

Toll Loss is ₹75 cr a day; NHAI Promises to Compensate

Rachita Prasad@timesgroup.com

Mumbai: Developers of national highways are losing ₹75 crore daily from toll being exempted after the demonetisation measures the government announced on November 8, but the National Highways Authority of India plans to compensate them to ease cash flow.

To avoid inconvenience to commuters after the demonetisation move, toll collection on national highway was stopped till November 18. "Average daily toll collection is ₹65-75 crore on national highways, the collection of which



FINANCIAL WOES

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has been stopped until November 18. It is clear that concessionaires are gravely hit financially and this will put them under greater stress so we will make interim payments to them based on one month's average toll collection," NHAI chair-

man Raghav Chandra told ET.

This does not include toll collected by states and on state highways developed by private companies. Chandra said that while most states have stopped collecting toll, they have not detailed plans of

compensating for it. Some state highway toll booths continue to collect toll but are demanding it be paid in denominations other than illegal notes, leaving commuters and trucks stranded. The NHAI head said his plan needs government approval.

Also, NHAI will seek additional funds from the finance ministry to finance the compensation. "We will have to get this concept cleared by the government but we will have to do it to ease the pressure on concessionaires," he said.

On Tuesday, at an event organised by Assocham, Chandra said that while the sector has seen a lot of reforms in the recent past, there

is a need to establish a credible toll regime in view of the controversies surrounding it.

"Unfortunately a lot of people think that tolls are taxes whereas tolls are user charges and the public-private partnership is predicated on the credibility of the toll regime." He said NHAI aimed at giving away orders worth ₹1 lakh crore every year and could do so for the next 10 years, and that India needs higher investment from the private sector. Reforms relating to easier exit norms for project sponsors and arbitration have given the private sector some relief but the sector needs a robust financing system to support it.

NHAI may compensate companies for loss in toll money

Press Trust of India

letters@hindustantimes.com

MUMBAI: With government's decision to stop toll collection till November 18 hitting concessionaires, NHAI has proposed to compensate up to 75% of the losses due to the move resulting from demonetisation.

After Prime Minister Narendra Modi announced the scrapping of ₹500/1,000 notes last week, union minister for roads and highways Nitin Gadkari asked all toll operators to stop collection at all toll plazas to enable the smooth movement of traffic.

"On an average daily toll collection is around ₹60-75 crore across the country so the loss they are facing is to that extent.

"We have proposed that we will make interim relief to these concessionaires by paying nearly 75% of the losses to ease their cash flow," NHAI chairman Raghav Chandra told reporters on the sidelines of an Infrastructure Finance summit organised by industry body Assocham.

He said some of the tolls are publicly funded while others are private tolls.

"There are around 100 tolls which are publicly funded and around 265 private tolls. But these 100 have also been given on contract to private operators. So to ensure these also don't face cash flow problem because of the decision, we have decided to provide the relief even to these tolls," he said.

Chandra further said the NHAI has put forward the proposal to the government for its approval.

**NHAI MAY COMPENSATE FOR
LOSS IN TOLL MONEY**

Mumbai: With government's decision to stop toll collection till November 18 hitting concessionaires, NHAI has proposed to compensate up to 75 per cent of the losses due to the move resulting from demonetisation. "On an average daily toll collection is around Rs 60-75 crore across the country. We have proposed that we will make interim relief to these concessionaires by paying nearly 75 per cent of the losses to ease their cash flow," NHAI Chairman Raghav Chandra said.

Deadline for banks to clean up books stands at March 2017

■ RBI also said incremental stress in banking system coming down

fe Bureau
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THE Reserve Bank of India (RBI) has decided to stick to its deadline of March 2017 to clean up balance sheets of banks, deputy governor NS Vishwanathan said on Tuesday. This was despite governor Urjit Patel speaking of a 'pragmatic approach' in dealing with NPA resolution.

"It (March 2017 deadline to clean up of banks' balance sheet) stands," Vishwanathan told reporters on the sidelines of an Assocham conference here.

