accelerated Road Development Programme in North-East where US\$ 2.2 billion investment could be made. India has 70,934 km national highways network. Work is in progress on 10,142 km as of March end, an official said after the review meeting. The road ministry highlighted the problems for the speedy implementation of the road projects. It wanted expeditious approval from the Planning Commission for upgradation of 10,000 km of state roads to new national highways already cleared by a Group of Ministers. Over and above this, 10,000 km roads also need to be upgraded to the national highways. The ministry intends to make 12,000 km of stretches of national highways to be proper two-lane national highway standard.

"Additional allocation, of funds is also required for maintenance and repair of national highways," a ministry official said, adding that the amount required is nothing less than Rs 1,000 crore. Formulation of a road development plan for districts with large tribal population was also discussed.

[SOURCE – ECONOMIC TIMES](#)

Spotlight on Delhi-Mumbai industrial corridor

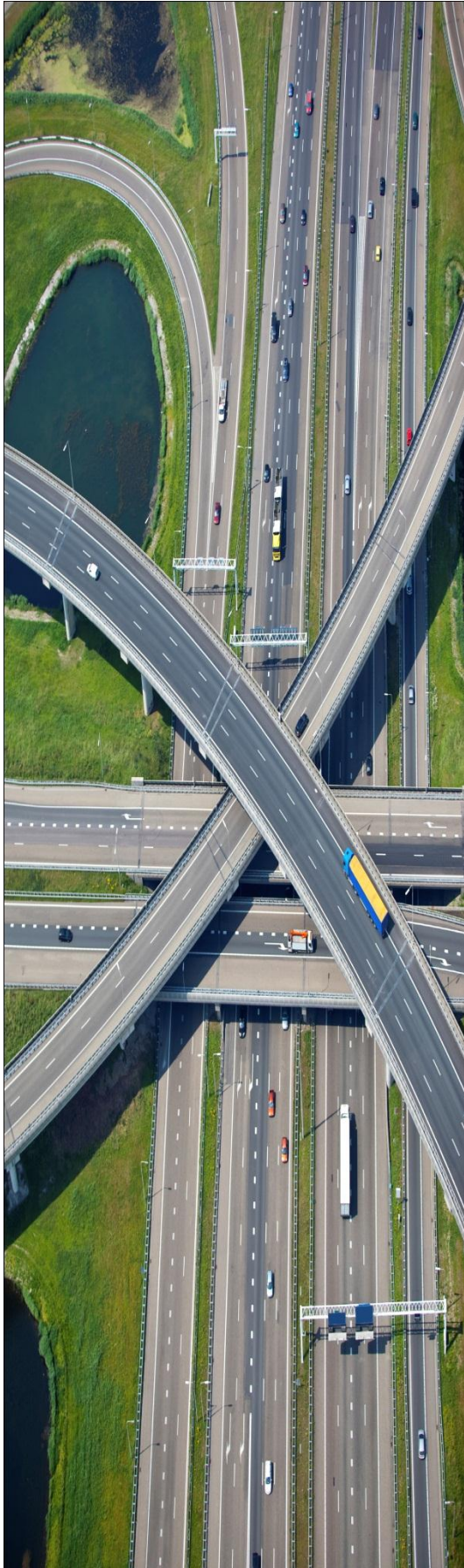
The proposed Delhi Mumbai Industrial Corridor (DMIC) has increased the potential of industrial development. The DMIC is a mega infrastructure project of USD 90 billion with the financial and technical aid from Japan, covering an overall length of 1483 kms between the national capital and the business capital of India, i.e., Delhi and Mumbai respectively

This project incorporates nine mega industrial zones of about 200-250 sq. km, high-speed freight line, three ports, six airports, a six-lane intersection-free expressway connecting the country's political and financial capitals and a 4000 MW power plant. Several industrial estates and clusters, industrial hubs, with top-of-the-line infrastructure would be developed along this corridor to attract more foreign investment.

"About 40 per cent of the DMIC passes through Rajasthan. This will provide an opportunity to companies to set up units along the corridor and thus contribute to the economic development of the state," PHD Chamber of Commerce president Sail Bhandari said recently. Key industries like mineral-based industries, textiles, gems and jewellery, and agro processing units would benefit from the corridor.

Minister of state for communications and IT Sachin Pilot said primary requirement for economic development of a state was connectivity and added that agreements for two airports, to be built in the near future, have been signed. Funds for the projects would come from the Indian government, Japanese loans, and investment by Japanese firms and through Japan depository receipts issued by the Indian companies.

