

**GOVERNMENT OF INDIA  
SURFACE TRANSPORT  
LOK SABHA**

UNSTARRED QUESTION NO:650  
ANSWERED ON:28.02.2000  
FORMULATION OF NATIONAL ROAD TRANSPORT POLICY  
SUBODH MOHITE

**Will the Minister of SURFACE TRANSPORT be pleased to state:**

- (a) whether the Government propose to formulate a national road transport policy with a view to remove the hurdles in private road projects;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor;
- (d) whether the Infrastructure Development Finance Corporation has submitted any proposal in this regard; and
- (e) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF SURFACE TRANSPORT)  
(DR. DEBENDRA PRADHAN)

- (a) to (c) : The Government has already formulated policies to remove hurdles in private sector participation in national highway projects. Detailed and comprehensive Guidelines on private sector participation in national highway projects have already been issued. Details are enclosed.
- (d) No, Sir.
- (e) Does not arise.

DETAILS REFERRED TO IN REPLY TO PART (a) TO (c) OF LOK SABHA UNSTARRED QUESTION NO. 650 FOR ANSWER 28.02.2000 BY SHRI SUBODH MOHITE REGARDING FORMULATION OF NATIONAL ROAD TRANSPORT POLICY

Facilitating measures for Private Sector Participation

- 1 National Highways Act 1956 has been amended which enables the Government to enter into agreement with private persons/parties for development and maintenance of National Highways and allows the person to recoup the investment from user charges. He is given the right to regulate traffic on such highways and mischief created by any person in operation is a punishable offence. This provides the basic legal framework for private sector participation.
- 2 Certain tax/fiscal concessions are available to the private sector entrepreneurs during the first five years of the concession period. Entrepreneur is entitled to a tax holiday for five years and further 30% deduction in the tax over subsequent five years, which can be availed of within 20 years of commissioning of the project.
- 3 Import duties on certain selected construction equipment have been exempted.
- 4 National Highways Authority of India (NHAI) have been authorised to participate in the equity of privately funded projects to the extent of 30 per cent of total equity.
- 5 Government can grant capital subsidy to the extent of 40% of the project cost on competitive basis.
- 6 Land required for development of wayside amenities etc. is to be treated as land required for public purpose.
- 7 Government prepared to share risks with private entrepreneurs and a model concession agreement for projects over Rs.100 crores has been finalised.
- 8 External Commercial Borrowings (ECB) is permitted upto 35% and Direct Foreign Investment (FDI) is permitted upto 100 per cent (with total foreign equity up to Rs. 1500 crores).
- 9 Model Concession Agreements have been finalised for major BOT projects costing more than Rs. 100 crores and also for smaller BOT projects costing less than Rs. 100 crores.