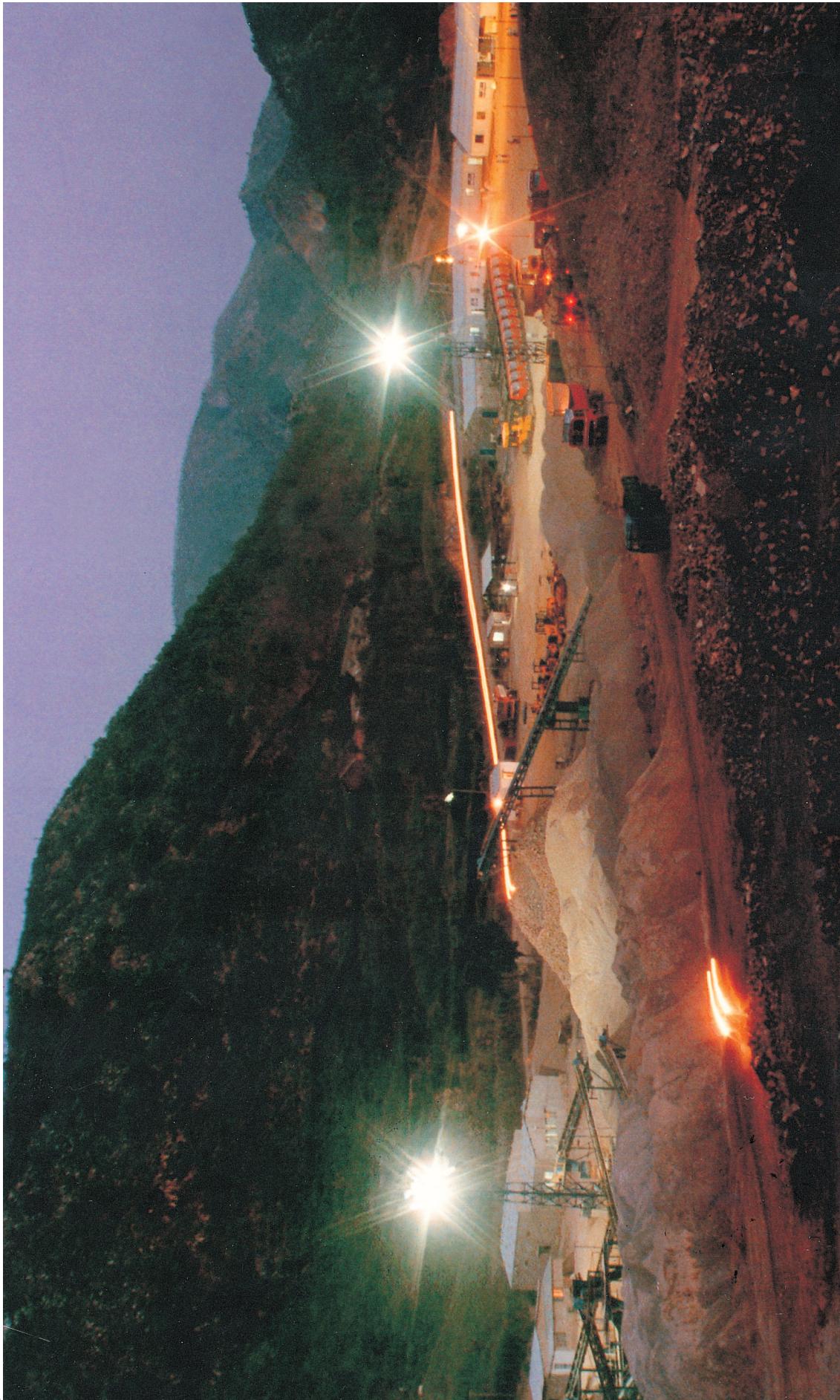
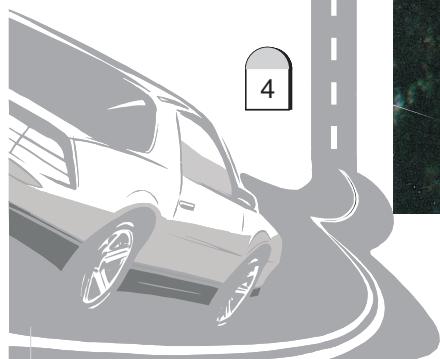




Ministry of Road
Transport & Highways
Government of India



Camp Site on Udaipur-Kesariaji Section of NH-8

CHAPTER I

INTRODUCTION

The Ministry of Road Transport and Highways and the Ministry of Shipping came into being following the bifurcation of the erstwhile Ministry of Surface Transport in November 2000.