The high-speed connectivity between Delhi and Mumbai offers immense opportunities for development of an industrial corridor along the alignment of the connecting infrastructure. A band of 150 km (influence region) has been chosen on both sides of the freight corridor to be developed as the Delhi-Mumbai Industrial Corridor. The vision for DMIC is to create strong economic base in this



band with globally competitive environment and state-of-the-art infrastructure to activate local commerce, enhance foreign investments, real-estate investments and attain sustainable development. In addition to this, DMIC would also include development of requisite feeder rail/road connectivity to hinterland/markets and select parts along the western coast.

[SOURCE – ECONOMIC TIMES](#)

Government may buy back IL&FS, IDFC stake in Delhi-Mumbai corridor

The government has decided to replace private sector infrastructure firms IL&FS and IDFC with state-backed institutions in a special purpose vehicle (SPV) set up to build a mammoth industrial zone between the nation's largest cities as it does not want private players to profit from the upside created by government funding. The industry ministry has approached the Cabinet with a proposal to buy back the 51% stake held by these two private companies in the Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC), the special purpose vehicle set up to execute the ambitious industrialisation project that is intended to create seven new cities in six states. IL&FS currently holds 41% in DMICDC, IDFC 10% while the balance 49% is owned by the Union government.

"The 51% stake held by these two private firms will be offered to state-run financial institutions such as Life Insurance Corporation and IIFCL," said a senior government official directly involved in the matter. "We want the SPV to be owned by the government and government institution," said RP Singh, secretary, Department of Industrial Development and Policy. The project will need considerable state support and the government is not comfortable with the idea of private stakeholders walking away with the upside. The magnitude of state support could be enormous. The project will require around 17,000 crore at the initial stages, most of which will come from the state.

The government is also keen to avoid a conflict of interest given that both IL&FS and IDFC will be allowed to bid for parts of the project, such as industrial zones. "It is only rational to ensure that the long-run upside earnings should flow back to the government coffers," said the government official quoted earlier. "We have no objection whatsoever with diluting our stake and after looking into the conditions of the cabinet note, we might even be happy to bid for the project at a later stage," IDFC's spokesperson told ET. IL&FS could not be reached.

This project includes nine mega industrial zones of about 200-250 sq km, a high-speed freight line, three ports and six airports, as well as a six-lane intersection-free expressway connecting the country's political and financial capitals and a 4,000 MW power plant, according to the website of the Delhi-Mumbai Industrial Corridor Development corporation.

[SOURCE – ECONOMIC TIMES](#)



India among top destination for renewable energy investment

India and China are among the countries that are expected to see higher investment in the renewable energy sector, which has seen M&A deals worldwide worth over USD 11 billion in first three months of 2011. Global consultancy KPMG's latest survey showed that the US, China, India, Germany and the UK would be top destinations for renewable energy investments.

A staggering 141 M&A deals -- worth about USD 11.2 billion -- were announced in 2011's first quarter. The value is more than double the quarterly average value of USD 5.5 billion seen in 2010. "The top five targeted countries for renewable energy investment are the USA, selected by 53 per cent of the respondents, China (38 per cent), India (35 per cent), Germany 34 per cent, and the UK (33 per cent)," KPMG report noted. The findings are based on a survey of 500 senior executives in renewable energy sector between January and March. The respondents included corporates, investors and government bodies, among others.

"The global renewable M&A market has had a busy start to 2011, with a substantial jump in global activity which looks set to continue. "In particular, our survey has shown that deals in the USD 50 million to USD 0.5 billion bracket are likely to see the greatest increase..." KPMG India Head of Advisory Richard Rekhy said. KPMG had commissioned a specialist renewable energy research entity VB/Research for the survey.

[SOURCE - INDIAN EXPRESS](#)

Share of clean energy to rise to 10% by 2015

The union government aims to double the level of green power in the country to 10 per cent of the power generation by 2015. Presently, 5 per cent of the total generation in the country comes from the green power. India reached 5 per cent level in 2010 and annually 1 per cent is going to add up to take it to 10 percent level by 2015.

The costs of generating green power is going to be flattened in the next five years, Pramod Deo, chairperson, central Electricity Regulatory Commission said. Deo further said all state regulatory commissions should take CRC tariff as guiding tariff. From the point of view of sellers, operational issues like connectivity should be addressed, he said.

[SOURCE-CONSTRUCTION UPDATE](#)

Country's largest 10 MW Solar Power Plant

Azure Power, announced the commissioning of Phase I of its 10 MW solar photovoltaic plant in Gujarat. The plant at Khadoda village, Sabarkantha district in North Gujarat is India's largest solar power project. Azure has entered into a 25 year long agreement with the apex state utility Gujarat Urja Vikas Nigam Limited.

