

Joint Venture in Infrastructure Projects in Construction, A Review Work

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Abstract - The world is looking at India as an attractive investment destination with strategic advantages and lucrative commercial incentives. Over the past few years, while numerous economies saw negative GDP growth rates, India posted a growth rate of nearly 6%. The Indian economy, while not significantly affected during the global recession, is preparing itself for another round of aggressive growth. The basis of these lofty expectations is strongly grounded in the vast pool of untapped skilled and unskilled human resources across most economic sectors in India. We have witnessed this through the tremendous growth experienced over the last 10 years in India, in sectors ranging from manufacturing to information technology and services industries. Beyond this, India offers a vast internal market for various products and services. It is therefore apparent that India has a lot to offer to anyone looking to do business here from both the producers' and consumers' perspectives.

Key Words- investment, producers, consumers

1. INTRODUCTION

In making a decision to enter India, to benefit from the inherent advantages offered by an existing Indian partner in terms of market access, local knowledge or quick ramp-up, foreign investors and companies should seriously consider forming Joint Ventures with Indian businesses (hereinafter referred to as "JVs"). While India has progressed in leaps and bounds, it still lacks cutting edge technologies and management processes. Foreign partners possessing such technologies and processes can add significant value to JVs in India and take advantage of local skills and markets. The process of establishing a JV in India and commencing the business can be relatively simplified if it is preceded by proper planning, market research and partner assessment. Pulling off a successful JV requires setting specific and measurable objectives, identifying and critically assessing potential partners and target market, and determining the right mode and format of JV. In this paper, we examine how and why a JV is set up, the

legal framework involved in JVs and the nuances of JV documentation.

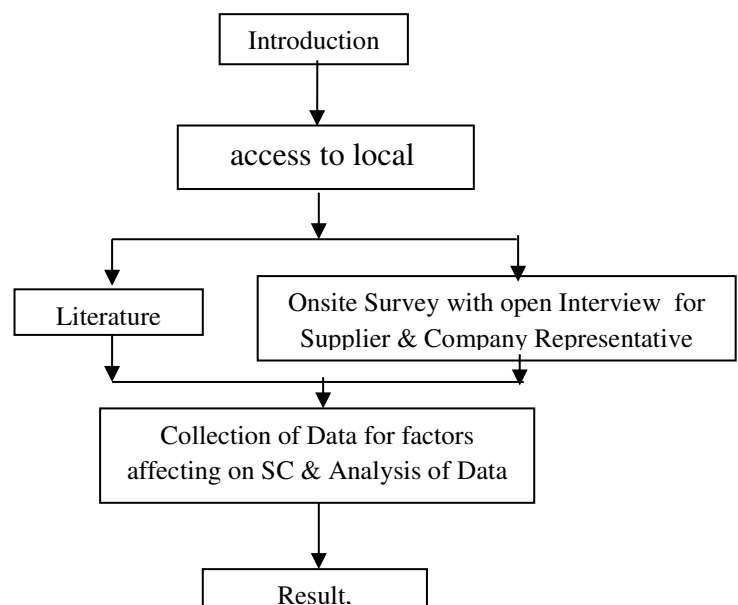
Aim:

The aim of this project to study the Important Factors to be considered before a Joint Venture is formed , significant managerial problems, risk and benefits of Joint Venture and potential success factors in managing domestic, international, and project-based international joint ventures. Some case studies are also discussed to study the concept of joint Venture.

Objectives:

- reducing 'entry' risks by using the local partner's assets
- inadequate knowledge of local institutional or legal environment
- Access to local borrowing powers

2. METHODOLOGY:



3. LITERATURE REVIEW

3.1 As per L. Y. Shen, George W. C. Wu, and Catherine S. K. Ng, “Risk assessment for construction joint ventures in china”, *journal of construction engineering and management* / january / february 2001. With assistance of a practical survey, this paper has systematically examined major risks affecting the Sino-foreign construction joint ventures. The risk significance index developed in this paper, supported by examining real risk cases, provides an effective insight and clear picture of the risk profile involved in the joint venture businesses in Chinese construction. The proper understanding of this risk profile is essential in order for joint venture to take proper risk management strategies. The investigation of several practical risk management strategies demonstrates effective examples of adopting risk management principles properly. They provide useful references to other joint ventures or those overseas firms who are planning to operate their businesses in China. The analysis and findings in this paper also present valuable data for the Chinese government and local partners to have an in-depth understanding of the risk environment to the operation of Sino-foreign joint ventures. Such understanding is very important for implementing further effective measures to ensure the right direction of future development and create a more attractive market to overseas construction professionals.

