

Conference of GMS on Financing Road Projects Prospects, Issues and Opportunities

India has the second-largest road network in the world, spanning a total of 4.7 million km and transporting 60 per cent of freight and 85 per cent of passenger traffic in the country. Enhancement and improvement of road infrastructure are key government priorities, which have been receiving continued budgetary support over the years. The government has allocated Rs 95,000 crore for the road sector in FY2016-17. The thrust areas include the construction and award of 10,000 km roads each over the next fiscal, upgradation of 50,000 km of state highways into national highways and rolling out of 85 per cent of the stuck projects involving investment of Rs 1 lakh crore.

Till 2013, Indian banks aggressively financed road projects. From an exposure of Rs 470.6 billion in 2009, bank credit to the road and port sector grew at a CAGR of 25.24 per cent. However, post 2013, private player interest in bidding for BOT-based road projects has dwindled as a consequence of limited financial flexibility, high gearing, delays in obtaining clearances, and difficulty in achieving financial closure. Banks too have become more cautious in lending to road projects as they are approaching sectoral exposure limits towards roads, observing low financial viability of projects with aggressive premium bidding and facing loan repayment issues in projects where traffic density has been lower than estimated.

However with NHA's flexible PPP model, re-awarding of contracts for stalled projects, financial support to promoters of existing projects and many such initiatives, there is a good opportunity for banks to finance such projects. There is, therefore, a need to sensitize general managers' appraising such project proposals to identify issues, seek clarifications and sort out impediments, and get motivated to finance such projects in a big way.

Objective

The two-day conference module, through free and frank interactions with officials of NHA, RBI, IBA, developers and syndicators, will create awareness about the potential, problems, prospects and issues for banks in financing various road projects under the infrastructure sector in the context of recent legal, regulatory and governmental interventions. It will also enhance the skills of the participants in identifying and mitigation of various risks involved in appraising and sanctioning of such road projects.

Pedagogy

The training pedagogy proposed to be followed includes presentations by industry stakeholders and panel discussions focusing on interactions with policy-makers, industry project appraisers, corporates implementing such projects, bankers financing such projects, etc. The programme will also discuss issues based on live case-studies.

Content

- Overview of status of road sector in India and potential for financing the road sector.
- Prudential guidelines of the RBI on infrastructure road financing.
- Role of the government and government agencies like NHA in developing the road sector.
- Concept of the PPP model in the road sector and various types of PPP models operating along with their nuances – SWOT analysis.
- Importance and significance of MCA of NHA and a critical study of its contents from bankers' point of view.
- Identification of various types of risks and their mitigation in respect of financing the road sector, issues of bankers vis-a-vis NHA, RBI and developers.
- Issues involved in syndication of such loans, operational issues and issues related to monitoring of such projects.
- Issues of restructuring/refinancing of such loans.
- Case-studies of a few successful and unsuccessful road projects and learnings from such cases for banks.
- Interaction of participants with infrastructure project implementers, project promoters, and officials of NHA, RBI, etc.

Target Group

Chief General Managers and General Managers of commercial banks involved in appraisal of road project proposals; General Managers heading corporate infrastructure sector financing branches; heads of syndication cells of banks.

Dates

May 28–29, 2016

The conference will commence at 9:00 am on May 28 and conclude by the evening of May 29, 2016. Participants are expected to reach the NIBM campus positively by the evening of May 27, 2016 and plan for their return journey after 6.00 pm on May 29, 2016.

Venue

NIBM Campus, Kondhwa Khurd, Pune, India.

Hostel Accommodation

The Conference is fully residential. Participants will be provided well furnished single room AC accommodation in the Institute's hostel complex on the Campus. However, they will not be permitted to bring their family members to stay on the campus. In case any Officer/Executive with physical/medical disability is being nominated, kindly inform us in advance with particulars of disability to facilitate necessary arrangements.

The Institute has facilities for outdoor and indoor games and a large walking/jogging trail for physical fitness besides a yoga centre. Participants are, therefore, encouraged to bring the appropriate clothes/gears.