

Amritsar Intercity Bus Terminal, India

Full Description

Project Summary:

Background

Traffic at the Amritsar Bus Terminal, which was serving 1,800 to 2,000 bus arrivals per day, far exceeded the capacity of the available facilities and the existing terminal building was in poor condition. To address this problem, the Department of Transportation (DoT) of the Government of Punjab (GoP), facilitated by the Punjab Infrastructure Development Board (PIDB), decided to expand the Amritsar terminal using a PPP scheme.

Project Structure

After undertaking a two-stage bidding process, the project was awarded to Rohan Rajdeep Infrastructure (RRI, a partnership between Rohan Builders (India) Pvt. Ltd., Rajdeep Buildcon Pvt. Ltd, and Rajdeep Road Developers Pvt. Ltd.) in February 2004, for a concession period of 11 years and five months. RRI undertook responsibility for financing, building, operating, and maintaining the Amritsar Intercity Bus Terminal Complex. To ensure quality, RRI agreed to submit monthly progress reports to the public authority.

RRI's revenues are derived from tariffs paid by buses for use of the terminal, commercial leases for shops, advertising, and parking fees. RRI agreed to pay PIDB a one-time, fixed project development fee of INR 35 lakhs (USD 50,000) as well as a monthly lease payment to the public authority of INR 50,000 (USD 700) over the concession period.

The contracting authority agreed not to develop any similar facilities within a 10-km radius during the concession period, to ensure that there would be no competition that might hinder RRI in realizing the forecasted demand for the terminal.

Lessons Learned

When the project was tendered, it was estimated that the terminal would receive 2,000 to 3,000 buses per day. Actual demand, however, proved to be far less, with only about 1,100 regular buses and 600 mini-busses using the terminal on average each day. This is to some extent attributable to the fact that some buses began operating from outside of the bus terminal to avoid paying the terminal usage fee. To compensate for this, the contracting authority issued a notification that all intercity buses must stop, drop off, and pick up passengers from inside the Amritsar Bus Terminal. The notification had limited impact, however, as there is no monitoring or enforcement mechanism to ensure that all buses comply with the notification.¹

The case underlines the need to consult with key stakeholders, here the bus operators, as early in the process as practicable and particularly when deciding major issues like user fees. In this case, failure to adequately ensure affordability for facility users appears to have had a role in deterring the bus operators from using the terminal. Additionally, the case highlights the importance of having robust monitoring and enforcement mechanisms to ensure compliance with contractual obligations that bear on project viability, such as non-compete clauses.

Footnote 1: Source(s) <https://www.pppinindia.gov.in/toolkit/ports/module3-rocsaibtp1.php?links=aibtp1> accessed 10 January 2019

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