Among other major solar power projects, Lanco is operating 5 MW of capacity in Gujarat and planning to expand it soon. Azure Power chairman HS Wadhwa said, "Azure Power has demonstrated successfully on ground that solar power prices are following a downward trend and in next 5 years should reach retail parity. With Government of Gujarat's dynamic participation in this sector, economies of scale will accelerate solar generation grid parity, creation of millions of jobs and clean energy for Indian households for years to come."

Azure Power has a project under every Solar Policy in the country. In addition to Gujarat, Azure Power has inked agreements with state governments of Punjab and Rajasthan. Ongoing talks with other state governments will take this total generating capacity to a combined production of 100 MW solar power by 2014 with cumulative investment of Rs 1500 Crs.

The Khadoda Plant has been set up at an investment of Rs 170 crore. Gujarat chief minister Naredhra Modi will formally inaugurate Azure Power's newly created facility on Friday. Earlier in October 2010, Azure Power announced an investment in the Gujarat for development of the Khadoda Solar PV power plant. The investment of \$40 million USD is led by Overseas Private Investment Corporation (OPIC), an agency of the United States Government that helps US businesses invest overseas and promotes economic development in new and emerging markets. Other investors in the project include IFC, a member of World Bank group, Helion Advisors, a venture capital firm based in Gurgaon, India and Foundation Capital, a venture capital firm based in Menlo Park, California.

[SOURCE – ECONOMIC TIMES](#)

Government creates scheme to boost solar projects

The cabinet has approved the allocation of 4.86 billion rupees (\$108 million) toward a scheme to guarantee payments for electricity bought from solar power producers, as part of the government's efforts to encourage development of renewable energy. The funds

will be used as guarantee in case state-run power utilities and distribution companies default on payments for solar power, which currently costs much more than coal-based electricity.

The payment security scheme aims to help solar power producers arrange finances for their projects, the government said in a statement issued after a cabinet meeting. The scheme will help the federal government meet targets under its National Solar Mission, which aims to build 1,000 megawatt of solar power capacity by 2013 in the first phase. India aims to add 20,000 Mw of solar power by 2022 under the solar mission. The scheme will be implemented by the Ministry of New and Renewable Energy and NTPC Vidyut Vyapar Nigam Ltd. will be able to draw funds from the account as per the scheme's provisions, the statement said. NTPC Vidyut, a unit of India's largest power generator NTPC Ltd., buys solar power from the producers and sells it to utilities bundled with coal-based power.

But most state-run distribution companies are cash-strapped with weak finances. This has elevated the risk of solar power producers not being paid for the electricity produced. That has affected solar companies building these new plants as lenders aren't willing to give loans to projects where returns are risky. Solar companies that have been awarded projects under the mission's first phase in particular are facing hurdles in arranging finances. For the projects awarded so far, companies have to raise funds by the end of June.

India currently has 20,000 MW of renewable energy capacity, constituting more than 11 per cent of the country's total power generation capacity of around 174 gigawatts.

[SOURCE – ENERGY BUSINESS](#)

Green India- Renewable Energy Certificates (REC) mechanism play key role

International environment day, a day when the whole world makes noise about going green to save our planet just passed us. In India, though the day was overshadowed by Ramlila maidan- Baba Ramdev-drama, it somehow induced a stronger feeling in the minds of citizens to turn to greener and cleaner energy.

Save energy save the country is one of the most popular and cliché lines. However the newer steps include energy efficiency and turning to green or in our terms know as the renewable energy.

This category has solar, wind, small hydro, bio gas etc. Hydro projects, the first form of grid connected electricity generation in the country constitutes close to 25 per cent of the total electricity generated in the country. Solar, wind and bio-mass, though was part of the country's electricity generation map for last two decades, failed to scale up and tap the existing potential to the fullest. All agree that, the country has more hydro potential which is yet to be explored. But considering the geographical, logistical hassles and the environmental clearances, experts are of the opinion that the country should look at developing small hydro projects.

Solar Power

The untapped renewable energy potential in the country still makes headlines. Though government has come out with ambitious projects like the Jawaharlal Nehru National Solar Mission (JNNSM) last year, the experts are still divided on the implementation of its first phase. The target is to have 20,000 Mw of grid connected solar energy by 2022, a off-grid target of 2,000 Mw, and 2 lakh rural solar lighting system by 2022. The first phase target includes 1,000 Mw solar power by 2013.

