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Renong's road projects in India likely to start in Sept

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RENONG Bhd's newly-won contract to construct a RM625 million highway and inner ring road in India is expected to take off by September this year, Works Minister Datuk Seri S. Samy Vellu said yesterday.

"Even the Indian Prime Minister has been showing keen interest in the project, and wants the project to take off as soon as possible," he told reporters at the Gerakan party's open house in Cheras, Kuala Lumpur.

It was announced last week that conglomerate Renong Bhd had won the contract to build the 120km highway and 66km inner ring road. It was also announced that two other Malaysian companies had a good chance of securing a multi-million dollar bid to install sewerage systems in four areas in India.

Samy Vellu told reporters he had spoken to Renong chief executive officer Tan Sri Halim Saad and that "Renong would be sending a delegation after the Hari Raya period".

The two other Malaysian companies - Net Air Sdn Bhd and BiWater Malaysia - were also said to be planning to send their people to India on February 14 to further study the sewerage proposals.

According to Samy Vellu, the companies will be submitting bids for sewerage systems in Bangalore, Whitefield and Belgaum.

Renong's successful award of contract comes after months of protracted negotiations between the two governments. The deals were said to be clinched following negotiations between Samy Vellu and the Indian Government, followed by a visit by Prime Minister Datuk Seri Dr Mahathir Mohamad to India late last year.

In previous reports, it was stated that Renong had already part-completed work on the 66km ring road, before it was abandoned purportedly due to lack of funds.

It had also been reported that Renong had faced a number of problems in securing the bid for the highway - during a period where the Indian Government in promoting the privatization of many public work projects - for reasons such as conflicting decision-making between Indian state bodies.

While Renong's contract to construct a highway holds the promise of collecting tolls, several analysts have pointed out that "whether the deal eventually provides the kind of returns that United Engineers Malaysia (UEM) has proven will depend on the earning power of the average Indian citizen."

UEM is the Renong company behind the country's highway-tollroad system. Analysts said in countries such as Indonesia where highway-tollroad systems have been built, the highways are scarcely used since the average Indonesian does not buy or use as many cars as their Malaysian counterparts.

Neither do they have the same level of disposable income that has made the use of highways such a feasible option for Malaysians, an analyst added.

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