

## **NHAI bid to steamroll CAG's sensational figure**

National Highways Authority of India (NHAI) has accused the comptroller and auditor general (CAG) of making a sensation of the amount lost because of the cancellation of the country's largest highway project, and warned that this would discourage officers from taking decisions at a time when sector was passing through a bad spell.

In a hard-hitting letter, NHAI chief RP Singh said that CAG's estimate that termination of Kishangarh-Udaipur-Ahmedabad highway project caused a loss of Rs 32,500 crore was "sensational", with the auditor mechanically basing it on the projected revenue without considering all the relevant facts. In its report CAG had said that the project, bagged by infrastructure major GMR in an open bidding, was scrapped because of NHAI's fault

In his response to the CAG, Singh has joined issue with the finding, saying that it would "severely inhibit officers" from taking decisions in the government's best interest. Arguing that CAG should have been more circumspect, Singh said officials are already avoiding taking decisions even on small issues to avoid risks. "The officers instead of proactively salvaging the situation search for alibis to avoid their involvement in the decision making," he said.

NHAI chairman said the "socalled" loss projected by the audit party is not even notional loss. "It's a fallacious notion of loss. This is based on the premise that NHAI awarded the project before obtaining the environment clearance. "The fact is if NHAI had waited for the clearance, the award could have taken place now. In today's scenario when 11 projects did not get a bidder NHAI would not have got the premium of this order," he said.

GMR had quoted annual upfront revenue of Rs 636 crore that would increase by 5% every year for the entire concession period.

The Authority has pointed out that the audit did not bother to work out the discounted net present value (NPV) of the total projected premium or take into account the toll collected by NHAI. The Authority was collecting close to Rs 300 crore annually till November, before the fresh toll rates were notified.

NHAI has cited that drop in GDP growth to 5% against the Planning Commission's projection of 9%-10% has affected the traffic and revenue potential of road projects. It has said faced with the prospect of substantial fall in anticipated revenue and difficulty to raise equity, GMR chose to walk out of the project "taking shelter and citing NHAI's inability" to get the environmental clearance.

Now, GMR has submitted a fresh proposal offering to execute the project in case government agrees to reschedule the premium without affecting NPV. The Delhi High Court, which is hearing the case, has observed that NHAI should consider the proposal and has listed the matter for hearing on April 30.

NHAI has said this would need changes in the terms of concession and there is reluctance to discuss them in the present climate. "Non consideration of the proposal can also have revenue implications as the rebidding of this project would not yield premium anywhere near premium committed by GMR. In such as event, the audit can against tomorrow comment that NHAI is responsible for not considering the proposal and causing loss to the government," the NHAI chief has argued.

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