3.2 Achara Khamaksorn, Joseph H. M. Tah, and Esra Kurul, “Knowledge Creation: A Case Study of International Construction Joint Venture Projects in Thailand”, *International Journal of Innovation, Management and Technology*, Vol. 11, No. 1, February 2020. In recent years, companies around the world are trying to expand internationally through collaborative agreements. ‘International Construction Joint Ventures’ (ICJVs) have become of significant interest as the global construction market continues to be integrated into a more competitive business environment. Moreover, ICJVs can be a mechanism for creating, transferring and improving knowledge and skills between partners. Knowledge creation has also been recognized as the successful mechanism of creating knowledge between local and foreign partners. Therefore, local partners who wished to enter into the emerging market needed to quickly develop the required resources. Thus, it is especially important to understand how new knowledge in ICJV projects can be transferred and adopted. Therefore, the purpose of this study is to investigate and

characterise the knowledge creation process in ICJV projects and explore to what extent projects facilitate the process. A case study approach is adopted using three ICJV projects. As a result, this research provides the establishment of specific knowledge creation processes through an empirical investigation of ICJV projects in Thailand.

3.3 Hamimah Adnan, “An Assessment of Risk Management in Joint Venture Projects (JV) in Malaysia”, *Asian Social Science*. The questionnaire survey on the JV projects between Malaysia local and foreign contractors working in Malaysia showed that both perceived risk in construction as the likelihood of the potential completion of the project i.e. terms of cost, time and quality of performance. To minimize the chances of failure or underperformance of a JV, risk management techniques must be introduced into the construction industry. In order to manage them effectively, a comprehensive method for managing risk techniques must be introduced into the construction industry. Also in order to manage them effectively, a comprehensive method for managing risk during the construction process, particularly in the pre-contracting and contracting stages, should be applied. The major risks factors were found to be the agreement of the contract, partner selection, control/equity, sub-contractors, renegotiations and training. The nature of construction JVs and international JVs compared with other types of procurement may be different due to the fundamental intent of co-operation in the participants where large differences in cultural, political and social backgrounds exist. The findings of the research will hopefully support the more successful implementation of joint venture projects in other similar economies.

3.4 The author Steven J. Minja, and Geraldine J. Kikwasi, “A Study of Joint Venture Formation between Construction Organizations in Tanzania” Formation of joint ventures between construction organizations has been an important endeavour in overcoming problems facing local contractors such as inadequate work opportunities, weak financial capability, lack of plant / equipment and lack of management skills. These problems can be addressed by forming joint ventures between foreign and local, local and local or foreign and foreign companies. The usual purpose of joint venture is to spread a risk inherent in large projects and to pool resources in a way that permits to execute a project. The formation of joint venture companies in Tanzania need to follow all legal and statutory

requirements including registration with registration by Business Registrations and Licensing Agency (BRELA), registration by Contractors Registration Board (CRB) and registration under Registration of Documents Act (RDA). In planning for a joint venture arrangement, it is important to consider all important factors in order to have a project delivered successfully. Factors that guide joint venture formation in Tanzania are contract agreement, financial stability and commitment. The most important risks associated with joint venture undertakings are cultural and social differences, delays in approvals and financial risks. Similarly, joint ventures as any other undertaking do encounter challenges. Challenges facing joint ventures in Tanzania include: identification of possible risks and joint venture agreement interpretation.

3.5 Veerasak Likhitrungsilp, Apichart Prasitsom, **“Construction Joint Venture Contracting”**, JV agreements play an important role in the success of JV project management. These contracts are necessary not only for forming the JV organization, but also for stipulating general conditions of JV operation. Three types of JV agreements are prepared at different stages of the project. The MOU may be signed by contractors at the early stage to informally establish a JV and obtain bidding documents from the owner. Nevertheless, if contractors are really interested in bidding, the pre-bid JV agreement can be made instead. As part of the bid proposal, a pre-bid JV agreement is drafted to stipulate the preliminary administrative structure of a JV as well as the partners' scope of work and responsibility. Once the project has been awarded to the JV, the JV agreement will be signed by all partners to formally establish the JV. The agreements that are meticulously prepared can maximize the benefits of all parties involved as well as minimize potential risk in JV project management.

3.6 The author **Shelar P. S., Konnur B. A.** , As the construction project are huge and differ from one another place to place and time to time it require huge capital investment and also has high risk. As the solution of both Joint venture and public private partnership are the best suited solution for minimizing risk of capital investment and failure of project. There should be good understanding of JV and PPP to effective implementations for construction work.

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