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## Bank funding for large projects may gain momentum

BY GAYATRI NAYAK, ET BUREAU | FEB 19, 2020, 07.35 AM IST

**Slowdown** in **bank funding** for large projects is not a recent development. An **RBI** study shows that banks have gone slow on funding large-value — more than Rs 5,000 crore — projects as not many such new projects are coming up.

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The number of new mega projects sanctioned by banks and financial institutions has been small since 2011-12 in the aftermath of global **financial crisis** of 2008-09.

The share of bank funding of projects costing over Rs 5,000 crore has fallen from 57.5% in FY10 to 23.5% in FY19, reflecting the strong risk-aversion of banks. These are mostly projects in the power and other infrastructure sector.

However, it is noteworthy that projects already announced and implemented prior to/around the global financial crisis got higher financial capital from multiple sources to execute sanctioned **investment** plans, the study notes. High-value and mega projects sanctioned or contracted during a particular year affect the phasing profile of projects having similar profiles.

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Going ahead, planned or envisaged capex from all sources based on the pipeline projects sanctioned in all preceding years point to a noticeable improvement in 2019-20. The investment cycle appears to be poised to gain momentum in the short to medium term, but its

# Share of large-sized projects

(₹5,000 crore and above)

sustainability needs to be watched closely, RBI



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