



FIDIC 2007 CONFERENCE

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Realities of appointing Consultants in Emerging Markets of Asia



KK Kapila
Vice President
Consulting Engineers Association of India



Presentation Sequence

- Indian Business Environment
- Emerging Scenario
- Sector-wise Programs
- Opportunities for International Consultants
- Scope of Consultancy Services
- Procurement Process – The Practice
- Common Shortfalls in Consulting Assignments
- Common Problems Experienced by the Consultants
- Role of National Consulting Associations
- Challenges



Indian Business Environment

- India is today a good destination for the international business community
- India is world's largest stable democracy, having transparent business and legal practices and equitable business environment
- India's advantage is its large young technically qualified and English speaking workforce
- Leading in knowledge based service sector, viz ITES and BPO
- Well adapted to international practices and improved integrity environment



Emerging Scenario

- Major funding Agencies committed to India, and investing substantial funds in infrastructure, Health, Education, Agriculture sectors
- The Volume and spread of Work is ever increasing
- Need for qualified and experienced professionals and Consultants for undertaking massive developmental programs valued at US\$ 320 Billion
- Implementation of the projects on fast track



Sector-wise Programs (2012)

- Modernization of Roads - US\$ 70 b
- Modernization of Airports - US\$ 20 b
- Up-gradation of Ports - US\$ 10 b
- Housing - US\$ 50 b
- Power - US\$ 100 b
- Urban Utilities - US\$ 70 b



Opportunities for International Consultants

- Volume of consultancy services during next 5 years estimated at US\$ 20 billion
- There is a major capacity constraint for handling massive developmental programs in almost all sectors – Limited capacity and expertise of domestic consultants
- Need for Joint Ventures/Association with proven experienced International Consultants
- Method of selection of Consultants – Generally for major Internationally Funded Projects - QCBS/QBS



Scope of Consultancy Services

- Feasibility Studies
- Survey, Investigations and Detailed Project Reports and Preparation of Bid Documents
- Assistance to Client in Procurement
- Supervision of Construction
- Maintenance and Operations
- Tolling – Hardware and Software



Scope of Consultancy Services

(Contd.)

- Sector Studies
- Assisting Concessionaires in Public-Private-Partnership (PPP) Projects
- Independent Engineers for PPP Projects
- Institutional Studies and Reforms
- Financial Management
- IT Solutions



Procurement of Consultants – The Practice

- QBS & QCBS followed largely for the Internationally Funded Projects
- The Central Government and States continue to adopt Least Cost Basis of Selection for all Govt. Funded projects
- An effort is being made by CDC & CEAI to bring in QCBS Selection Process for all Consultancy Assignments



Common Shortfalls Experienced in Consulting Assignments

- Inadequate Investigations, and unrealistic time frame in project preparation
- Improper assessment of manpower
- Sometimes design and specifications, not-being optimal, result in projects having:
 - higher costs
 - longer period of gestation
 - longer period of construction
 - higher costs of operations & maintenance



Common Problems Experienced by Consultants

- Non-availability of committed personnel. Process of substitution time taking
- Delays in implementation of consultancy services as Client personnel not equipped to handle mega projects
- Inadequate understanding of financial requirements – Reimbursement of tax components, etc.



Role of National Consulting Associations

- To act as a one stop shop for all International Consultants wanting to work in a country
- To provide appropriate advise on tax structure through empanelled tax experts
- To assist in identification of suitable local companies
- To assist in removal of impediments, liaise with local authorities



Challenges Ahead

- Fast track project implementation
- Aim to obtain quality projects at least Project Cycle Cost
- New technologies/Up gradation of technologies/Use of locally available materials or substitutes – For Fast track construction/Cost reduction/Ease in operations and maintenance
- Deployment of personnel of right quality during critical periods – Facilitate transfer of professionals from Government to Private sector & vice-versa
- Rationalization of tax issues
- Training to improve professional capabilities



Thanks for your attention...

kkkapila@ictonline.com
cmd@ictonline.com