In October, Patel had said the RBI would be firm but pragmatic in dealing with bank NPAs so that the economy does not face lack of credit to support growth.



Infrastructure projects need to have a proper mix of equity and loan funding

NS VISHWANATHAN,
Deputy governor, RBI

Former RBI governor Raghuram Rajan had taken a tough approach to clean up banks' balance sheets, saying they required 'deep surgery'. Rajan had emphasised the need to classify assets correctly, recognising their true value. The classification of loans as NPAs, he had said, is an anaesthetic that allows the bank to perform extensive necessary surgery to put

a project back on its feet.

Vishwanathan also said bad loans in the infrastructure sector is close to 16-17% of total advances. He added that the structuring of infrastructure financing has to be very correct as their projects have long gestation. "These are long-gestation project that need to have a proper mix of equity and loan funding."

The time line for completion of project needs to be assessed realistically upfront so that the date of commencement of commercial operations (DCCO) is not 'artificially' fixed without taking into consideration the normal time taken for executing such projects, Vishwanathan said.

He said incremental stress in the banking system is coming down. In August, RBI deputy governor SS Mundra had said the level of stressed loans in banking sector had risen to 12% as gross non-performing assets nearly doubled to 8.7% in the June quarter.

Stressed advances – GN-PAs and restructured standard advances – stood at 11.4% in March 2016. It was at 10.9% in March 2015.

RBI REMINDS BANKS ABOUT NPA DEADLINE

Mumbai, Nov. 15: Reserve Bank deputy governor N. S. Vishwanathan today said the deadline for banks to clean up their balance sheet 'stands' at March 2017, even as its governor Urjit Patel hinting at pragmatic approach in dealing with NPAs. "It (March 2017 deadline to clean up of balance sheet) stands," Vishwanathan told reporters when asked if the clean up deadline remains unchanged. He was at Infrastructure Finance summit organised by Assocham. Indicating a shift from his predecessor Raghuram Rajan's 'deep-surgery' policy on bad loans, Patel in October had said that the RBI will be firm but pragmatic in dealing with bank NPAs so that the economy does not feel lack of credit to support growth. When asked about the stress asset trends in September quarter, Vishwanathan said incremental stress is coming down. "The basic way we are looking at is that the increment (in stress) is coming down. we are seeing the trend across the sectors," Vishwanathan said. In August this year, RBI deputy governor S.S. Mundra had said level of stressed advances in banking sector has risen to 12 per cent.

— PTI

Deadline to clean stressed assets stays, says RBI

MUMBAI: The March 2017 deadline for banks to clean up stressed assets from their balance sheets would not be extended by the Reserve Bank of India (RBI), a top official of the apex bank said.

"It still stands," RBI Deputy Governor N S Vishwanathan said at the 'Assocham Infrastructure Summit - Building a new India,' held in Mumbai on Tuesday.

"There is a need for proper structuring of infrastructure funding, as stressed assets account for close to about 16-17% of the total advances to infrastructure sector. It is quite a large quantum and we have to find various ways to deal with that problem, it is an important issue if you want to ensure there is further flow to the sector," he said.

"Structuring of the infra-



structure funding has to be very-very correct, because they have long gestation projects, have their speciality and these aspects must be taken into consideration while structuring the financing for these entities," he said.

He added that these projects need to have a proper mix of equity and loan funding and the timelines for completion of projects need to be assessed realistically up front so that the date of commencement of commer-

cial operations is not artificially fixed without regard to the normal time taken for executing such projects.

"We do understand there is stress in this sector and we are trying to find solutions without undermining the larger prudence which is very important when we look at the balance-sheets of banks," he added.

He informed that the RBI has provided additional toolkits to banks to deal with stressed assets. "We have added the construction sector as an industry in which some of these toolkits can be applied in respect of accounts where they have crystallised outstandings due to invocation of bank guarantees."

Vishwanathan said that the government has also come out with a scheme to provide 75% against the arbitration cases, against bank guarantees.

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