

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

UNSTARRED QUESTION NO:463
ANSWERED ON:09.12.2013
FINANCING OF ROAD PROJECTS
Dhruvanarayana Shri R. ;Krishnaswamy Shri M.

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

- (a) whether it is true that Banks and Financial Institutions are not willing to finance road projects;
- (b) if so, the reasons therefor;
- (c) whether the Government/National Highways Authority of India have held meetings with banks and financial institutions in this regard; and
- (d) if so, the details and outcome thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (SHRI SARVEY SATHYANARAYANA)

(a) and (b) Many of the banks/lenders, who had earlier responded to Build-Operate- Transfer (BOT) project financing positively, have reached the ceiling of the sectoral exposure ceilings for sector specific exposure in consonance with prudential norms issued by the Reserve Bank of India and are currently not willing to fund BOT road sector projects under Public-Private Partnership (PPP) mode of delivery.

(c) and (d) Various meetings have been held by the Ministry of Road Transport and Highways, Ministry of Finance and the National Highways Authority of India (NHAI) with lenders/bankers persuading them to lend more to road sector on easier terms. The issue of debt to road sector was also taken up with the Ministry of Finance and the Reserve Bank of India (RBI). As a result, these loans are now considered as secured to the extent covered by the termination provisions under the Concession Agreements. The requirement of securing 100% land before financing by lenders was amended and the provision was reduced to 80 % by the Ministry of Finance on persuasion by NHAI.