The country over the last six months has witnessed some of the grid connected solar plants. Tata's Mulshi solar project is one such example which went on grid recently. The state, the developers are looking at establishing larger solar plants. "It is too early to assess the JNNSM. Successful implementation of the first phase is crucial in achieving the set 2022 targets. Given the solar potential in the country with more than 300 sunny days, it is a very achievable target," said Jason A Donovan, First Secretary, Energy, US Embassy. He added that phase one will pave the way for the framing the phase two guidelines.

Wind Power

The state like Tamil Nadu, Gujarat has gone far ahead in comparison to the other states in terms of setting up wind farms. Tamil Nadu is the first state to come out with guidelines for wind developers. The scene is changing rapidly with more states like Karnataka, Maharashtra, Rajasthan etc are looking at developing more wind farms to meet the energy requirement and also to meet the renewable energy purchase obligation (RPO).

Renewable Energy Certificates (REC)

Trading of REC certificates indeed a major step in the power trading segment has enabled the power entities to purchase it to meet their RPO. When the trading of RECs first started in March saw a lot of demand for both solar RECs and non solar RECs. REC is a market based instrument which provides evidence that a generator has produced a certain quantum of power from a renewable energy resource which has been consumed. This also reflects the environmental attributes of the source of generation and can therefore be traded in the markets.

According to Satyajit Ganguly, VP and head business operations of PXIL, the exchanges plays a crucial role in developing green energy market in India. He also added that the structural issues should be addressed a) distribution utilities are not inclined to enhance their ARRs b) only sixteen states had come up with their RPO prior to REC mechanism c) Even with REC Mechanism only about 15 states have come up with REC orders. d) States with less RE potential are shying away and even for the states with higher RE potential, issues arising out of the infirm nature of power need to be addressed e) Lack of incentives to develop renewable portfolio for better capacity utilization for eg. development of biomass generation linked to fuel costs. The decline in demand for REC in the last month resulted in a dip of clearing prices. However, this is preventing the participants from exploiting the market in a major way and also allowing them to understand the market clearly.

The set RPO by CERC for power discom is 10 per cent by 2015. There are couple of states which are already meeting the 10 per cent bench marking. And there are states which are still away from even meeting a 2 per cent RPO. The steps by the state and the central regulatory commissions in the form of RPO and trading of RECs through the exchanges, definitely is going to empower the renewable energy market.

[SOURCE- ENERGY BUSINESS](#)

India, US start \$50 mn fund for clean technology

The fund will help establish the Indo-US Joint Clean Energy Research and Development Centre which will finance academia, institutions and industry from both countries to undertake the research

The United States and India announced a joint \$50 million fund to promote research in clean energy technologies recently, a step seen as part of efforts to whittle down their differences over how to fight climate change. The fund will help establish the Indo-US Joint Clean Energy Research and Development Centre which will finance academia, institutions and industry from both countries to undertake the research.

"This is the first collaborative research effort of its kind, where Indian and US researchers will be jointly selected," US Ambassador to India Timothy J. Roemer said in a statement. "It elevates the US-India clean energy cooperation to a new level and is a testament to the strength of our continued strategic partnership." In the global fight against climate change, two of the world's most populous democracies sit on the opposite end of the debate, their differences a major hindrance in achieving an international agreement on curbing global warming.

Under existing rules, only rich countries have to meet binding emissions targets and report actions regularly. But developed nations led by the United States, which never ratified Kyoto, want emerging economies such as China and India to take on a greater share of climate actions. Developing nations now emit more than half of greenhouse gas emissions and that portion is growing quickly. China has already passed the United States as the world's top carbon polluter.

Emerging nations say they will accept international consultation and analysis (ICA) of their emissions actions, but not anything equal to the standards expected of rich economies. They blame the rich for much of the greenhouse pollution pumped into the atmosphere over the past two centuries. A huge gap also exists between rich countries reluctant to pay the fiscal and lifestyle costs of deep cuts in their emissions, and developing states which say they must be allowed to increase emissions so their economies can catch up.

The US statement said the awards from the new fund will be made to a consortia with the knowledge and experience to undertake collaborative research programs. "These consortia will help bring together top talent from both countries and are expected to generate key technological advancement through genuine collaboration between US and Indian researchers," it said.

[SOURCE -MINT](#)





India's buying of low-grade coal may cause bottlenecks

Country's growing appetite for low-grade, low-priced coal could give South African state utility Eskom fuel supply problems, Graham Parker, director of traders Traxys Coal, said. A shipment of 4,800 kc/kg coal, significantly below the standard grade of around 5,800 kc/kg for export coal, was sold last month to an Indian buyer by one of South Africa's biggest mining companies, Parker said at the Navigate shipping conference.

