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# PRESIDENCY UNIVERSITY

Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956  
Approved by AICTE, New Delhi | Approved By BCI  
Bengaluru

## Even Semester Mid Term, March 2026

**Date: 13/03/2026**

**Time: 09:30 AM - 11:00 AM**

**Course Code: LAW4032**

**Course Name: Law of Infrastructure Development**

**Semester: Eight Semester**

**Max. Marks: 50**

**Weightage: 50%**

CO - Levels	CO1	CO2
Marks	44	46

### PART-A: Answer Following Questions. 10 M

Qn.No	Questions	M	CO	BT
1	Explain a Change in Law clause. What is its significance in infrastructure contracts?	2	CO1	BT2
2	Explain a Multi-Tier Dispute Resolution Clause?	2	CO1	BT2
3	Explain the concept of multiplier effect of infrastructure.	2	CO2	BT2
4	Write a short note legal validity of exclusionary clauses in infrastrucutre contracts.	2	CO2	BT2
5	Write a short note on sagarmala project.	2	CO2	BT2

### PART-B: Answer Any 1 Following Questions. 10 M

Qn.No	Questions	M	CO	BT
6	Analyse the procedure for determination of compensation under the National Highways Act, 1956. (5 Marks)  In this context, discuss the significance of the judgment in Union of India & Anr. v. Tarsem Singh (2019) and its impact on compensation and solatium.(5 Marks)	10	CO2	BT3
7	Explain the structure and legal characteristics of project finance, including the role of lenders, concessionaires, and Special Purpose Vehicles (SPVs). (5 Marks)  Analyse the allocation of risks such as construction risk,	10	CO2	BT3

**PART-C: Answer Any 1 Following Questions. 10 M**

Qn.No	Questions	M	CO	BT
8	<p>The National Highways Authority of India (NHAI) entered into an EPC contract with MetroBuild Infra Ltd. for construction of a 140 km highway at a fixed price of ₹5,000 crore, to be completed in 30 months. The contract did not contain any price escalation clause.</p> <p>During execution:</p> <ul style="list-style-type: none"> <li>• NHAI delayed handing over 40% of the land for 10 months, causing project delay.</li> <li>• During this extended period, the prices of steel and cement increased by 35%, significantly increasing the contractor's cost.</li> <li>• MetroBuild Infra Ltd. completed the project and claimed ₹800 crore as additional payment due to price escalation.</li> <li>• NHAI rejected the claim, arguing that the contract was a fixed-price contract and did not provide for escalation.</li> </ul> <p>MetroBuild Infra Ltd. initiated arbitration, claiming compensation for the additional costs incurred due to delay caused by NHAI.</p> <p>Whether a contractor can claim price escalation in the absence of a price escalation clause?</p>	10	CO2	BT3
9	<p>The National Highways Authority of India (NHAI) entered into an EPC contract with Zenith Constructions Ltd. for construction of a six-lane highway valued at ₹6,000 crore.</p> <p>The contract contained the following Dispute Resolution Clause:</p> <ol style="list-style-type: none"> <li>1. Any dispute shall first be referred to the Project Director for amicable settlement within 30 days.</li> <li>2. If unresolved, the dispute shall be referred to a Dispute Resolution Board (DRB), whose decision shall be given within 60 days.</li> <li>3. Only if either party is dissatisfied with the DRB</li> </ol>	10	CO2	BT3

decision, the dispute may be referred to arbitration under the Arbitration and Conciliation Act, 1996.

During execution, disputes arose regarding payment of ₹500 crore for additional work.

- Zenith Constructions Ltd. directly invoked arbitration without referring the dispute to the Project Director or DRB.
- NHAI objected, arguing that the contractor had violated the mandatory pre-arbitral procedure, and therefore, arbitration was not maintainable.
- The contractor argued that the pre-arbitral steps were procedural and not mandatory, and immediate arbitration was justified due to urgency.

