

No. NH-24035/23/94-PL-Vol.III

Dated, the 22nd June, 1997

To

The Secretaries of PWD of all States/Union Territories (dealing with National Highways); Director General (Works), Central Public Works Department; Director General, Border Roads Organisation; Chairman, National Highways Authority of India

Subject : Toll Structures for 4-lane National Highways and other related issues

Certain measures pertaining to toll structures for 4-lane National Highways and other related issues have recently been taken to attract more investments in the Highway Sector. These are detailed for your information in the following paras.

2. Toll rates on completed 4-lane National Highways annually indexed to Wholesale Price Index (WPI) shall be levied on case-to-case basis which may vary from area-to-area keeping in view the cost of project, financial viability and acceptability criteria, subject to the upper limit as given in the Table below with effect from 1.7.1997.

Upper limit of toll structure for 4-lane National Highways

S.No.	Type of Vehicle	Toll rate Rupees per km
(1)	Car/jeep/van	0.4
(2)	Light commercial vehicle (LCV)	0.7
(3)	Truck and buses	1.4
(4)	Heavy construction machinery and earthmoving equipment	3.0

These rates shall be reviewed periodically by Government of India after every 3 years. Ministry of Surface Transport is authorised to levy higher rates of toll on expressways, major bridges, new bypasses, tunnels and in some exceptional cases (after obtaining approval of High Powered Committee) where so justified by level of traffic after competitive bidding process.

3. National Highways Authority of India/Govt.of India has been authorised to provide capital grants for BOT projects on National Highways not exceeding 40 per cent of the total cost of project.

The final decision regarding the quantum of such grants would be taken by the High Powered Committee set-up by Cabinet comprising representatives of Ministry of Finance, Ministry of Law, Planning Commission under the Chairmanship of Secretary, Ministry of Surface Transport, Government of India.

4. Further tax concession as detailed below have now been approved :

- (i) The period for availing tax holiday/tax reduction for road infrastructure projects is being increased from 12 years to 20 years.
- (ii) The profits from Housing and other development activities which are an integrated part of BOT road projects would be treated as income from 'infrastructure' projects for the purposes of tax exemptions/concessions provided, these profits are ploughed back to the development of roads (including repayment of long term debt for the project) on BOT basis within a period of 3 years.
- (iii) Exemptions from import duty on identified high quality construction plants and equipments used in the highway projects has been approved.

The steps for amending the relevant acts/notifications to give effect to the above are being taken separately by Ministry of Finance, Government of India.

5. The land required for Housing and other development activities which are an integral part of Highway projects would be considered as land required for Highway development and such acquisition would be treated as land required for "Public Purpose". Steps for amending the National Highways Act to this effect are being taken separately.