"India's demand isn't for standard 6,000 kc/kg coal, it's increasingly for low calorific value (cv), low priced coal," he said. India is dragging in Indonesian sub-bituminous and what might be seen as mining discard from Australia," he said. "In the last week or so a cargo of low cv coal has gone from South Africa to India and the importance of that cannot be underestimated," he added.

Lower energy content coal, which is mined simultaneously with export grade coal in South Africa, is almost entirely burned by state utility Eskom, which generates more than 90 per cent of the country's power. Any drift of lower cv coal into exports and away from Eskom would either force the utility to pay at parity with export prices or exacerbate South Africa's existing power difficulties, he said.

On Tuesday, South African shipping and logistics group Grindrod said it aims to expand its South African and Mozambican coal export terminals to add more than 20 million tonne a year by 2014. These expansions will be aimed at smaller miners who have failed to find space at South Africa's Richards Bay Export Terminal and have no ability to export at present.

When they can do so, these miners are expected to sell increasingly to Indian buyers unless the government bans such exports to protect Eskom's supply or Eskom sharply increases the prices it pays.

[SOURCE-ENERGY BUSINESS](#)

CIL wants change in coal distribution policy

State-owned Coal India Ltd has said it is in favour of an amendment to the New Coal Distribution Policy (NCDP) of 2007 which is scheduled to come up for review this week. "The current coal distribution policy needs to be changed as a few things are just not practical. CIL should not be asked to meet everybody's demand and verify end use of its coal. We want change mainly on these two issues," Coal India Chairman N C Jha said. He said Coal India could be asked to produce coal from domestic sources to the extent allowed. When coal was under OGL, CIL should not be asked to meet everybody's coal demand, he argued. Jha said the end use verification of CIL coal should not be thrust upon it, as it required a large number of people and should be done by a separate agency.

Preliminary talks were held in the coal ministry and it would now get response from different sectors, he said. He said the NCDP was scheduled to come up for review on June 8. Turning to meeting the coal requirement of upcoming thermal power projects, he said letters of assurance (LOAs) were given for over 82,000 MW power in the 11th plan period which needed additional production of 400 million tonne (MT) if all the projects were implemented.

But as per projection CIL could produce 560 MT of coal by 2016-17 which indicated that the company could produce slightly over an additional 100 MT from its current level of production, Jha said. CIL's production target for this fiscal has been fixed at 452 MT.

The CIL chairman said if the company has to meet the country's increased demand, it should not only get coal blocks but be allowed mining and timely clearance. "We are asked to fulfil everybody's demand even if it requires importing coal on one hand, while the company is not allowed to mine in many areas due to various environmental issues," he said.

The CIL chairman said the company has offered to supply 347 MT of coal to power utilities in the current financial year, which is 43 MT more than the previous year.

[SOURCE – ENERGY BUSINESS](#)

12,200 mw power projects to get coal supply

NTPC, Reliance Power and Lanco Infratech are among the 12 companies that will receive coal for their newly commissioned power projects with combined capacity of 12,000 mw.

Projects to be commissioned in first quarter this year would get only 40% of assured supply by Coal India while those set up in 2009-10 and 2010-11 will receive 70-78% of committed quantity. Some more projects that are likely to be commissioned this year would be allotted coal depending upon their progress. Merchant power projects that sell electricity in open markets would get coal if left after meeting requirements of upcoming projects, the official added.

[SOURCE – CONSTRUCTION UPDATE](#)

Coal linkages awaited for power projects with 40,000 MW capacity

Insufficient supply of coal has affected state-run thermal power producer NTPC and has forced the PSU to explore other options like importing the fuel from Australia, South Africa and Indonesia to bridge the shortfall in domestic supply. Power projects of 80,000 MW generation capacity are under construction in the country, with targeted commissioning by 2017, but the government has warned that coal linkages for plants with a combined capacity of 40,000 MW are yet to be obtained.

“Coal linkages for 40,000-45,000 MW power projects for the 12th Plan are yet to be tied up,” told a power ministry official. In this regard, the power ministry has been interfacing with the coal ministry regarding the availability of coal, which is a primary ingredient in thermal power generation. “The coal ministry has said that it would ask Coal India to evaluate the fuel availability,” the official said.

Meanwhile, Coal India's production may be short of the targeted production of 460 million tonnes in the 2011-12 fiscal by around 1% as a lot of projects are stranded due to lack of environment clearances. In the previous financial year, the company had witnessed a 7% slump in production vis-a-vis the targeted output. Insufficient supply of coal has affected state-run thermal power producer NTPC and has forced the PSU to explore other options like importing the fuel from Australia, South Africa and Indonesia to bridge the shortfall in domestic supply.

