

Bus Terminal and Commercial Complex, Dehradun, India

Full Description

Project Summary:

Background

Located 236 km from New Delhi, Dehradun is the capital city of the newly formed State of Uttarakhand and a popular tourist and educational hub in northern India. To accommodate the growing population of Dehradun and the influx of tourists, the Mussoorie Dehradun Development Authority (MDDA) – the municipal development authority – decided to build an Inter-State Bus Terminal (ISBT) and Commercial Complex in Dehradun using a PPP scheme.

Project Structure

Following a two-stage bidding process, Ramky Infrastructure Ltd was announced in 2003 as the successful bidder based on the highest annuity payment to MDDA. Under the resulting PPP agreement, the project developer undertook to design, finance, build, operate, and maintain the ISBT (Phase 1) and commercial entertainment complex (Phase 2). The contract was a 20-year concession agreement, extendable by an additional ten years. At the end of the concession period, both ISBT and the commercial area were to be transferred back to MDDA. The project developer would generate revenue from the following: (i) usage fees charged to the expected 750 buses per day; (ii) lease rental from the commercial area; and (iii) miscellaneous other value-added user services and commercial activities.

The project was to be financed without any contribution from the MDDA and MDDA was expected to receive a fixed annual lease payment from the developer of INR 81 lakhs (USD 114,000), which would increase 5 percent each year, after an initial, four-year moratorium. MDDA was expected to receive about INR 19.16 crore (USD 2.7 million) over the entire concession period.

Lessons Learned

Phase 1 of the project – the ISBT complex – has been completed and in operation since June 2004. Halfway through the concession period, however, allegations arose that the private developer was not properly maintaining the facilities of the ISBT. In particular, complaints have been made about the poor maintenance of toilets, the lack of sanitation, and the lack of drinking water availability. Furthermore, Phase 2 of the project – the commercial complex – has not been built despite transfer of the leased land from the MDDA, due to a protracted dispute between the parties over the maintenance of the ISBT and the annual lease payment due from the private developer. Nonetheless, the PPP agreement remains in place, as the MDDA is not willing to assume liability for INR 20 crore (USD 2.8 million) loan taken by the private developer to construct the ISBT.

As the complaints in this case suggest, a congested space like a bus terminal may put stress on the supporting infrastructure, such as sewerage and piped water. Hence, the service parameters of the terminal must be clearly defined and included among the key performance indicators (KPI) of the private partner. This would include, for example, the frequency with which toilets must be cleaned and maintained. This case also highlights the importance of having robust monitoring and enforcement mechanisms to ensure the private partner's compliance with service delivery standards, as well as the need for effective communication between the two parties to the PP to find the best solution to resolve any disputes that may arise.¹

Footnote 1: Source(s): <https://timesofindia.indiatimes.com/city/dehradun/Uttarakhand-Transport-Corporation-plans-to-build-10-bus-terminals/articleshow/45680911.cms> accessed 17 February 2019

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