



## ROADS AND HIGHWAYS

### SUMMARY

India has the second - largest road network in the world. It measures 58,97,671 km.<sup>1</sup>

The National Highways/ Expressways measure 1,32,500 km and State Highways measure 1,56,694 km as on 31<sup>st</sup> March 2019.<sup>2</sup>

The Ministry has constructed 6,207 km of National Highways up to November 2020 as compared to 5958 km in November 2019.

The implementation agencies of the Ministry of Road Transport and Highways include:<sup>3</sup>

National Highways Authority of India

State/Union Territories Public Works Departments

National Highway and Infrastructure Development Corporation Limited

Border Roads Organization

Indian Academy of Highway Engineers (IAHE)

Historically, the government has been the primary stakeholder in the investments in the transport sector. However, to boost private sector participation, the Ministry of Road Transport and Highways has laid down comprehensive policy guidelines for private companies to participate in the development of National Highways.<sup>3</sup>

### REASONS TO INVEST

The Government offers various incentives to attract Private Investment and Foreign Direct Investment in the roads and highways sector. The Government bears the following costs:<sup>4</sup>

Duty-free import of high capacity and modern road construction equipment

100% tax exemption in any consecutive 10 years out of 20 years after commissioning of the project

Subsidy up to 40 % of the project cost to make project viable

Environment clearance, cutting of trees, etc.

Shifting of utilities

Land for the right of way and wayside amenities

Project Feasibility Study

About USD 1.4 Tn will be invested on infrastructure in India from 2020 to 2025. The National Infrastructure Pipeline (NIP) set up by the government unveils the infrastructure projects across various states which will receive this funding. To build domestic capacity and enhance execution by private sector participants, NIP promotes collaborations and joint ventures with strong global infrastructure developers. Roads and Highways will receive total funding of about USD 26.9 Bn under the NIP projects. About 39 of these projects are proposed to be implemented by the private sector.<sup>5</sup>

The Government of India is in the process of implementing various roads and highway projects. Some of the projects that have been implemented/are being implemented are as follows:<sup>6</sup>

**Bharatmala Pariyojana:** The Bharatmala Pariyojana is the country's largest ever highways development programme. It aims to optimize the efficiency of road traffic movement across the country by bridging critical infrastructure gaps. Multi-nodal integration is one of the key focuses of this programme. "Bharatmala Pariyojana Phase-I" has been approved by the Cabinet Committee on Economic Affairs for construction/ up-gradation of National Highways of 34,800 km length over a period of 5 years (2017-18 to 2021-22) at a cost of about INR 5.35 lakh cr.

Components	under	Bharatmala	Phase	1	are:	6
Economic Corridors Development: Length - 9,000 km	Investment Outlay: INR 1.2 lakh cr					
Inter-corridor and feeder roads - Length: 6,000 km	Investment Outlay: INR 80,000 cr					
National Corridors Efficiency Improvements Length - 5,000 km	Investment Outlay: INR 1 lakh cr					
Border and International Connectivity Roads: Length - 2,000 km	Investment Outlay: INR 25,000 cr					
Coastal and Port Connectivity Roads Length - 2,000 km	Investment Outlay: INR 20,000 cr					
Expressways Length - 800 km	Investment Outlay - INR 40,000 cr					

**Setu Bharatam:** The Ministry of Road Transport and Highways has envisaged a plan for replacement of Level Crossings on National Highways by ROBs/ RUBs under a scheme, Setu Bharatam.<sup>7</sup>

The government has taken many e-initiatives such as Bhoomi Rashi Porta, Enterprise Resource Planning (ERP) Project-eDISHA, E-tolling to simplify the processes in the roads and highways sector and bring transparency to it.<sup>6</sup>

The Ministry has constructed 4,956 km of National Highways up to October 2020.

Explore more about infrastructure availability in Roads and Highways sector

### RECENT ANNOUNCEMENTS

**30th December 2020:** Cabinet approves Industrial Corridor nodes at Krishnapatnam and Tumakuru under CBIC.

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**25th December 2020:** Union Minister for Road Transport, Highways and MSMEs Shri Nitin Gadkari inaugurated and laid the foundation stone for 27 highway projects in Assam to ease the transportation of commercial goods within and across the State. The projects carry a road length of nearly 439 kms, involving construction value of INR 2,366 cr.

