

Private Funds to Drive on Bihar's Road Projects

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Eight years ago, the headline story from Bihar was the gruesome murder of IIT engineer Satyendra Dubey, who blew the whistle on corruption in road projects. Today, the same state is attracting private sector funds into the same sector, a massive turnaround after six years of the administration of Chief Minister Nitish Kumar.

These investments are even more remarkable because two of these projects will be toll roads, where the operator has to be confident of his ability to collect tolls, a confidence that was sorely lacking during Lalu Prasad Yadav-led RJD's 15-year reign.

That's not all. Officials of Bihar State Road Development Corporation now keep tabs on how road projects are progressing using smartphones running Google's Android OS, from their offices in district headquarters. Bihar is the first state in India to put mobile technology to this use.

Of the two private road projects, the first is a ₹ 1,602

crore project to build a 5.5 kilometer bridge over the river Ganga, connecting Bakhtiyarpur with Shahpur along with a four-lane 45.5 km approach road. The second is a ₹ 917 crore project to widen the two-lane road between Ara and Mohania to make it a four-lane road.

"These two projects will substantially improve connectivity in the state," Sushil Kumar Modi, Bihar Deputy Chief Minister said ET.

"Bihar isn't what it used to be," said Ullhas N Bhole, vice-president, Atlanta Infrastructure that has bagged the road projects.

Bihar has constructed 23,606 km of roads since 2006-07, apart from augmenting and repairing 1,657 km of national highways.

But all these projects involved annuity payments because private builders were not ready to build toll roads, fearing they wouldn't be able to collect fees from users.

"The law and order situation is good and we do not see any problem in collecting toll," said Bhole.

"The Public-Private Partnership Approval Commit-

tee under the finance ministry has given its nod to the Ganga project," a finance ministry official said.

The project had to be approved by the finance ministry because it needed some viability gap funds from the Centre. North Block will cough up ₹ 277 crore for the Ganga bridge project.

The request for quotation floated by the Bihar State Road Development Corporation had got just four proposals in 2008. But this time, 16 private companies were willing to take up the project.

The Central Statistical Organisation (CSO) data shows that Bihar's GDP grew by 11.03% during 2004-05 and 2008-09. The state announced a new industrial policy and has decided to restructure the state electricity board.

Under Kumar's administration, investors are queuing up to make the most of the growth story that's being scripted through better governance and restoration of law and order.

State Plans ₹3,550-Cr on Roads in FY12

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“There is lot of investor interest in projects. The plan is to ensure that Patna, the state capital, can be reached in not more than six hours by road from any place in Bihar,” said state road construction secretary Pratyaya Amrit. Developers are confident of being able to collect tolls and Bhole said lenders are excited about the project and are more than willing to arrange the required funds.

The Ganga Bridge project being built by Navyuga group of Hyderabad has already achieved financial closure.

A great deal of work to build and improve roads is reckoned to be one of the main reasons behind the landslide victory of the JD (U)-BJP coalition government in last year's Assembly elections. The improvement in law and order has also done its bit to restore business confidence in the state.

So far, most investments have come from state funds. In this fiscal too, the state plans to spend ₹3,550 crore on road development. Between 2003 and 2008 the length of roads has grown at an annual clip of 8.8%, more than double the national average of 4.1%.

Fertiliser major Indian Potash has decided to build a ₹300-crore sugar plant in Muzaffarpur district and cigarette-to-hotels conglomerate ITC has set up a dairy project in Munger. Nearly 30 food processing units, including the three biscuit units of Britannia, Parley and Anmol, are ready to begin production.
