

Road and Road Transport

20. Although India has the third largest road network in the world, efficient and speedy transportation is not facilitated due to the large proportion of unsurfaced roads (50 per cent) and the overdependence on National Highways. The National Highways (38,445 Kms) account for less than 2 per cent of the total road network but carry as much as 40 per cent of the movement of goods and passenger services in the country. Currently, 80 per cent of the passenger movement and 60 per cent of the freight movement depend on roads. Estimates indicate that by the year 2000, road traffic will account for 85 per cent of passenger and 65 per cent of goods traffic. This calls for an urgent need to identify the major bottlenecks that impede smooth traffic flow. The critical issues to be tackled are immediate implementation of policy/regulatory framework to encourage private investment in roads as the scarcity of public funds calls for increased private participation.

21. The National Highways Act has been amended to enable levy of a toll on selected sections of National Highways so that private participation in road construction on a Build-Operate-Transfer (BOT) basis is facilitated. This will complement the efforts of the Public Works Departments. The measures formulated to encourage private sector participation in the road sector include permission to National Highways Authority of India (NHAI) to fund equity in private or public companies. Government of India/NHAI will also consider providing cash support in select projects. In the case of BOT projects, the Government will compensate entrepreneurs according to international norms in those cases where collection of tolls is hampered by either force majeure or policy risks. So far 11 BOT projects with an estimated cost of more than Rs. 530 crore have been approved (Box 9.4).

22. Land acquisition procedures have been streamlined to enable private investors to develop highway related facilities enroute such as

BOX 9.4

Status of Build-Operate-Transfer (BOT) Projects on National Highways

No.	Name	NH No.	State	Length/ No.s	Cost (in Rs. crore)	Status
1.	Thane Biwandi Bypass	3&4	Maharashtra	24 Km	17	Construction completed.
2.	Chaltan ROB*	8	Gujarat	1 ROB	10	Work in progress.
3.	Udaipur Bypass	8	Rajasthan	11 km	24	Work in progress.
4.	Six bridges	5	Andhra Pradesh	6 Nos.	50	Work in progress.
5.	Coimbatore	47	Tamil Nadu	33 km	100	Agreement signed on October 3, 1997.
6.	2 nd Narmada Bridge	6	Gujarat	1 bridge	130	Agreement signed.
7.	Durg Bypass	6	Madhya Pradesh	18 km	68	Agreement signed.
8.	Construction of major bridge across Patalganga river and ROB near village Kharpadian.	17	Maharashtra	1 bridge and ROB	33	Agreement signed on 28th November 1997.
9.	Construction of ROB and its approaches at Km, 228/800 near village Naradhana.	3	Maharashtra	1 ROB	34.2	Agreement signed on 25th November 1997.
10.	Hubli-Dharwad Bypass	4	Karnataka	30 Km	68	Agreement signed on 5th February 1998.
11.	Nellore Bypass	5	Andhra Pradesh	18 Km	73	Agreement signed on 17th February 1998.

* ROB : Railway Over Bridge.

restaurants, motels and rest/parking areas. The NHAI and in some cases the State Public Works Departments will also assist private entrepreneurs to acquire land for the establishment of Transport Nagars, cargo terminals, warehouses/ godowns, vehicle repair facilities, shops for vehicle components etc.

23. Liberalisation of foreign investment norms in the road sector has resulted in granting of automatic approvals for foreign equity participation upto 74 per cent in the construction and maintenance of roads and bridges and upto 51 per cent in supporting services to land transport

like operation of highway bridges, toll roads and vehicular tunnels.

24. In order to modernise this sector, MOUs have been signed with the Governments of Malaysia and Canada to facilitate technical co-operation in road construction, maintenance and management. There is a proposal to enter into a similar MOU with the French Government. International funding for highways has been provided through the assistance of World Bank, Asian Development Bank and Overseas Economic Co-operation Fund (OECF) of Japan.