

SRDP HAS BEEN DESIGNED TO FAIL!

By Karuna Gopal

One doesn't have to gaze into a crystal ball to see the future of the Strategic Road Development Project (SRDP) of Hyderabad. It will surely fail. Bold pronouncements like this have to be of course backed by strong facts, so here I go...

Let me start with the government order G.O.RT. No. 208 that gives a snapshot of this mega project. The key words used are, 'High Priority', 'Multipronged', 'Global Smart City' and 'Public Private Partnership' (PPP).

Let me take just one element of the design - PPP - and prove why this project has a feeble future. Agreed that PPP is an alternative procurement method being adopted for public infrastructure development worldwide, but it's important to understand how projects structured under PPP mode are doing currently.

If anyone cared to read recommendations of Fourteenth Finance Commission and the NITI Brief #5 of NITI AAYOG that outlines the status of infrastructure financing and PPPs per se, they wouldn't have gone ahead with this project.

What do these reports say? Private investments into PPP projects have plummeted by 30 per cent in the last five years and market indications suggest that this trend will continue beyond 2016.

So what was the reason for slowdown in investment in



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the last few years? "Stalling of projects!" Around 800 stranded or stressed projects that are dotting the country's fabric today are a testimony to PPPs' performance. These delayed projects are turning many bank loans into NPAs creating trust defi-

cit. Reasons for stalling vary from unfavourable market conditions, like what we have today, lack of non-environmental clearances to over-leveraged balance sheets of private firms.

Notwithstanding this 'fragile and chaotic' ecosystem, our government went ahead and invited tenders. Predictably, the response

was cold. Any guesses about their next move? GHMC cancelled the Deferred Annuity Payment mode tender (read PPP) for construction and invited fresh

bids under Engineering Procurement and Construction (EPC) mode. EPC means huge monetary liabilities for the government often amounting to great losses. Taxpayers are you listening? But fortunately even that call was not attractive to bidders so there was a lukewarm response. Let me now refresh your memories about something that's important. In the last one decade or so the Government of India encouraged states to move away from EPC mode to PPP route to ensure higher quality of construc-

tion and less time and cost over runs. Now with EPC in place and municipal bonds for raising finances being a distant dream, can the grand SRDP project succeed?

Obviously not. Simply put - if your energy efficient 'Hybrid' vehicle has no fuel due to lack of availability of the same, do you carpool or do you take recourse to your fuel-guzzling, smoke-spewing 1909 Ford Model T?

The Hyderabad road project is that unviable choice, which is bound to fail along the way!

Infrastructure projects in India are infamous for delays and cost overruns. The Bandra-Worli sea link was planned as a Rs 300 crore project but actually cost Rs 1,600 crore and five years delay!

It's not that conceiving infrastructure projects is wrong or PPPs are not the right route, but one must factor in contextual realities of such decisions.

At this juncture it's important to recall the famous Light Rail Project of Malaysia that failed miserably. A much needed project for the country, very relevant to the times, failed because the timing was wrong. It was conceived around the Asian financial crisis of 1997.

Today, the world is reeling under financial crisis and India's resilience should not be tested with grandiose projects that have little value for humanity or for ecology. The question is, should we allow Hyderabad to be made a test-bed for fanciful projects that have no future and are designed to fail?

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