

ORAL ANSWERS TO STARRED QUESTIONS

Appropriate Model for Execution of Highway Projects

*91. SHRI JOSE K. MANI: Will the Minister of ROAD TRANSPORT AND HIGHWAYS be pleased to state:

(a) whether Government propose to abandon its Hybrid Annuity Model now in operation for four years for executing its highway projects due to bank's red-flagging over lending for these projects; and

(b) whether the banking sector had reservations in lending for the highway projects?

THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS (SHRI NITIN JAIRAM GADKARI) : (a) to (b) A Statement is laid on the Table of the House.

Statement

(a) No, Sir. Ministry through its implementing agencies is continuing to bid out and award projects on the Hybrid Annuity Model (HAM). More than 100 nos. of projects on Hybrid Annuity Model have achieved financial closure.

(b) Banking sector had raised concerns on account of stalled/languishing PPP projects. The Ministry has undertaken the following initiatives to address the banking sector's concerns: —

- (i) One- time fund infusion
- (ii) Premium deferment in stressed projects
- (iii) Exit for Equity Investors
- (iv) Securitization of road sector loans
- (v) Fast track dispute resolution mechanism.
- (vi) Rationalization of compensation for delays attributed to authority
- (vii) Issuance of Guiding principles for resolution of stuck National Highways projects.

(MR. DEPUTY CHAIRMAN *in the Chair*)

SHRI JOSE K. MANI: Sir, the much hyped Hybrid Annuity Model of the Ministry of Road Transport and Highways have developed hiccups with many HAM projects stalled mid day as banks are reluctant to finance such projects. My question to the Minister, through you, Sir, is: Does the Government have any new “out of box” innovative methods to finance the massive investment proposals under highway development; like, the Power Finance Corporation, they finance for transmission and generation? Like that, do you

have any massive investment proposal under highway development? If so, what are the details?

SHRI NITIN JAIRAM GADKARI: Mr. Chairman, Sir, particularly, when I had taken charge as a Minister, we had 403 stalled projects, and the amount involved is ₹ 3,85,000 crores. And this is because of problems related to land acquisition, utility shifting, court cases, forest environment clearances, etc., but it is a great achievement of our Government under the leadership of our Prime Minister. We succeeded to resolve 90 per cent of the projects. It is now resolved. Our Department saved the Indian bankers from NPA of ₹ 3,00,000 crores. But, Sir, after that, we have taken a decision because in 17 tenders there was no response on PPP level. So, that is the reason we have found out a new solution named Hybrid Annuity project. The concept of Hybrid Annuity project is that the land acquisition is the responsibility of the Government. Then, we are giving 40 per cent of the cost of construction as grant-in-aid and toll collection is also our responsibility, and for 60 per cent, he has to take the loan from the bank as investment. Now, when there were problems, the banks supported the sector, but now when there are no problems, banks finally are not in a position to support the sector. Sir, actually, in HAM project, the total projects approved were 123 HAM projects. The cost involvement is ₹ 1,40,000 crores and we are getting bank support of only ₹ 47,000 crores. Sir, out of 123 projects, already, in respect of 121 projects, 90 per cent projects are already sanctioned, but majority of the projects sanctioned are from the private banks. Then, NBCC companies like L& T are financing, but the problem is that our nationalised Indian banks are not supporting that much as we expect from them. This is the problem. So, your suggestion is absolutely correct because the power corporation has got an economic arm named as the Power Finance Corporation. The Railway corporation has got the arm named as the Railway finance Corporation. This is the sector which is contributing to 2.5 per cent of the GDP. In this country, the sector is moving fast. It is economically viable. Internal rate of return is good, but the bank is not cooperating as much we are expecting from them. We have been meeting with the banking sector, but his suggestion for creating a financial arm to NHAI is absolutely correct. I will take it to the Finance Ministry and I will try my level best to take the approval for it.

