



सत्यमेव जयते
Department of Industrial Policy and Promotion
Ministry of Commerce and Industry
Government of India

ROADS & HIGHWAYS SECTOR OVERVIEW

Current Scenario

- Growth rate of sector - National Highways carry 60% of freight and 80% passenger traffic, national and state highways form just 5% of the total road network.

Opportunities

- **Asset Recycling (Toll Operate Transfer)** – Assigning of Right of toll collection of 75 operational National Highway projects for a pre-determined concession period (30 years) to concessionaires against upfront payment of a lump-sum amount.
- **Bharatmala** – To construct over 60,000 kms of National Highways covering development of Border and International connectivity roads, Coastal & port connectivity roads, National Corridors Efficiency improvements, Economic corridors development and others.
- **SetuBharatam** – Building 350 bridges for safe and seamless travel on National Highways
- **Logistic Parks** - 35 prioritized locations, which account for 50% of total freight movement, for the development of Multi Modal Logistics Parks

DEMAND DRIVERS

- Thrust on building infrastructure
 - Target to award 50,000 kms of National Highways consisting of Expressways, Economic Corridors and Char Dham projects in FY17 & FY18
 - Allocated budget for Roads increased to \$17 Bn in 2016
- High Cost of Logistics
 - Logistics cost 14% of India's GDP, 6% higher than other developing countries
- High demand for transportation
 - India passenger market to go up to 4Mn by 2020 from 1.47 Mn in 2014
 - Expected Road freight CAGR over next 10 years – 15%

POLICY SUPPORT & INCENTIVES

- FDI limits - 100% FDI through automatic route
- Highlight Sector Specific policies/incentives –
 - Innovative Hybrid Annuity Model where 40% the Project Cost is to be provided by the Government as Construction Support.
 - Fast track Dispute Resolution
 - Ministers' Group on Infrastructure for improved inter-ministerial coordination
 - Nationwide Electronic Toll Collection based on passive Radio Frequency Identification (RFID)

RECENT INVESTMENTS

- In December 2016, Spanish infrastructure firm AbertisInfraestructuras SA has agreed to buy two operational toll road assets in south India from Macquarie Group Ltd for about USD 150 Mn

- In August 2016, consortium of investors led by Goldman Sachs Inc has agreed to invest \$220 million in Essel Highways, the road infrastructure holding company of Subhash Chandra controlled Essel Group
- In August 2016, Private equity firm I Squared Capital has agreed to acquire a road project from Madhucon Projects Ltd for USD 40 Mn