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**24th December 2020:** Union Minister for Road Transport, Highways and MSMEs Shri Nitin Gadkari laid the foundation stone for 18 highway projects in Rajasthan with a road length of nearly 1127 kilometres, involving construction value of INR 8,341 cr.

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**22nd December 2020:** The Government of India and the World Bank today signed a USD 500 mn project to build safe and green national highway corridors. The Green National Highways Corridors Project will support MoRTH for the construction of 783 km of highways in various geographical locations.

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**18th December 2020:** Hon'ble Minister Shri Nitin Gadkari laid the foundation stone for 33 highway projects in Karnataka. These projects carry a Road length of nearly 1200 kilometres, involving a construction value of nearly INR 11,000 cr. paving the way for the development of Karnataka, these roads will enhance better connectivity, convenience and economic growth in the State.

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## STATISTICS

10,855 km of National Highways have been constructed in 2018-19, as against 9,829 km during 2017-18.<sup>8</sup>

The number of road accidents has fallen from 480,652 in 2016 to 464,910 in 2017.<sup>9</sup>

The number of fatalities has fallen from 150,785 to 147,913.<sup>10</sup>

More than 52,000 km length of road projects, costing more than USD 77.33 Bn are in progress as of March 2019.<sup>11</sup>

Under the Setu Bharatam scheme, out of the 174 ROBs/RUBs which are to be constructed, 91 have been sanctioned with an estimated cost of USD 947.30 Mn.<sup>12</sup>

With the introduction of Electronic Toll Collection (ETC) system, banks have collectively issued 45.55 lakh FASTags with 8.66 lakhs average daily ETC transaction as on 31<sup>st</sup> March 2019.<sup>13</sup>

## GROWTH DRIVERS

The Government of Meghalaya signed \$120 mn project with World Bank to improve and modernise the transport sector in Meghalaya. This project will harness the growth potential for high-value agriculture and tourism.<sup>24</sup>

Hon'ble Minister for Road Transport & Highways and MSMEs, Shri Nitin Gadkari, initiated the ceremonial blasting for Zozila Tunnel in J&K which will provide all-weather connectivity between Srinagar valley and Leh (Ladakh plateau) on NH-1, and will bring about an all-round economic and socio-cultural integration of UTs of J&K and Ladakh.<sup>26</sup>

In the month of November 2020, Standing Finance Committee (SFC) approved 6 projects of length 258.19 Km and total capital cost of INR 5,305.13 cr.<sup>27</sup>

Ministry proposes to develop additional 60,000 km of National Highways in the next five years, of which 2500 km are Expressways /Access Controlled Highways, 9000 km Economic Corridors, 2000 km for Coastal and Port Connectivity Highways and 2000 km Border Road/ Strategic Highways. The Ministry also intends to improve connectivity for 100 tourist destinations and construct Bypasses for 45 towns/cities during this period.<sup>28</sup>

## FDI POLICY

100% Foreign Direct Investment (FDI) is allowed under the automatic route in the road and highways sector, subject to applicable laws and regulation.<sup>13</sup>

[Read more about Foreign Direct Investment Policy in India >](#)

## SECTOR POLICY

Development and maintenance of road infrastructure is a key Government priority, the sector has received strong budgetary support over the years.

Standardised processes for PPP and public funded projects and a clear policy framework relating to bidding and tolling have been developed over the years.

Major policy initiatives undertaken by the Ministry of Road Transport and Highways (MoRTH) are:

Provision of funds to the State Government for development of state roads as per the Central Road Fund Act 2000, amended by Finance Act from time to time.

Introduction of Electronic Toll Collection System, FASTag by MoRTH.

Implementation of Value Engineering Programme in 2017 to promote use of new technologies, materials and equipment in highway projects executed either under PPP or public funding mode.

Automation of Regional Transport Offices under Transportation Mission Mode Project. It envisages creation of a consolidated transport database. The two flagship applications under the project are VAHAN (Vehicle Registration, Taxation, Permit, Fitness and associated services) and SARATHI (Driving License, Learner License, Driving Schools and related activities).

