

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

UNSTARRED QUESTION NO:3212
ANSWERED ON:28.07.2009
LOANS FOR ROAD DEVELOPERS
Rao Shri Kavuri Samba Siva

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

- (a) whether the shortage of funds with highway developers is hampering the construction of roads under the National Highways Development Programme (NHDP);
- (b) if so, the details thereof and reaction of the Government thereto;
- (c) the steps taken by the Government to give financial relief to the small and medium road construction companies;
- (d) whether the Government proposes to empower the National Highways Authority of India (NHA) to extend working capital loans to road developers to help them tie over credit crunch, maintain speedy implementation of road projects and timely completion of schedule;and
- (e) if so, the details thereto?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (SHRI R.P.N. SINGH)

- (a)&(b) No, Sir. However, award of National Highway Development Projects was affected due to prevailing downturn in the economy and global recession.
- (c) There is no separate policy for small and medium road construction companies. However to mitigate cash flow problems some measures viz; grant of interest bearing discretionary advance at the request of contractors, release of retention money against bank guarantee of equal amount and deferment of recovery of advances (on interest basis) are being taken.
- (d)&(e) No, Sir.However to maintain speedy implementation and timely completion of projects approved during 2008 as well as those which will be approved in 2009, the measures are taken to release entire Viability Gap Funding (VGF) during construction period itself and increase the Total Project Cost (TPC) upto 20% in case of projects where TPC was originally assessed in 2005-2006. Also the Government has allowed the Indian Infrastructure Financing Corporation (IIFCL) to raise tax free bonds for infrastructure projects.