Roads are the very arteries of the nation, carrying the life blood of trade and commerce to all corners of the country, promoting and sustaining a robust national economy. They also play an important role in national integration, which is particularly important in a country the size of India.

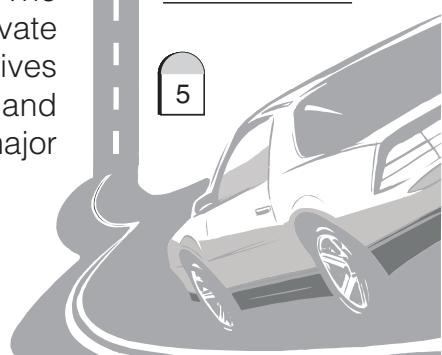
India has a vast road network of 3.32 million km, of which the National Highways and the State Highways together account for 1,95,000 km. Though the 58,112-km National Highway network, which is the responsibility of this Ministry, comprises only 1.75 per cent of the total length of roads, it has to carry over 40 per cent of the total traffic across the length and breadth of the country. The strain on the network is increasing by the day. The number of vehicles has been growing at a rapid pace of 12 per cent per annum over the last few years and, consequently, traffic on the roads is growing at 7-10 per cent per annum. The share of roads in total traffic has been growing from 12 per cent of freight traffic and 31.6 per cent passenger traffic in 1950-51 to a projected 65 per cent of freight traffic and 87 per cent of passenger traffic by the end of the Tenth Plan period. The rapid expansion and strengthening of the road network, therefore, is an imperative, both to provide for present and future traffic and for improved accessibility to the hinterland. In addition, road transport needs to be regulated for better energy efficiency, lesser pollution and enhanced road safety.

All this requires a massive infusion of funds. Historically, investments in roads, especially highways, was done by the government mainly because of the large volume of resources required, long gestation period of projects, uncertain returns and various associated externalities. In recent times, the massive and ever increasing resource requirements and the concern for managerial efficiency and consumer responsiveness have led to the private sector being actively involved in the development and maintenance of the National Highways. The Ministry has formulated comprehensive policy guidelines to encourage private sector participation in the highway sector, besides providing several incentives such as tax exemptions and duty free import of road building equipment and machinery. Model Concession Agreements have also been finalised for major road projects.



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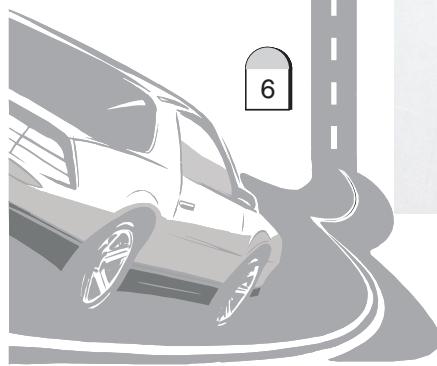


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Mumbai-Pune Expressway

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A number of toll-based projects have been planned on the Build, Operate and Transfer (BOT) model. Recognising the fact that the huge up-front capital investment and high risks of revenue collection could be deterrents to private sector participation, the government has also decided to offer some projects on annuity basis. A Concession Agreement for BOT projects under the annuity payment scheme has been finalised and a number of projects taken up under this system. The National Highways Authority of India (NHAI) has also formed special purpose vehicles (SPVs) for funding road projects.

In order to arrange for funds for the roads programme, the Central government has set up a dedicated non-lapsable fund, the Central Road Fund (CRF), the money for which will come from the collection of cess of Re.1/- per litre on petrol and diesel. In his Budget speech for 2003-04, the Finance Minister announced an additional levy of 50 paise per litre on petrol and high speed diesel. The accruals to the CRF are to be distributed according to an agreed formula for the development and maintenance of National Highways, state roads other than rural roads, rural roads, and railway overbridges/underbridges and other safety features.

The Ministry is also charged with the responsibility of approvals and release of funds from the CRF to states for the development of state roads. In addition, it is responsible for evolving standards and specifications for roads and bridges, besides acting as a repository of technical knowledge in this area.

The Ministry also recognises the need for improvement of road safety. Three Es are important for this: Engineering, Enforcement and Education. The engineering aspect is taken care of at the stage of design of the National Highways itself. Enforcement vests with the governments of the states/Union Territories. Education on road safety is carried out through campaigns in print, audio and audio-visual media, in partnership with state governments and non-government organisations (NGOs).



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