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China Railway Construction Corporation Limited Keen to Participate in NHAI Projects

A high level delegation from the China Railway Construction Corporation Limited (CRCC), a Government of China Enterprise, led by its Chief Economist Mr Zhao Jihu met the Chairman, National Highways Authority of India and a team of NHAI officers in New Delhi. CRCC is one of world's largest integrated engineering contractor and construction group with over 100 billion US Dollars of revenue and a market capitalization of around 250 billion US Dollars.

NHAI Chairman Shri Raghav Chandra explained that they have projects lined up for upgradation of 2-lane National Highways totaling 50000kms, various special expressway projects of around 15000km and a part of the National Highways Development Programme (NHDP) over the next few years. NHAI is also looking at various other connectivity projects in India for bypasses and ring roads around major cities contributing towards the Smart Cities Projects. He also talked about the recent policy changes in the sector for implementing the highways construction programme, especially the introduction of hybrid annuity model where the public-private – partnership moves in tandem with the requirements of sustained progress focusing on risk mitigation.

CRCC expressed keen interest to participate in the upcoming projects of NHAI under both Engineering, Procurement and Construction (EPC) and Hybrid Annuity Model. CRCC, apart from being the major contributor to China's high-speed and normal, alpine and plateau railways, has provided survey and design services for highways, urban rail transit, real estates and other infrastructure projects. CRCC boasts to be the leader in globally advanced cutting-edge technologies and having expertise in not only the design and construction of railways but long span bridges, highways, large-section tunnels with significant buried depths and special geological conditions and under-water tunnels.

The CRCC team had an in depth discussion on various aspects of such participation in NHAI projects. The visiting delegation enquired about the acceptance of the Chinese technical standards. NHAI officials clarified that they would be acceptable only if they are higher than the prescribed standards of Indian Road Congress. Their queries mostly pertained to finding financial solutions with requisite IRR, addressing the upward price fluctuations during construction in essential materials like bitumen, fuel, steel and cement during the period of construction under the Engineering, Procurement and Construction' (EPC) and Hybrid Annuity Model. The Chinese delegates were keen on knowing about any restrictions on sources of procurement from abroad, import certifications requirements, whether US Dollars could be the currency of repayment (as annuity), availability of repayment guarantee and proof of capacity of the client (NHAI) to repay (i.e. to pay the annuity and the funding under the Hybrid Annuity Model) to provide comfort to their lenders. There was an informative dialogue with the team and NHAI officials also sought the details of Chinese policy and models of concessions, funding solutions etc.

NHAI officials presented an overview of policy, procedures and risk and responsibilities distribution between the

private and public partners and provided clarifications addressing the queries of the visiting CRCC delegates. The meeting was successful as both parties assured to share the details of policies, procedures and models of constructions which would enrich and benefit further the Indian experience and expertise in the sector.

CRCC officials stated that they would be keen to bid for projects within the framework of NHAI's transparent and competitive e-tendering process.

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