श्री उपसभापति: धन्यवाद माननीय मंत्री जी।

SHRI JOSE K. MANI: Sir, it is learnt that almost one-third of the road projects awarded under HAM are stuck as the developers have not received mobilization advance. This has increased the working capital outlay and interest rate payments for the developers and would eventually affect the rate of return on the projects. All this is said to be because of the hurdles in land acquisition and environment clearance. My question is: What effort is the Government taking to expedite the stalled projects, especially with regard to environment and land acquisition?

SHRI NITIN JAIRAM GADKARI: Sir, 123 projects have been awarded on HAM till date. Out of them, 101 projects have achieved financial closure. But, still there is a response from the banks, particularly, the private banks are good, financial companies are also doing good, but we are expecting more support from nationalised banks. The problem is that 16 projects are yet to be sanctioned loans. These 16 projects have been allotted after 31st January, 2019, for which initial time period of 150 days has not expired. We have taken a decision to allow scheduled banks for giving bank guarantee for these projects. Even then the banks are not in a position to sanction ...*(Interruptions)*...

श्री उपसभापति: कृपया शांति बनाये रखें।

SHRI NITIN JAIRAM GADKARI: Sir, we will definitely consider this. Your concerns are absolutely correct. We will encourage the Indian Banks Association. We will appoint a committee under the chairmanship of our Secretary. We will discuss the issue with the banks' chairmen. We will resolve the issue and will find out a way-out as to how the banks can be friendly for infrastructure development, particularly when this sector is moving fast. So, we will try our level best.

SHRI MANISH GUPTA: Sir, I must thank the hon. Minister for giving a detailed reply. It is a difficult situation to operate in. Apart from this model, which you are now following, that is, the Hybrid Annuity Model (HAM), are you thinking of funding from multilateral agencies like, the World Bank, JICA Japan, etc? As you know, your Government has contracted foreign funds for the Solar alliance, for Climate Change ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: Thank you, Mr. Manish Gupta. Your question is clear.

SHRI NITIN JAIRAM GADKARI: Mr. Deputy Chairman, hon. Member is absolutely correct. We are trying our best. One of the infrastructural funds raised by the Ministry of Finance is, they have principally accepted to give us rupees forty thousand crores from banks. But, the NHAI has triple rating. It has a very strong economic basis and that is the reason that we can get foreign finance. But, since the NHAI is a Government-owned authority, we need to take permission from the Ministry of Finance, every time we want foreign finance. So, that is the problem. But the hon. Member is absolutely correct. There will be no problem. The infrastructure is the most important sector. It is moving very fast. I am taking care of all the things. Our present construction rate is 32 kilometres per day. We are making Delhi-Mumbai Express Highway for about rupees one lakh crores. There has been a lot of investment. During our last tenure, contracts worth rupees eleven lakh crores were awarded in the road sector. Our target is that of rupees fifteen lakh crores, which is even more than the budget of ...*(Interruptions)*...

श्री उपसभापति: धन्यवाद माननीय मंत्री जी। Now, Shri K.T.S. Tulsiji.

SHRI K.T.S. TULSI: Sir, according to the information available in the public domain, 60 to 70 per cent of loans granted by them for these infrastructure projects have gone bad. The plan of building 84,000 kilometres roads by 2022 seems to be in danger because the finances are drying up. It is reported in the India Rating Analysis that out of HAM projects worth 1.18 trillion, only five hundred and eighteen billion have been achieved. This actually threatens one of the most prestigious projects of the country.

SHRI NITIN JAIRAM GADKARI: Mr. Deputy Chairman, Sir, the project was delayed because of the Model Code of Conduct in force. That is also an important thing to think about. Our bureaucracy takes this period of three months as *Diwali Mahotsava*; no one wants to take any decision. Presently, financial closure for 101 projects, out of 123 projects, has already been completed. Apart from construction of 34,000 kilometres under Bharatmala, we are also launching Hybrid Annuity Model for that. I am giving you a very successful example, which I feel is one of the very, very remarkable achievements for the Government. Under Ganga Clean Mission, we have already taken up 14 projects in Uttarakhand and Uttar Pradesh on Hybrid Annuity. In Mathura, the Triveni Engineering is a company which is giving water, by recycling it, to the Indian Oil, and getting a royalty of ₹ 20 crores every year from them for maintenance of the project. So, these are successful projects. Story is good. There are some problems. But I always say one thing that there are some people who convert problems into opportunities and there are some people who convert opportunities into problems. So, problems are there. You are absolutely correct. We will take care of it and resolve the issue.

