

New policy to revive stalled highway projects

Dipak.Dash@timesgroup.com

New Delhi: The government has unveiled a policy for resolving stalled highway projects worth nearly Rs 30,000 crore, including those where proceedings have been initiated against the companies before the bankruptcy tribunal.

The move is aimed at unlocking money of both lenders and private players, including crisis-hit IL&FS, which is caught in about 28-30 projects as work has come to a standstill due to shortage of funds.

According to a road transport ministry circular issued on March 9, agencies such as NHAI can foreclose the contract by signing a supplementary agreement. It said the authority will make full and final payment to the private player for the "value of work done" or 90% of the debt due, whichever is lower.

"The value of work done will be arrived at after a detailed assessment of the progress and the debt due will be as per the contract agreement, which mentions the exact cost of the project," said an official. Nearly all the stuck projects were being implemented on a build operate and transfer (BOT-Toll) mode.

The circular also defines the projects that would qualify for such a resolution—projects where work has stopped due to inability of the contractor or concessionaire on account of proceedings initiated before the NCLT (National Company Law Tribunal) under the Insolvency and Bankruptcy Code or default on account of both the clients, which could be NHAI, PWD and the private player.

"Once the private player exits, we can invite bids for completing the project and start work. Similarly, the lenders would get back some portion of the loan, rather than losing the entire amount. In the existing concession agreement there is no provision for any payment, if the contract is terminated before total or provisional completion of the project due to contractor's default," said an official.