

Interactive session with Mr.Kamal Nath, Union Minister for Road Transport and Highways on Friday, 19th February, 2010

BCIC organized an Interactive Session with Hon'ble Union Minister, Shri Kamal Nath, Minister for Road Transport and Highways on Friday, 19th February, 2010.

Welcoming the Chief Guest and the Participants, Mr. Shekar Viswanathan, complimented the Minister for setting an ambitious target of building 15,000 kms of road within the next three years. He welcomed the Minister's proposal for establishment of Infrastructure Bond and reiterated the support of the trade and industry for this initiative. He also congratulated the Minister for allocating Rs.18,000 crores of road projects to the State that would help in reducing the infrastructure deficit. He then requested Mr.Kulkarni, Head-Business Development, GMR Highways to deliver his introductory remarks.

In his observations on Industry's perspective on Infrastructure, Mr.Kulkarni joined Mr.Shekar in complimenting the Minister for keeping higher targets for road projects. He said that the Minister has kept a visionary target 20 km a day and around 7000km road in a year. To achieve this ambitious but practical target, the processes and procedures have been made investor friendly, he added. Mr. Kulkarni appealed to the Minister for suitable amendments and necessary modifications in RFQ, RFP and MCA in order to make the projects more appealing for bidders.

He then put forth the following wish-lists from the industry which could make phenomenal changes in highway development in order to visualize the world's largest PPP program :-

- a) Mechanism needed to be worked out so that the major raw material costs are under reasonable limits;
- b) Provide a single window system to facilitate the issue of quarry license on behalf of the State Government and make it available or the concessionaire.
- c) Uniform toll software across the country
- d) Duty exemptions for equipments in road construction, operation and maintenance and raw materials used in road construction for road developers
- e) Service Tax exemption for highway construction, O & M activities may please be considered.
- f) Amalgamation or merger of SPV within the group post COD shall be permitted and exemption from dividend distribution tax to such SPV's shall be availed.

In his keynote address, Mr. Kamal Nath said that the Union Government has decided on the introduction of the concept of OMT (Operate, Maintenance and toll) in the management of newly constructed roads. He said that a 20 per cent higher budgetary allocation had been sought for the National Highways Authority for it to foot the maintenance expenses of the 70,000 km road network. The Ministry plans to offer maintenance of existing highways as separate contracts to

private players, he further added. He said that the maintenance clause is being expanded and thereby letting the road builders to determine the toll fee.

Public Private Partnership (PPP) in infrastructure projects is yet a “learning process” for India, he pointed out as he dwelt on the region-specific challenges the country presents in building the roads alone. He urged the private companies participating in infrastructure projects to “adapt practices to meet specific need in India”. He said that 16,000 single-lane roads, which are part of the National Highways network, are being offered for maintenance to private parties.

Mr. Kamal Nath said that new tolling technology committee headed by Mr.Nandan Nilekani is expected to work out a single, smooth toll collection system across the country’s highways. The Committee is likely to standardize a technology in about three months, he said.

The Minister also underlined the paramount need of Road Safety and said that the “National Road Safety Management Bill” will be introduced in the Budget Session of the Parliament. He said “India has the unfortunate distinction of having worst road safety “.He hoped this Bill would also go a long way in checking the rising rate of casualties in road accidents in the country. He said that the country needs a holistic approach towards road safety with international standards. The draft Bill will also be made public for comments from stakeholders, including manufacturers, regulators, law enforcing agencies (police) and road users.

On the issue of development of Roads in the State of Karnataka, Mr.Kamal Nath said that the Central Government has devised several programmes for road development in the State Presently, 14 works for a road length of 761.4 km valued at Rs.6,163 crore are under progress in the State, the Minister added. He also said that a note prepared by his Ministry on the projects being planned for the State will be handed over to the Chamber. He then requested the Chamber to study the note and come out with useful suggestions/recommendations on the various proposals.

Later responding to a query raised by Mr.V. Madhu, Principal Secretary, Infrastructure Development Department, GOK, with regard to hastening the process for the up gradation of the six lane highway to the BIAL to a ten-lane road towards Outer Ring Road, Mr.Kamal Nath said that the Detailed Project Report (DPR) being prepared by the National Highways Authority of India (NHAI) would be ready in three months.

Following his keynote there were several issues raised by the participants, some of which include:-

- (i) Speeding up of NICE Corridor
- (ii) Speeding of existing infrastructure projects in the State
- (iii) Developing a Express Highway NH -207

Proposing a hearty vote of thanks, Mr. Devesh Agarwal, Chairman, Infrastructure Committee of BCIC urged the Minister to give priority to Safety and also to give a thought for making the heavy loaded vehicles to follow a separate lane at the highway so that it will not hinder the other fast moving vehicles on the Highway.

The meeting was well attended by more than 80 participants representing industry leaders, members of the diplomatic corps and the Media. The meeting was well covered in the media as well.