As per the current coal linkage policy, linkages of coal are established with the objective of making the most economic use of available capacity and keeping in mind the need to supply of appropriate quality to different consumers. The power ministry has set a target for adding 1,00,000 MW of generation capacity in the XIIth Plan (2012-17), of which thermal power would be a key component. The current installed power capacity of the country is over 1,73,000 MW, of which thermal power contributes over 93,000 MW. The ministry had set a goal of adding over 78,000 MW during the XI Plan (2007-12), which was scaled down to 62,000 MW by the Planning Commission due concerns over fuel supply.

[SOURCE - MINT](#)

Indian Oil Corporation eyes foreign company's to develop LNG terminal

Indian Oil Corporation has begun discussions with foreign players besides Petronet LNG (PLL) for jointly developing the Rs. 45 billion Ennore Liquefied Natural Gas (LNG) terminal. The terminal will use spot LNG with base load demand for degasified LNG coming from its refineries. It will bring in a partner to facilitate setting up of the project.

Pending finalization of a partner, Indian Oil is going ahead with project execution. It will take four and half years to set up the five million tonne terminal. But it is learnt that once the partners are finalized, the company will try to compress the execution time.





Port facilities may be allotted without tenders to captive users

The Union government may allow industries located near the 13 ports it owns to set up cargo terminals at these facilities for their exclusive use. The shipping ministry published a draft policy on its website on Wednesday outlining the terms for allotting captive cargo-handling facilities to port-based industries. "The policy seeks to make operations of major ports more competitive by empowering them to attract large and dedicated cargo," the ministry said in the draft policy.

Entities permitted to run such facilities will have to invest in their construction and maintain and manage them for a maximum of 30 years. They will have to guarantee a minimum amount of cargo a year and pay revenue to the port on the basis of rates set by the Tariff Authority for Major Ports (TAMP), the tariff regulator for Union government-owned ports. Captive terminals won't be allotted through a tender process, as commercial cargo handling terminals typically are. Entities that want to set them up will have to apply to the ministry.

The captive facilities normally won't cater to users other than those for whom they are set up. But if a facility is not fully utilized, the port will have the right to allow other entities to use it and collect charges from them. Demand for such facilities is expected to grow in coming years, with Union government-controlled ports such as Tuticorin, Cochin, Kandla and Jawaharlal Nehru port planning to set up special economic zones (SEZs). India, Asia's third biggest economy, plans to spend Rs. 3 trillion on ports in the 10 years ending 2020 to expand capacity for loading 3.2 billion tonnes of cargo from the existing 1.01 billion tonnes, according to the maritime agenda for the decade announced by the shipping ministry on 13 January.

"As the cargo is assured by the captive users, port facilities will be utilized to the fullest extent," said R. Kishore, president of the Indian Private Ports and Terminals Association (IPPTA), an industry lobby. The need for such facilities also arose after South Korean steel giant Pohang Iron and Steel Co. Ltd (Posco) decided to set up a captive port at Jatadhari, 7km south of Union government-owned Paradip port, to handle coal and iron ore required for its proposed \$12 billion steel plant near Paradip in Jagatsinghpur district of Orissa.

Initially, Posco considered Paradip port to set up the captive facility to import coking coal and export a portion of the iron ore extracted from its captive mines in Orissa. The steel maker, however, decided to opt for the Jatadhari port nearby in the absence of a proper policy and stiff terms set by Paradip port.

Kishore said that local power utilities are importing large quantities of thermal coal to fuel their plants. "Those power utilities who don't have a port of their own to import coal, could utilize the policy to set up captive facilities at any of the Union government-controlled ports," he added.

[SOURCE - MINT](#)

New port projects run into rough weather in Gujarat

At least 12 projects have failed to take off because of land acquisition, environmental and technical problems. Vansi Borsi, a proposed port in Gujarat, will relocate to a new site more than 15 years after it was conceived because the nation's biggest oil explorer said it wouldn't move an undersea gas pipeline, making the project unviable. This is one of at least 12 port projects in Gujarat that have failed to take off because of protests over land acquisition, environmental objections and technical problems, making it difficult for the state to achieve an ambitious plan to dot its 1,600km coastline with a string of harbours at an estimated cost of at least US\$ 4.4 bn.

