

Government's Recent Initiatives To Boost Road Construction This Fiscal Report

By: Damudat Naik - September 30, 2021

Road development will decide up tempo within the present fiscal on account of varied authorities initiatives just like the National Infrastructure Pipeline and National Monetisation Pipeline, Brickwork Ratings (BWR) on Thursday mentioned. With the federal government modifying the hybrid annuity mannequin, it expects these modifications to garner extra non-public sector curiosity and the HAM share to extend going ahead, the score company mentioned.

“Going forward, in FY22, Brickwork Ratings (BWR) expects road construction to pick up the pace on account of various government initiatives in this sector such as the National Infrastructure Pipeline (NIP), National Monetisation Pipeline (NMP), BharatmalaPariyojana, changes in the Hybrid Annuity Model (HAM) and fast pace of asset monetisation,” it mentioned.

Brickwork Ratings additional famous that to handle the funding hole within the sector, extra revolutionary methods of funding are the necessity of the hour.

“The Infrastructure Investment Trust (InvIT) and Toll Operate Transfer (TOT) model have the potential to raise funds through asset monetisation,” it added.

However, the score company mentioned on account of pandemic-related challenges, InvIT and TOT fashions haven't picked up, and progress on this entrance can be vital to bridge the funding hole within the sector.

According to Brickwork Ratings, the Indian highway community is the second-largest globally, with a size of round 63.86 lakh km.

The outbreak of the virus in direction of the tip of FY20 had created panic globally, resulting in the momentary suspension of financial exercise, it mentioned.

The score company identified that the highway sector in Q1 FY21 suffered a serious setback through the preliminary lockdown, leading to a delay of economic operation dates by three to 6 months for many tasks.

However, it mentioned as soon as the lockdown was regularly lifted, it gained tempo by way of development, challenge allocation and toll collections.