To fast track approval process, enhanced powers to NHAI, specifically for EPC (Engineering, Procurement and Construction) and PPP (Build-Operate-Transfer) projects where no Viability Gap Funding is involved.

Project Monitoring Information System introduced by NHAI for tracking the status of all projects, preparation of reports and online upload of important project documents like DPRs and contract documents, etc.

Motor Vehicle Aggregator Guidelines issued the Ministry of Road Transport and Highways to regulate shared mobility and reducing traffic congestion and pollution.<sup>25</sup>

[Explore Government policies/ schemes in Roads and Highways sector >](#)

## FINANCIAL SUPPORT

## **PRADHAN MANTRI GRAM SADAK YOJANA**

The Government of India launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) with an aim to provide connectivity to unconnected habitations as part of a poverty reduction strategy.<sup>14</sup>

About USD 2.6 Bn has been allocated to Pradhan Mantri Gram Sadak Yojna in the Union Budget 2020-21.<sup>15</sup>

## **KEY HIGHLIGHTS OF THE UNION BUDGET 2020-21**

The union budget allocation towards the Ministry of Road Transport and Highways is USD 12.24 Bn.<sup>16</sup>

The revenue expenditure stands at USD 1.26 Bn and the capital expenditure stands at USD 10.93 Bn.<sup>17</sup>

The total budget allocation towards the National Highways Authority of India stands at USD 5.67 Bn.<sup>18</sup>

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## **INVESTMENT OPPORTUNITIES**

The investment opportunities in the sector include:

Vadodara-Mumbai Expressway: A road length of 352 km through Kim, Talasari, Vasai and Thane to be developed. Work has already been awarded for a stretch of 124 km for Vadodara-Kim sector and bids invited for 228 km between Kim and Virar.<sup>19</sup>

Bharatmala Pariyojna: Road projects of length 9674 km have already been awarded while the bidding is open for projects with a length of 3555 km.<sup>20</sup>

Toll-Operate-Transfer Model: The Ministry is raising funds by monetizing road assets constructed using public funds by way of the Toll-Operate-Transfer (ToT) scheme. Under the scheme, bidding of bundled national highways for a concession period of 30 years.<sup>21</sup>

Explore projects to invest in Roads and Highways sector >

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## **FOREIGN INVESTORS**

CIDBI Malaysia (Malaysia)

ERA-SIBMOS (Russia)

Essel Infra & CR-18 Consortium (China)

Gamuda Malaysia 0 WCT Malaysia (Malaysia)

GMR-Tuni-Ankapalli Express Ltd (Malaysia)

Hindustan Construction Company Ltd-Laing Sadbhav Consortium (UK)

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## **AGENCIES**

1. National Highways Authority of India

2. National Highways & Infrastructure Development Corporation Ltd. (NHIDCL)

3. Indian Academy of Highway Engineers (IAHE)

4. Indian Road Congress (IRC)

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## **KEY ACHIEVEMENTS**

In the first nine months of 2019-20, 6,940 km length of National Highway have been completed against 6,703 km for the corresponding period during the last financial year.<sup>22</sup>

Foundation Stone was laid off for 9 highway projects<sup>23</sup> worth INR 14,000 cr in Bihar. This include

1. Bakhtiyarpur-Rajauli section of NH-31 (pkg-2),
2. Bakhtiyarpur-Rajauli section of NH-31 (pkg-3), 3. Ara-parariya section of NH-30,
4. parariya-Mohania section of NH-30,
5. Narenpur-purnea Section of NH-131A,
6. Patna-Ring Road PKG-I (Kanuti-Ramnagar) of NH131 G,
7. construction of new 14.5 km four-lane bridge with its approaches across river Ganga on NH-19 at patna,
8. construction of new 28.93 km 4-[ane bridge across river Kosi on NH-106,
- 9.construction of new 4.445 km 4-tane bridge (paratet to existing Vikramshila setu) across river Ganga on NH-1318.

Modification in the Model Concession Agreement and modified Request for proposal document of Totting, Operation, Maintenance and Transfer mode has been issued on 22.09.2020. This will facilitate investments by infrastructure Debt Funds in Road Sector projects.<sup>23</sup>

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