

Mumbai Trans Harbour Link – Transformation on the anvil

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FORESIGHT

A Global Infrastructure Perspective



The trans-harbour link is not merely a link connecting two land masses; it has the potential of transforming the commercial and social landscape of Mumbai. The 22 kilometer (km) bridge with 16.5 km of length over sea is the first of its kind in India. It will connect the business districts of the island city of Mumbai with the relatively undeveloped mainland region. Thus it will spur development and ease pressure on the existing infrastructure in Mumbai. The link will reduce travel distance to the mainland by 15 km and save about 50 minutes of travel time. It will also provide speedy connectivity to the proposed airport on the mainland (Navi Mumbai).

Burgeoning metropolis

Mumbai is India's financial capital and is the world's fourth most populous city with 12.4 million people spread out over an area of just over 600 sq. km making it the densest city in the world.

Situated on an island, the opportunities to develop surrounding areas to ease congestion are limited. Aging infrastructure coupled with steep real estate prices has led to a sharp decline in the quality of life of citizens in recent years.

A bridge too far

The origin of a trans-harbour link for Mumbai dates back to the 1970s, when it was first recommended in a

city development plan. Subsequently, committees were formed in 1972 and 1978 to study possible alternatives for establishing transportation links across the harbour. By 1984, the alignment of the bridge was decided and has largely remained unchanged to date. The recommended alignment comprised interchanges at Sewri (island side) and Chirle (mainland side).

In 2005, the first concrete attempt at constructing the MTHL was carried out by the Maharashtra State Road Development Corporation (MSRDC) on a PPP basis with the length of the concession period being the bid parameter. However, only two bids

were received with one bidder quoting a concession period of about 9 years and 11 months. This was deemed unrealistic and as a result the bid process was scrapped.

In 2008, MSRDC made another attempt to construct the bridge on EPC basis but it received no bids.

Third time lucky

In 2011, the state government initiated a third attempt to develop MTHL and asked Mumbai Metropolitan Region Development Authority (MMRDA) to lead the initiative.

Key highlights

RFP launch: 24 January 2013

RFP due date: 24 May 2013

Bid parameter: VGF amount
(maximum capped at 40 percent of
estimated project cost)

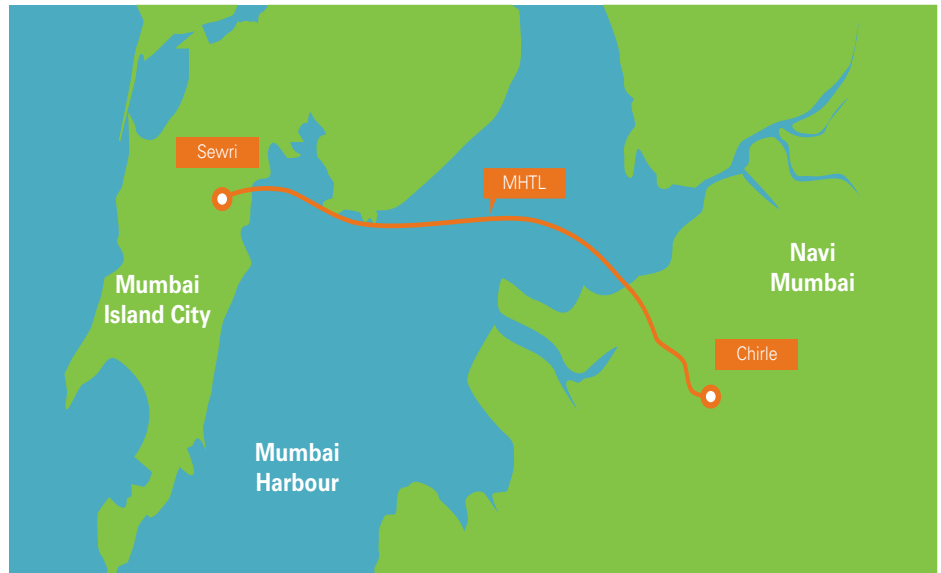
Entire VGF amount to be disbursed
during construction period

Concession period of 35 years to
ensure bankability

Environment clearance obtained

VGF in-principle approval obtained

State Support and Toll notification in
advanced stages of approval



*In January 2013, the Finance Minister approved an in-principle viability grant for the Mumbai Trans Harbour Link (MTHL), thus paving way for the most awaited developmental initiative in Mumbai city
Source: KPMG International, 2013*

This time, the state authority was cautious and to enable healthy competition, the authority ensured regular interactions with bidders and bankers during the bid process.

The Request for Qualification (RFQ) stage witnessed selection of five consortiums. These consortiums included established infrastructure companies of the world, in partnership with large Indian companies. Given the success in attracting reputed bidders, MMRDA has focused on reducing the risk perception and enhance bankability.

The key risk among both lenders and bidders is typically clearances. In this case, as the MTHL alignment is located near a port, railway corridor, power plant and passes through sensitive areas, securing clearances was critical. The authority

“ The authority pursued acquisition of the necessary clearances and approvals from an early stage has been able to secure most of the clearances including the environment clearance thus making the project attractive from both lenders and investors perspective. ”

pursued acquisition of the necessary clearances and approvals from an early stage and has been able to secure most of these, including the environment clearance.

The central government endorsement approving an in-principle viability grant has enabled the launch of the RFP (Request for Proposal). Thus the viability grant offered shall be capped

at about USD\$ 720 million (40 percent of estimated project cost).

The concession period has been kept as 35 years and the bidder quoting the lowest viability grant shall be declared successful.

The stage seems to be set to witness a competitive play and transformation of Mumbai's landscape.

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