

# Covid 19 corollaries

May 15, 2020

## On the highway, four states of discomfort

Construction of national highways came to a grinding halt with the nationwide lockdown imposed on March 25, 2020, to fight the Covid-19 pandemic. However, to the relief of developers, the government allowed resumption of construction from April 20, subject to clearances from district administrations.

But activity remains stalled due to severe shortage of labour and raw material, and difficulty in securing requisite clearances.

What's more, the Centre has divided districts into red, orange and green zones based on the extent of contagion. Only insitu construction is allowed in red zones until the next announcement.

CRISIL Research's analysis of over 270 under-construction national highways indicates the Top 10 states account for 80% of the projects.

### The zones of maximum risk

Projects are most at risk in four of these states – Maharashtra, Uttar Pradesh (UP), Tamil Nadu and Andhra Pradesh – that account for over a third of the projects.

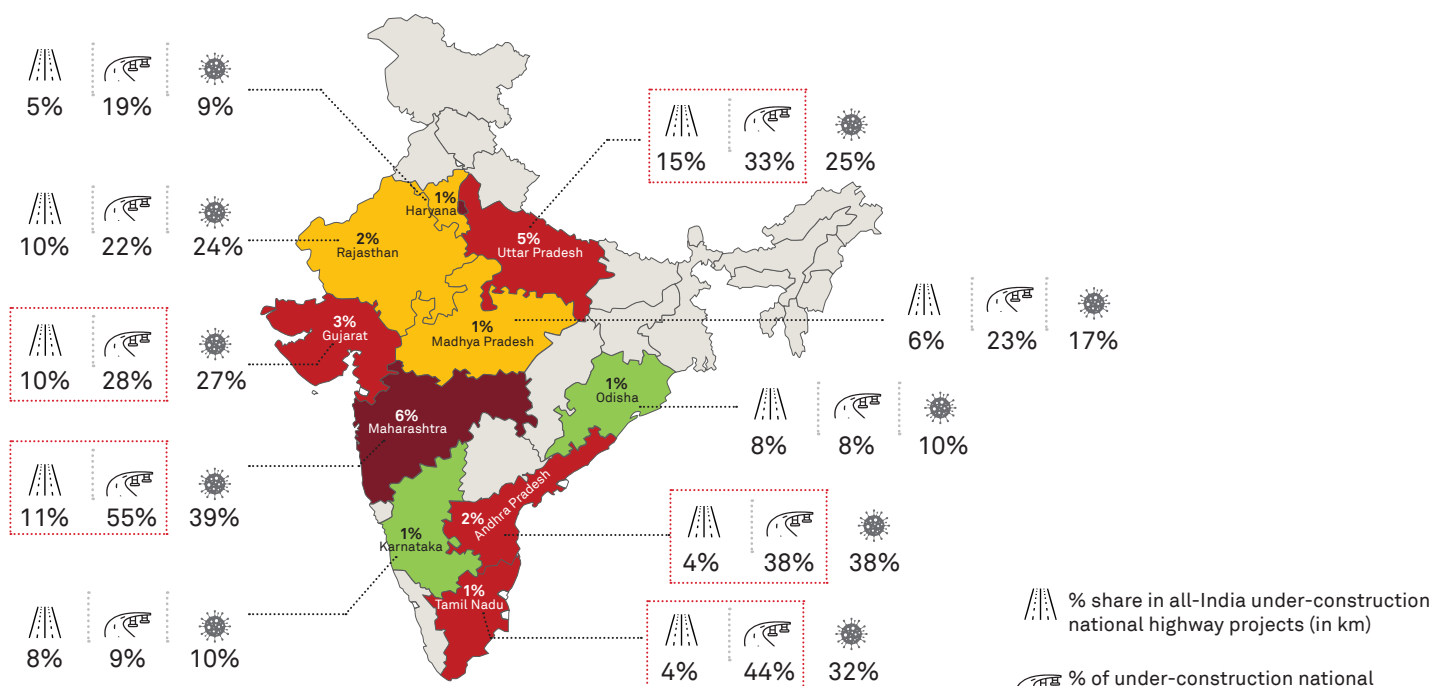
In Maharashtra, which has 11% of the national highway projects, as much as 55% of it is in red zones.

In Uttar Pradesh, which has the lion's share of projects under construction at 15%, a third is in the red zones.

Projects in Tamil Nadu and Andhra Pradesh, each with over 35% projects in red zones, are also at risk.

In the milieu, for developers, containment of the pandemic and lifting of the extended lockdown are the key monitorables for a return to normalcy.

### About a fifth of under-construction NHAI projects are in the red zones of the top 10 states Those in Maharashtra, Uttar Pradesh, Gujarat, Tamil Nadu and Andhra Pradesh are at higher risk



Note: Based on analysis of ~270 under-construction NH projects across 13,500 km of EPC, HAM and BOT. The top 10 states account for 80% of under-construction national highway projects. Figures inside state maps indicate percentage share of under-construction NH projects (in km) in the red zones  
Source: NHAI, MoHFW, CRISIL Research