Gujarat Maritime Board, which regulates ports in the state that are not owned by the Central government, has invited bids from consultants to draw a fresh project feasibility report for Vansi Borsi, 30km south of Surat city. "Development of a port is market-driven and what was feasible a few years ago may not be so today," said Suren Vakil, managing director, BMT Consultants (India) Pvt. Ltd, a ports consultant. "A port like Vansi Borsi, which was conceived as a chemical terminal port about two decades ago, might currently be more suitable for a container terminal facility. The feasibility report should ideally take into account a detailed social impact of the project, but it is not always practical."

There was little alternative to relocating Vansi Borsi after Oil and Natural Gas Corp. Ltd refused to shift the undersea pipeline transporting gas from the Bassein field that passes through the area, said a government official familiar with the development. The company didn't want to move the pipeline because any such shift would have involved high cost and disrupted supplies. Apart from the cost of shifting the pipeline, the company also has to secure several permissions from government departments, both Central and state governments, ONGC has communicated to the Gujarat ports regulator in the past.

Chennai-based Creative Port Development Pvt. Ltd won the rights to develop the Rs3,000 crore port project in 2008. The regulator will select a new developer through a bidding process, the official said, requesting anonymity. Gujarat tops the list of eight coastal states in India with planned investments of Rs74,240 crore in the next 10 years for developing ports, according to a recent report by Press Trust of India, citing an unidentified shipping ministry official. So far, the port sector, including private jetties and shipyard projects, has seen an investment of Rs25,000 crore, according to an official at the state's ports regulator, who declined to be named.

Gujarat Maritime Board, which regulates 41 ports, had invited fresh bids for a port project at Nargol after it was forced to shift the location from nearby Maroli after facing protests from local fishermen, who feared their livelihood would be hurt. A spokesperson at Gujarat Maritime Board did not respond to calls made to his mobile phone.

Currently four ports in the state are operated by private firms. These include Pipavav port (operated by APM Terminals' Gujarat Pipavav Port Ltd), Mundra port (Adani Group's Mundra Port and Special Economic Zone Ltd, or MPSEZ), Dahej port (Petronet LNG Ltd) and Hazira port (Hazira Port Pvt. Ltd, a joint venture between Shell Gas BV and Total Gaz Electricité Holdings France).

Another such project that has received a setback because of local protests is at Mahuva near Bhavnagar where Nirma Ltd plans to set up a cement plant. The company had proposed to set up a Rs550 crore port project to handle exports from the plant. The cement plant is facing a legal challenge and the port project has been stuck, said the government official quoted earlier. The Rs50,000 crore Kalpsar dam project with an aim to provide water to the Saurashtra region of Gujarat, has forced the government to look for an alternative sites for the Adani Group's Dholera project and Infrastructure Leasing and Finance Services Ltd promoted Khambhat port. "We have been informed by the state that an alternate location would be given to us instead of Dholera," said R. Ravi, chief financial officer of MPSEZ.

Developers of thermal power plants in the state are also setting up ports to make it easier for them to transport raw material such as coal for their power plants. Larsen and Toubro Ltd (L&T) and Shapoorji Pallonji and Co. Ltd owned Afcons Infrastructure Ltd were earlier chosen to develop the Sutrapada and Simar ports, respectively, by the state. While L&T, which is setting up a 2,000MW power project in the area, faced protests from environmental activists, Shapoorji Pallonji, which is also planning a power plant in the state, found that the seabed in the area was not conducive to construct a port, said an official at the state ports regulator, requesting anonymity. L&T has been allotted a new port site at Shivrajpur near Dwarka, at least 200km from the earlier location, while Shapoorji Pallonji has been allotted a new location at Chhara, at least 20km away from Simar, where it has begun land acquisition.

Positra port near Dwarka has failed to take off for more than a decade as it falls in the national marine park sanctuary area. The project was conceived by Nikhil Gandhi-controlled Sea King Infrastructure Ltd. The developer later roped in Port of Rotterdam, Europe's largest, for the project. There are at least four other ports in the state that have failed to start operations as the government did not select developers for locations like Porbandar, Modhawa, Bedi and Mithivirdi, said a government official, who declined to be identified.

Singapore-based Universal Success Enterprise Ltd planned a 10,000MW power plant at Bhogat near Jamnagar. Its proposal to build a port to handle coal met with local opposition on land acquisition and the company had to identify a new location, chairman Prasoon Mukherjee said.

[SOURCE - MINT](#)



Government amends guidelines, allows tax relief for infrastructure funding companies

The government today amended guidelines for Public Financial Institutions (PFIs) permitting private companies, primarily engaged in infrastructure funding, to attain the status of a PFI and, seek tax and other benefits. Under the new norms notified by the Ministry of Corporate Affairs, any company which has been in existence for more than three years and earns more than 50 per cent income from industrial and infrastructural financing can opt to be a PFI.

