

Private sector interest in road projects set to revive: Gadkari

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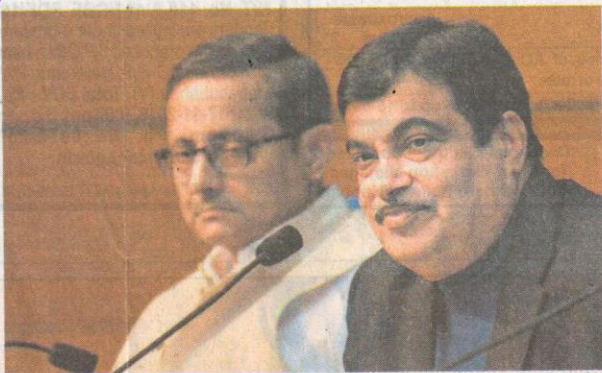
SPECIAL CORRESPONDENT

NEW DELHI: It may take another two years for bankers and private developers to regain their confidence and interest in the road sector, Road Transport and Highways Minister Nitin Gadkari said on Thursday.

"Bankers are still not supporting us because the previous experience has not been fruitful," Mr. Gadkari said at the Economic Editors' Conference 2016, here. He said this in reference to the new hybrid annuity model introduced by the Centre recently to revive public-private partnership (PPP) projects in the road sector. "The approach of the bankers is changing. However, contractors and investors are also facing a lot of problems in PPP projects. Although sentiments are reviving, it will take another one-and-a-half to two years to get to the ideal situation," Mr. Gadkari said.

Hybrid annuity

He said the Centre has finalised 18 projects so far on



CLEARING HURDLES: Mr. Gadkari says it may take up to two years for private investors to fund projects. — PHOTO: RAMESH SHARMA

the hybrid annuity model under which the government invests 40 per cent of the construction cost for building highways over a period, while the remaining amount comes from the private developer.

The Centre invests money in five equal instalments based on the targeted completion of the road project. Also, unlike the build, operate and transfer (BOT) toll model, the Centre collects the highway toll tax under the model. It also offers

80 per cent of prior land acquisition and forest clearance in such projects to the developers.

Mr. Gadkari said the Centre will now give priority to the engineering, procurement and construction (EPC) model, in which it pays the contractor a sum to build the project.

"Our priority is to give projects to Indian contractors. The situation is changing but it will still take some time to reach the ideal situation," he said.