

GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

LOK SABHA
UNSTARRED QUESTION NO. 1672
ANSWERED ON 28th NOVEMBER, 2019

PRIVATE INVESTMENT IN ROAD CONSTRUCTION

1672. SHRI VISHNU DAYAL RAM:

Will the Minister of ROAD TRANSPORT AND HIGHWAYS

सड़क परिवहन और राजमार्ग मंत्री

be pleased to state:

- (a) whether there has been a slowdown in awarding of contract for road construction during 2018-19 and 2019-20 in comparison to the previous years and if so, the details thereof;
- (b) the share of private investment in total road construction during the last five years;
- (c) the reasons for the weak participation of private sector in the road projects;
- (d) whether the Government has formulated any new road construction model to make the road projects more lucrative/ attractive for the private players thereby avoiding heavy burden on NHAI; and
- (e) if so, the details thereof?

ANSWER

THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS

(SHRI NITIN JAIRAM GADKARI)

- (a) Length of National Highway projects awarded, year-wise, from 2014-15 is given below:

Year	Awarded length (in Km)
2014-15	7972
2015-16	10098
2016-17	15948
2017-18	17055
2018-19	5493
2019-20 (till 31.10.2019)	2982

- (b) Share of Private investment in total road construction during the last five years is about Rs. 98,100 cr.
- (c) Some of the reasons behind weak participation of private sector in road projects may include following:
- (i) major highway developers had capacity constraints including over-leveraged financials due to excessive exposure to infrastructure projects including highways and
 - (ii) lack of availability of debt products and some banks reaching the ceiling as per sectoral exposure norms.

(d) to (e) To encourage private sector participation through adequate incentives, Ministry of Road Transport and Highways has adopted Hybrid Annuity Model with an objective to maximize the quantum of implementation of highway projects within available financial resources of the Government. As per this model, 40% of the project cost is to be provided by the Government as 'Construction Support' to the private developer during the construction period and the balance 60% as annuity payments over the concession period along with interest on outstanding amount of the concessionaire.
