

**GOVERNMENT OF INDIA
ROAD TRANSPORT AND HIGHWAYS
LOK SABHA**

UNSTARRED QUESTION NO:1223

ANSWERED ON:08.08.2011

NEW FUNDING MODEL FOR NHs

Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba;Dharmshi Shri Babar Gajanan

Will the Minister of ROAD TRANSPORT AND HIGHWAYS be pleased to state:

- (a) whether the Government has introduced a new funding model for National Highways (NHs) that are built and maintained by the State Government Agencies;
- (b) if so, the details thereof and the reaction of the State Governments thereto;
- (c) the percentage of funds to be provided by the Union Government for stretches that are financially unviable;
- (d) whether the State Governments are allowed to float tenders for development of Highways under Build, Operate and Transfer scheme; and
- (e) if so, the guidelines issued by the Union Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (SHRI JITIN PRASADA)

a) Yes Madam.

b) Under the new funding Model, the projects on Design, Built, Finance, Operate & Transfer (DBFOT) are proposed to be taken up under scheme of the Ministry of Finance for support to Public Private Partnership in Infrastructure. The Scheme provides Viability Gap Funding Support up to 20% of Total Project Cost. Balance requirement of Viability Gap funding, if any, and cost of project preparation, pre-construction and land acquisition are to be met out from budgetary support available to the Ministry.

c) Union Government allows upto a maximum of 40% of the Total Project Cost as viability gap funding for making the projects financially viable.

d) Yes Madam.

e) A project-specific Memorandum of Understanding (MoU) has been finalized to be signed by State government with the Union Government for floating tenders for development of Highway on DBFOT basis. A format of MoU is enclosed at Annex-I for reference.