

**GOVERNMENT OF INDIA
SHIPPING, ROAD TRANSPORT AND HIGHWAYS
LOK SABHA**

UNSTARRED QUESTION NO:4949
ANSWERED ON:27.04.2005
BOT ROUTE FOR ROAD PROJECTS
Verma Shri Ravi Prakash

Will the Minister of SHIPPING, ROAD TRANSPORT AND HIGHWAYS be pleased to state:

- (a) whether the Union Government has decided that all future road construction projects will be implemented through the Build-Operate-Transfer (BOT) route as reported in the Hindu dated March 22, 2005;
- (b) if so, the details thereof;
- (c) the policy of the Government in this regard;
- (d) the steps taken by the Government to attract private capital in this area; and
- (e) the extent to which the said decision will be helpful to meet the infrastructural as well as strategic requirements of the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF SHIPPING, ROAD TRANSPORT & HIGHWAYS (SHRI K.H. MUNIYAPPA)

(a) No, Sir. However, to augment the resources required for development and maintenance of National Highways, the participation of private sector under Build, Operate and Transfer (BOT) mechanism with viability gap funding is being encouraged.

(b) Does not arise.

(c) & (d) The National Highways Act, 1956 was amended in June 1995 to empower Central Government to enter into an agreement with any person or private enterprise for development and maintenance of National Highways. Several incentives have been announced by the Government to attract the private sector participation which includes the following:

1. Declaration of road sector as an industry;
2. Provision of capital grants subsidy up to 40% of project cost to enhance viability of the projects on case to case basis;
3. Duty free import of certain identified high quality construction plants and equipments;
4. 100% tax exemption in any consecutive 10 years out of 20 years;
5. Provision of encumbrance-free site for work, i.e. the Government shall meet all expenses relating to land and other pre-construction activities;
6. Foreign Direct Investment upto 100% in road sector;
- 7 Easier External Commercial Borrowing Norms;
8. Higher concession period, up to 30 years;
9. Right to collect and retain toll.

(e) Augmentation of Financial resources as well as technology up gradation can be facilitated through the larger involvement of private sector.