

New land law: Cost for Delhi-Jaipur expressway jumps to Rs 32,810 crore

The new land-acquisition law that came into force this January, touted as one of the signal achievements of the United Progressive Alliance government, is turning into a major obstacle in the way of a key infrastructure project being pushed keenly by the Prime Minister's Office.

The cost of land required for the Delhi-Jaipur Expressway has gone up three times as the new law has sharply increased the amount of money that needs to be paid as compensation to landowners for the sites on which the projects are proposed, said officials. The National Highways Authority of India has advised the highways ministry that the project would be difficult to finance given its limited resources, an official said.

The cost of land for the 272-km expressway was estimated at about Rs5,000-6,000 crore not long before the new legislation. This has now gone up to Rs18,000 crore. The entire project is now expected to cost more than Rs32,000 crore, which includes the cost for shifting utilities and financing. The government has now gone back to the drawing board to figure out how to structure the financial model to make it doable.

"The spike in land cost has impacted the project strongly. Any private player who comes into the project would only contribute towards the construction cost which is about Rs6,000 crore. That still leaves the rest of the financial cost to be borne by the government," said an official with knowledge of the development.

"This doesn't make a very good PPP (public-private partnership) project," the person added. A meeting held last week to review the status of four key proposed expressway projects decided that officials should look at various options, such as building an elevated corridor using government land or building the expressway on the existing highway.

"We have asked the states involved—(Delhi, Rajasthan, Haryana) to review the project and inform us of their commitments on direct financial support, cost of nodes - entry/exit points into the expressway, or sharing of revenue from land near the nodes or entry points to the expressway with the government," said another official. But no such commitment has been received so far, the official added.

Incidentally, this January, the Prime Minister Office released a statement saying it had directed the Union highways ministry to send the project proposal to the Cabinet for approval by the end of February and that the state support agreements would be signed by then.

The project is to be awarded by September 2014 after completing all the intermediate steps. The expressway is one of the announcements made by the Prime Minister in November 2013. It was taken up as a priority project of the government.

(Economic Times)