

## **Loans worth Rs 55,000cr may turn bad by March 31**

Banks have identified 74 large projects that have either turned into non-performing assets or where promoters have delayed paying the installments, putting at stake the future of loans worth close to Rs 55,000 crore that have been disbursed.

These projects together envisaged an investment of close to Rs 3.5 lakh crore, with banks having already sanctioned over Rs 67,000 crore, sources familiar with the development told TOI. Banks, especially public sector players, are already dealing with record levels of bad debt.

The list doesn't include several gas-based power projects that have been stalled for want of gas. In several cases, including Dabhol, lenders have refused to classify a loan as NPA to avoid any hit on their profitability, an issue on which the regulator and government have remained silent.

Estimates worked out by the lenders suggest that there is a need to pump in Rs 5,000 crore over the next fortnight to "regularize" the accounts, which means payment of dues will ensure that the loans remain "standard" keeping the health of banks as well as future lending to the promoters intact. Fifty two projects are stalled either for want of regulatory clearances or fuel linkages or the inability of the project developer to raise more money to ensure that last mile hurdles are removed. In several cases fuel supplies have been hit after the controversy over allotment of coal blocks and their subsequent cancellation by the Supreme Court. But there are another 22 where the "issues have been resolved", sources said.

And, they span across sectors - from power to roads, ports and steel - and include marquee names such as Essar, GMR, GVK, Lanco, Avantha and the Jaiprakash Group, apart from a handful of public sector companies such as Neyveli Lignite and Tamil Nadu Electricity Board. A number of the projects such as Lanco Amarkantak and S Kumar's Maheshwar Hydel have been stuck for years.

Getting stalled projects moving again was something that the Narendra Modi government wanted to continue after the success of the efforts by UPA during its dying days in office. But that effort has slowed down in recent months as the so-called low-hanging fruits vanished with a spate of environmental clearances and providing fuel linkage, especially supply of coal.

Till February-end, the Project Monitoring Group in the cabinet secretariat had managed to get ministries to resolve problems with 205 of the 504 projects that had been referred to it. In November, the number was estimated at 186, indicating that only 19 projects have been added to the list where the roadblocks have been removed. In any case, PMG, which is to move to the Prime Minister's Office, has 299 projects involving investment of over Rs 18 lakh crore to deal with after having managed to push ministries to remove hurdles for investments of Rs 7.25 lakh crore.

At a time when there is little sign of a pick up in investment in large projects, getting those in the pipeline for years is critical to boost demand for goods and create jobs, a key promise on which Modi managed to get majority in the Lok Sabha elections.

*(Times of India)*