

304 plans worth Rs 12,75,877 cr stuck; stalled projects continue to haunt policymakers

Top 100 delayed projects, mostly in power, steel, railways and petroleum sectors, account for investments worth Rs 10,41,281 crore

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In an RTI reply dated February 5, 2016, the PMG said 149 stalled projects involving an investment of Rs 520,265 crore were resolved between January 1, 2015 and December 31, 2015. (Source: Express archive)

Led by the Prime Minister's pet project, GIFT City, as many as 304 projects involving an investment of Rs 12,75,877 crore remain stalled with the Project Management Group (PMG) of the PM's Cabinet Secretariat as on February 1, 2016. While this is close to 33 per cent lower than the figure released by the PMG in March 2015, new projects are being added to the stalled list on a quarterly basis.

According to latest information available from the Project Monitoring Group, top 100 stalled projects — mostly in the power, steel, railways and petroleum sectors — account for the lion's share of investments at Rs 10,41,281 crore.

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In an RTI reply dated February 5, 2016, the PMG said 149 stalled projects involving an investment of Rs 520,265 crore were resolved between January 1, 2015 and December 31, 2015. "Once projects/ issues are accepted for consideration by the PMG, tripartite meetings are arranged including the project proponents also until decisions are taken on the issues by the concerned authority," the PMG said.

The government had informed Parliament on July 30, 2015 that 315 stalled projects entailing an investment of Rs 13.33 lakh crore are being handled by the Project Monitoring Group for speedy resolution of bottlenecks. Significantly, a Ministry of Finance note issued in March 2015 indicated, quoting PMG figures, that 299 mega projects involving an outlay of Rs 18.13 lakh crore remained stalled with the Project Management Group.

"Stalled projects were at a 30-quarter low as of December 2015. In fact, stalled projects derailed India's growth story. There's improvement now," said Arun Singh, senior economist, Dun & Bradstreet. While stalled projects for the quarter ended March 2015 were Rs 108,535 crore, the figures came down to Rs 82,188 crore for June 2015 but went up to Rs 115,757 crore in September. This has come down to Rs 21,693 crore in December. "We will have to wait and watch for another six months to see if the situation improves," Singh said.

The RBI had expressed concern over the recent rise in stalled projects. While speaking to the media after unveiling the monetary policy on February 2, RBI Governor Raghuram Rajan said, "if you look at data, it looks like it was coming down steadily. What has happened in the last couple of quarters... it seems to have started picking up once again. That's a source of concern because the steady improvement that was seen seems to be just moderating. The government is taking measures to reduce the stalled projects. Hopefully we will see these come down once again."

The Rs 78,000 crore GIFT City (Gujarat International Finance Tec-City) was proposed as a global financial hub when Narendra Modi was the Chief Minister of Gujarat. "GIFT City is not a stalled project... is on fast-track mode of development with ready and operational state-of-the-art infrastructure facilities. GIFT City is already operational with some of the leading financial services and IT companies carrying out their various operations. IFSC at GIFT City is also operational with few of banks already doing various offshore business transactions," GIFT City said in an emailed statement.

Similarly, two mega railway projects, Western Dedicated Freight Corridor and Eastern Dedicated Freight Corridor projects entailing investments of Rs 47,000 crore and Rs 30,357 crore respectively, are stuck as per PMG data.

Apart from the delay in environmental or other necessary clearances, lower nominal GDP growth, substantially higher real interest rates, and costlier servicing of external debt also affected many of these projects. The absence of long-term financing instruments is a major impediment in developing infrastructure projects in India, leading to stalling of projects and lack of enough developers.

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