SHRI K.J. ALPHONS: Sir, even though the performance of the Ministry of Transport has been spectacular...

MR. DEPUTY CHAIRMAN: Please put your question.

SHRI K.J. ALPHONS: The only thing is that there is something unscientific about this four-laning because slow moving vehicles like buses stop on the first lane and there is no space for the fast moving traffic to move because the containers and the big vehicles which are non-stop, move on the second lane. So, it should be actually six-laning minimum.

SHRI NITIN JAIRAM GADKARI: Sir, when traffic density increases up to 20,000 PCUs, we are obviously taking it to six lane or even eight lane. We are making green express highway in the country, which is 24,000 kilometers. The cost involved in it is more than ₹ 5,00,000 crores. Sir, particularly in the State of Kerala, it is the most difficult task to acquire land. Land acquisition is a big problem in Kerala. Sir, in a project of ₹ 1,000 crores, the cost of construction is ₹ 300 crores but the cost of land acquisition is ₹ 700 crores! So, I would request their Chief Minister that it should be like 50 per cent from their side and 50 per cent from our side. I would also like to give him a suggestion. There is usage of steel and cement in such projects. There is a GST on aggregate or all other things where royalty

is there. You make it exempted from that and give that tax as an equity given by the State Government for land acquisition. So, we can reduce 15 per cent from that. Sir, there are a lot of things. In Kerala only, there is a problem. I have had a discussion with the Chief Minister. He has promised me that next time he will come to Delhi with his Finance Minister. At that time, I am going to resolve the issue relating to Kerala.

श्री उपसभापति: मैं अगले सवाल पर आऊँ, उससे पहले मैं पुनः पूरे सदन को याद दिलाना चाहूँगा कि माननीय चेयरमैन ने बार-बार सदन में कहा है कि अधिक से अधिक माननीय सदस्यों के सवालों के जवाब मिलें, इसलिए माननीय मंत्रीगण अपने उत्तर में बहुत स्पष्ट और संक्षिप्त हों, तभी यह सम्भव है।

National Policy on Climate Change

*92. SHRI VIJAY PAL SINGH TOMAR: Will the Minister of ENVIRONMENT, FOREST AND CLIMATE CHANGE be pleased to state:

(a) whether Government has any proposal to make a National Policy on Climate Change;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF ENVIRONMENT, FOREST AND CLIMATE CHANGE (SHRI PRAKASH JAVADEKAR): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) to (c) The Government has launched the National Action Plan on Climate Change (NAPCC) in June 2008 to address the issues related to climate change. The NAPCC provides the overarching framework for all climate actions. NAPCC comprises eight missions in specific areas of solar energy, enhanced energy efficiency, sustainable habitat, water, sustaining Himalayan ecosystems, Green India, sustainable agriculture and strategic knowledge for climate change. Three of these missions, namely the Missions on solar energy, enhanced energy efficiency and sustainable habitats focus on mitigation, while the rest are focused on adaptation. These missions outline a number of steps to simultaneously advance India's development agenda and climate change related-objectives of adaptation and mitigation. 33 States and Union Territories (UTs) have also prepared State Action Plan on Climate Change (SAPCC) consistent with the objectives of NAPCC.

India plans to implement the Nationally Determined Contribution (NDC), submitted to the United Nations Framework Convention on Climate Change (UNFCCC) under the Paris Agreement, during the period 2021-2030. The three quantitative goals of the NDC are: (i) to reduce the emissions intensity of its GDP by 33 to 35 percent by 2030 from 2005 level, (ii) to achieve about 40 per cent cumulative electric power installed capacity from non-fossil fuel based energy resources by 2030 with the help of transfer of technology