Government clears 170 stalled investment projects

AN UPHILL TASK

Govt. fixes 170 stalled projects, but 260 more need help

<table>
<thead>
<tr>
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<th>As of March 2015</th>
<th>As of April 2016</th>
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</thead>
<tbody>
<tr>
<td>Projects Resolved</td>
<td>203</td>
<td>373</td>
</tr>
<tr>
<td>Investment worth (Rs. cr.)</td>
<td>6,90,950.10</td>
<td>12,91,172</td>
</tr>
<tr>
<td>Projects Pending</td>
<td>305</td>
<td>395</td>
</tr>
<tr>
<td>Investment worth (Rs. cr.)</td>
<td>18,84,501.90</td>
<td>19,70,988.05</td>
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Source: Cabinet Secretariat

Many projects had been held up for want of Centre’s nod

There’s some good news, peppered with bad, on the investment front for the NDA government that is about to complete two years in office. Since March 2015, it has successfully removed roadblocks facing 170 stalled investment projects worth over Rs 6,00,000 crore, paving the way for their quicker implementation.

Yet, the task of unravelling red tape from such long-delayed projects that are driving up non-performing assets in the banking sector, is proving to be virtually Sisyphean. Over the same period, 260 more held up projects worth almost Rs 7 lakh crore were added to the waiting list of projects seeking government’s intervention to uproot obstacles thwarting them.

As a consequence, 395 stalled investment plans worth Rs 19.7 lakh crore now await an intervention from the project monitoring group in the cabinet secretariat that was set up to facilitate clearances, licences and other policy hurdles holding up large investment projects. The corresponding numbers in March 2015 stood at 502 projects worth Rs 18.84 lakh crore.

“From the time the project monitoring group (PMG) was set up in January 2013 till May 2014, it had managed to enable a resolution of problems facing about 150 projects worth Rs 5.5 lakh crore. By that yardstick, fixing 170 projects worth six lakh crore over the past twelve months or so is commendable,” said a senior official familiar with the functioning of the group.

While the group only facilitates clearances for projects with investments of over Rs 1,000 crore or critical public sector infrastructure projects below that investment threshold, the rise in its pending workload ties in with the assessment of the Centre for Monitoring Indian Economy (CMIE) that the spectre of stalled projects has peaked in March 2016.

“An important measure of the investment climate changing is a fall in the projects stalled. However, such a phenomenon is not seen, as yet. Projects whose implementation was stalled for various reasons peaked in March 2016 (and they are at their highest level in absolute terms) at Rs 11.4 trillion,” CMIE said in a note earlier this month.

According to CMIE, the value of the stock of stalled projects as a proportion of projects under implementation peaked at 12.3 per cent as of March 2016.

The number of stalled projects have also peaked, at 16 per cent of all projects under implementation, the agency noted.

“There is a paradigm shift in the underlying causes for stalling investment plans,” remarked Vinayak Chatterjee, chairman of Feedback Infra Private Limited.

“A lot of historical stock of stalled projects had to do with pending government clearances or permits, bureaucratic and political hand-wringing and sectoral policy hurdles such as gas pricing policy, for instance,” he said.

“By contrast, most projects that are getting stuck now are not over issues pertaining to the central government.

Most of them are getting delayed owing to market-related postponements, driven by low commodity prices in many sectors; promoters facing funding constraints as well as the banking sector turning more tight-fisted,” Mr Chatterjee said.