(a) Explain the importance of pre-arbitral steps in construction contracts. (5 Marks)

(b) Discuss whether such pre-arbitral steps are mandatory or directory in nature, and their effect on the validity of arbitration proceedings. (5 Marks)

**PART-D: Answer Any 1 Following Questions. 10 M**

Qn.No	Questions	M	CO	BT
10	<p>The National Highways Authority of India awarded a contract to Beta Infra Ltd. for construction of a national highway.</p> <p>Contract details:</p> <p>Total Contract Value = ₹800 crore</p> <p>Contract Duration = 24 months (720 days)</p> <ul style="list-style-type: none"> <li>• Delay caused by NHAI = 180 days</li> <li>• Total Company Turnover = ₹4,000 crore</li> <li>• Total Head Office Overheads = ₹320 crore</li> <li>• Head Office Overhead and Profit Percentage = 15%</li> <li>• Calculate the compensation payable using:</li> </ul>	10	CO1	BT3

	<ul style="list-style-type: none"> <li>• (a) Eichleay Formula</li> <li>• (b) Emden Formula</li> </ul>			
11	<p>Discuss the role and functions of the Directorate General of Civil Aviation in regulating civil aviation infrastructure in India. (5 Marks)</p> <p>Analyse how government policies such as the UDAN Scheme have contributed to improving regional air connectivity and infrastructure. (5 Marks)</p>	10	CO1	BT3

**PART-E: Answer Any 1 Following Questions. 10 M**

Qn.No	Questions	M	CO	BT
12	<p>The Government of Dakshin Pradesh proposes to develop a 200 km Greenfield Access-Controlled Expressway between the cities of Suryanagar and Adarshpur to promote industrial development and reduce logistics costs. The project will be implemented through the National Highways Authority of India.</p> <p>The estimated project cost is ₹18,000 crore. The Government does not have sufficient budgetary resources to fully finance the project and seeks private sector participation under a Public-Private Partnership (PPP) arrangement.</p> <p>The following facts are relevant:</p> <ul style="list-style-type: none"> <li>• Traffic studies indicate moderate traffic in the initial 5 years, but traffic is expected to increase significantly after nearby industrial zones become operational.</li> <li>• The Government is willing to provide partial financial support up to 40% of the project cost during construction, but it cannot make large annual payments after completion due to fiscal constraints.</li> <li>• Private investors have expressed concern about traffic and revenue risk in the initial years.</li> <li>• The Government wants to ensure timely construction and efficient maintenance of the expressway for at least 20-30 years.</li> <li>• The Government is willing to allow the private party to collect toll from users, but also wants to keep toll rates reasonable for public welfare.</li> </ul>	10	CO1	BT4

	<ul style="list-style-type: none"> <li>• The Government prefers that ownership of the expressway ultimately remains with the Government after the concession period.</li> </ul> <p>Lenders have insisted on a structure where project risks are clearly allocated and loan repayment is secured through project revenues and contractual protections.</p> <p>Based on the above conditions choose a type of PPP model for this project with reasoning.</p>			
13	<p>The National Highways Authority of India (NHAI) entered into a Concession Agreement with RapidBuild Infra Ltd. for the construction of a 150 km six-lane national highway under a PPP model. As per the agreement:</p> <ul style="list-style-type: none"> <li>• The project was to be completed within 30 months from the appointed date.</li> <li>• The contract expressly stated that “time shall be of the essence of the contract.”</li> <li>• A delay penalty of ₹10 lakh per day was payable by the concessionaire for delay.</li> <li>• If the delay exceeded 180 days, NHAI had the right to terminate the contract.</li> </ul> <p>During construction:</p> <ul style="list-style-type: none"> <li>• RapidBuild Infra Ltd. completed only 60% of the work within 30 months.</li> <li>• The company claimed the delay was due to: <ul style="list-style-type: none"> <li>◦ Delay by NHAI in handing over 25% of the required land, and</li> <li>◦ Unexpected heavy rainfall and flooding.</li> </ul> </li> <li>• NHAI, however, terminated the contract after 180 days of delay and encashed the performance bank guarantee.</li> </ul>	10	CO1	BT4

**(a)** Analyse whether NHAI was legally justified in terminating the contract with decided case laws. (5 Marks)

**(b)** What remedies are available to RapidBuild Infra Ltd. and NHAI?(5 Marks)