According to the guidelines, "a company should be established under a special Act or the Companies Act; main business should be industrial/ infrastructural financing; (it) must be in existence for at least 3 years and their financial statement should show that their income from the area exceeds 50 per cent of their income", to be declared as a PFI. Besides, the company should have a net-worth of Rs 1,000 crore and should be registered as a infrastructure finance company with the RBI or as a housing finance company.

Earlier, companies needed to fulfill just two criteria for qualifying as a PFI -- if it has been established or constituted by or under any Central Act, or if the government held more than 51 per cent of the paid-up share capital of such institution. However, the ministry said in case of central public sector undertakings, the "restrictions" would not apply "with respect to financing specific sector(s) and net-worth".

The PFIs enjoy certain benefits under the Companies Act, Recovery of Debts due to Banks and FIs Act, and the Income Tax Act, among others. The PFI status helps companies to raise funds by issuing bonds to insurance companies, provident funds, mutual funds and RNBCs.

[SOURCE-ECONOMIC TIMES](#)

Maharashtra government pitching for aid to infra projects

At a meeting with more than 35 foreign consular officers on Monday, chief secretary Ratnakar Gaikwad spoke at length about the various projects coming up in the Mumbai region as well as the rest of the state. Consular officers from both western and Asian countries attended the meeting, which was held at Sahayadri. The aim of the discussion was to convince the consular officials to persuade firms in their countries to invest in the projects.

While the Mumbai Metropolitan Region Development Authority (MMRDA) asked for foreign financial aid for three of its infrastructure projects, the Maharashtra State Road Development Corporation (MSRDC) sought investment in two plans. The MMRDA's projects that need financing are the third line of Metro (Colaba to Mahim), which will cost over US\$ 2.6 bn, the trans-harbour link between Sewri and Nhava that is estimated to cost over US\$ 2.2 bn and the Virar-Alibaug multimodal corridor slated to cost US\$ 888 mn bn. The MMRDA has received a good response for its initial techno-feasibility consultancy for the trans-harbour link from foreign as well as Indian concerns.

The MSRDC projects presentation to the consular officers are the link between Haji Ali and Nariman Point and the Bandra-Versova bridge, both estimated to cost over Rs 4,000 crore. Officials said they were preparing the groundwork for their projects that needed central clearance. Once the permissions are granted, they will float global tenders. "Foreign capital and technical knowhow will play an important role in future mega infrastructure projects," an official said, adding that Chinese and Thai consular officials expressed interest.

[SOURCE – PROPERTY WORLD](#)

Authorities to spend US\$4.4 bn on Noida projects

The Noida, Greater Noida and Yamuna Expressway authorities on Monday have planned for large scale infrastructure development across Gautam Budh Nagar district. In a joint board meeting, the major focus of the Authorities remained on providing connectivity within the district as well as with Delhi. "In the next four years, US\$ 4.4 bn will be spent on the projects," said Mohinder Singh, chairman of the Authorities.

To begin with, the authorities have approved a major detailed extension of the Metro route connecting almost all of Noida and Greater Noida at a cost of Rs 10,000 crores, covering a total of 86 km. The route is estimated to be ready in the next three years.

Besides extending the existing city centre Metro route connecting Kalindi Kunj and Botanical Garden, a new line from the City Centre station in sector 32 to sector 62, touching NH-24, was also approved. This new 6-km route will be via sector 71 crossing and will provide connectivity to sectors 32, 34, 35, Hoshiarpur, sectors 51, 52, 71, Greater Noida Extension Marg, Sarfabad, sectors 60, 61, 62, 63 and NH 24.

A new loop from sector 71 via sector 121 will then join the Greater Noida route between the City Centre and Bodaki railway station in Greater Noida. This route will be from City Centre along the Greater Noida Expressway, touching Knowledge Park 4 via Pari Chowk and will finally end at Bodaki. The new loop has been added mainly to connect Noida extension that falls near sector 121 with Noida as well as with Greater Noida.

"With the Metro extension, most sectors will be within walking distance from the stations. Connectivity to Greater Noida will also improve tremendously," Singh said.

To smoothen chaotic traffic, the Noida Authority has approved construction of a 5.8 km elevated road parallel to the Shahdara drain. Starting from sectors 14 and 14 A onto sector 95 and Kalindi Kunj, the stretch costing US \$116 mn will be of four lanes. This route will provide an alternate route between Kalindi Kunj and Noida, thus easing traffic congestion on the expressway.

[SOURCE – ECONOMIC TIMES](#)



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