

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

UNSTARRED QUESTION NO:1600  
ANSWERED ON:03.12.2012  
INVESTMENT BY PRIVATE COMPANIES IN ROAD PROJECTS  
Patil Shri A.T. Nana

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

- (a) whether private companies are willing to make investment in construction of roads in the country;
- (b) if so, the details thereof;
- (c) whether any State Government has submitted such a proposal to the Union Government for obtaining sanction;
- (d) if so, the details thereof and the reaction of the Government thereto; and
- (e) the manner in which the private companies are likely to operate after making an investment in road projects?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (SHRI SARVEY SATHYANARAYANA)

(a) to (b) Response of private sector to Build-Operate-Transfer (BOT) projects in road sector was overwhelming till 2011-12, but recent response to bids for road projects during the current financial year has been comparatively subdued.

A record length of 7957 Kms of roads was awarded for strengthening/upgradation and improvement during the financial year 2011-12 under Public-Private Partnership (PPP) mechanism and many projects were awarded even on premium. The primary reason for non-response of private sector during the current financial year is the lack of availability of finance, both debt and equity. Other reasons for delay in implementation include delay in land acquisition process and in obtaining environment and forest clearances. Government has also taken a number of steps to minimise procedural bottlenecks and delays by resorting to extensive inter-ministerial consultations including taking the matter to the Committee of Secretaries (CoS), headed by the Cabinet Secretary.

(c) to (d) No proposal for sanction of investment by private sector has been received from any State Government. However, State Governments are required to submit their proposal to the Union Government in respect of their Public-Private Partnership (PPP) projects requiring Viability Gap Funding (VGF).

(e) While in BOT (Toll) projects, concessionaires are entitled to collect and retain toll revenues for the tenure of the project concession period, in case of BOT (Annuity) projects, the competitively determined bid parameter is semi annually payable annuity payment. In the Engineering Procurement Construction (EPC) mode of delivery, the developer gets paid upfront, stage-wise, as per stipulated milestones.