



## Road Laying Project

**Lack of equity with the concessionaire**

Author /source: **Sagar Sandesh**

In good earnest to promote and protect the interest of the common man, the country takes numberless initiatives across all sectors in the form of projects. A project is a conceptual plan of work that will ultimately bring benefits to the common man on implementation within a stipulated time.

It has been a common experience that many such projects conceived and given in contracts have not been completed within the allotted

time-frame. An incomplete project not only denies service to the common man from the government but it also reflects improper utilization of public funds, thereby leading to escalation of the cost of the project. Periodic review of the projects is therefore undertaken by the authorities. When such a review of the incomplete projects in Road Transportation was carried out by the relevant Parliament committee, it found out the reasons for such languishing projects.

In this section, the reasons will be published with some explanation so that a common reader may be able to grasp the significance of the reason.

On Saturdays, this space will be used to take some such matters of importance to the attention of the readers, both informed and not so well informed.

## **Part 1**

### **Lack of equity with the concessionaire**

A concessionaire can be a person, or a company or a group to whom a concession has been granted to carry out a subsidiary business or service. Here, it means that a project has been awarded to a company or a person or to a group to carry out the project within a time frame. Some projects like Motihari-Raxaul section are said to have been delayed due to lack of equity with the concessionaires and in some projects, the delay in completing the project has resulted because bankers have not disbursed even the loan sanctioned at financial close.

In finance and accounting, equity refers to the difference between the value of the assets and the cost of the liabilities against the assets. For example, if someone owns a car worth \$15,000 but owes \$5,000 on a loan against that car, the car represents \$10,000 equity. Equity can be negative if liability exceeds assets

In a simple language, money is not available to complete the project. Money must be made available for the project.