

# Soil is not affected by laying pipeline through farmland: Punj Lloyd

## INTERVIEW

**Richa Mishra**

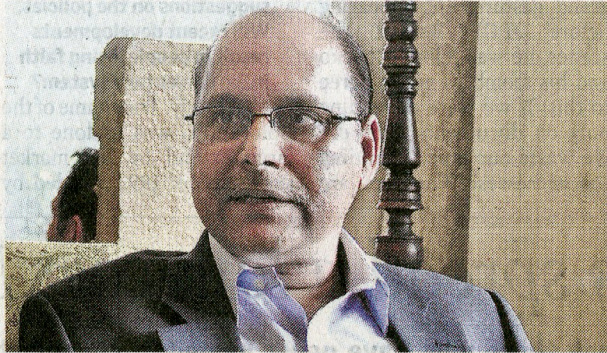
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As an EPC contractor, Punj Lloyd has so far laid 11,000 km of pipeline. Of this, projects of 7,000 km are in India, including Mukesh Ambani's East-West pipeline network, and GAIL's Dahej-Vijaipur pipeline. The company is also the contractor for Ennore LPG terminal and is involved with a section of GAIL (India) Ltd's Kochi-Kuttanad Pipeline.

In a conversation with *Business Line*, Shivendra Kumar, President & Chief Executive Officer (CEO) Energy - South Asia, Punj Lloyd, shares his views on issues concerning laying of pipelines for transport of gas.

**How do you compare the cost of laying a cross-country pipeline network and a city gas distribution network?**

Cost of laying the pipeline in a city is three to four times more than a cross-country network. More expensive because it requires a lot of manoeuvring, there are other networks also – water, electric cables, sewerage lines etc. Lot of issues involved with city dwellers due to space constraints, not being able to



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**SHIVENDRA KUMAR, PRESIDENT AND CEO ENERGY - SOUTH ASIA, PUNJ LLOYD**

use mechanised pipe laying, and inconvenience to traffic and city dwellers during the construction period.

Suppose 100 km of cross-country and city gas – in terms of installation cost – in normal terrain it will cost you \$5 an inch metre (inch metre is the width and length of the pipe) for cross-country, whereas in city it will cost \$15-20 an inch metre.

**You are involved with the now controversial Kochi-**

**Bangalore-Mangalore Pipeline. What is your take on the issues being raised in Tamil Nadu?**

We are not doing any stretch in Tamil Nadu, but we are doing in Kerala. The whole controversy is now about farmland versus highways.

What is to be remembered is that when a pipeline is being laid on farmland it is a temporary acquisition of land, never permanent.

When we dig for laying the pipeline, we ensure that the earth is put back in such a way that the land can be cultivated once the pipeline is laid. Land is restored to them as it is. Soil is not affected at all. There is no danger whatsoever in having a pipeline through farmland.

The pipe is laid 1.2 metre below ground level and has a sophisticated SCADA system, which monitors any potential problems. Optic fibre cable is also laid along the pipeline for communication, so it is very safe.

**What is the global trend?**

Commonly, the pipeline is not along the highway because that will not be the shortest route. There is a huge cost associated with the highway route – increased length of pipe, crossings etc. The problem which we face in laying the network vis-à-vis US is that we are densely populated, they are not. There are stretches where there is no population at all in the US. West Asia, it is in the desert.

Punj Lloyd has laid network in Turkey and Georgia, where it has run through farmland. In our country population is spread all across.

**You are doing projects in countries with geopolitical**

**issues. How do you deal with them? How do you hedge your risk?**

It is all about risk and reward. If I take a project in Sudan I will not take a decision like I do in India, which is a matured economy. Risk hedging at a given time will limit our exposure. We manage our cash flow minutely. In Libya, for instance, we go as a contractor not as a project developer.

**How challenging was setting up your second LPG terminal in the country?**

LPG demands in South India were quite pressing. The terminal had to be able to store butane, propane and LPG. This terminal has facility for product interchange ability. In other words, any of our tanks can store anything. It is also fully automatic.

We were the EPC contractors for the 600,000-tonne-a-year capacity LPG terminal project built by the joint venture of Indian Oil Corporation Ltd and Malaysian Government-owned Petronas.

**As an EPC contractor what are the challenges you face? Is the selection process tough in India?**

The selection process for an infrastructure contractor in India is the same as what is

the global practice – through tenders. But, in order to increase competition in India, the companies offering the projects divide the project in number of sections, in case of a pipeline project.

In other words, if it is an 800-km pipeline network then the companies like GAIL divide it into eight sections of 100 km each. The net result is there can be eight contractors laying one project. When you divide projects into number of pieces you are giving opportunity to small players, which is good, but you are not confident of timely delivery.

**But, a significant portion of Dabhol-Bangalore network was built by Punj Lloyd. What was your bidding strategy?**

We bid in such a manner that we got seven spreads of the network. When a contract is awarded to a single contractor, it is easier to implement.

For instance, suppose there are some disturbances – local interferences – the contractor can always start work on the next section and come back to the affected area later.

It is the client who has to get the right of way for us, which is a tedious process. There are disturbances and local interference.

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