

Road Sector Policy

1.0 Introduction



Maharashtra State is one of the leading Industrial states in the country. The capital of Maharashtra is known as the commercial capital of India. Maharashtra has also achieved remarkable progress in the Agriculture and Fisheries. The traffic intensity on roads in the State has increased remarkably due to industrial growth in the other commercial sectors. The Government of Maharashtra builds roads and bridges in the state and facilitates public communication. The Public Works Department in Government of Maharashtra undertakes construction of roads and bridges in the state, including improvements and repairs of existing roads with 3000km of major district roads.

Improvements. Maintenance, repairs of roads other than National Highway are carried out by the state Government from the funds received from the Central Government. Public Works Department is responsible for their maintenance, repairs and improvement. Besides these, the State has other district roads and village roads which are looked after through Zilla Parishad and their maintenance, repairs, improvements and new construction are done either by the Public Works Department itself or through Zilla Parishad. A lot of funds are required for carrying out works on those roads. Funds made available to the Public Works Department under plan and non-plan schemes undertaken through the State Budget are very meagre compared with the requirements. This causes the road development schemes to lag behind the target. The gap between the achievements and the targets is increasing year by year.

For implementing state road development programme in a systematic manner, 1981-2001 Road Development Plan has been prepared. This plan includes widening and black topping of State highways and major district roads and also black topping of other road. For implementing this development plan approximately Rs. 26000 Crores are required. With a provision of Rs. 400 Crores every year, this plan can be completed only after 65 years. Improvements to State Highways and National Highways, construction of bridges over them and construction of new expressways cannot be implemented due to shortage of funds available with the Government. The Government of Maharashtra has, therefore, decided to implement some of the important road projects through Private Sector Participation.

3.0 Procedure for taking up Road Project through Private Sector Participation

While implementing a road project through Private Sector Participation, it is assumed that the Entrepreneur shall invest the cost of the project and that will be allowed to recover his investment along with reasonable profit through toll collection and other means provided by the Government. Following Procedure is adopted while taking up the project through Private Sector Participation.

3.1 Before taking up the project through Private Sector Participation its feasibility is ascertained. Generally a project which can be return beyond 20%, shall be deemed to be feasible for taking up through Private Sector Participation. For major and complicated projects, a consultant shall be appointed to carry out feasibility studies. For other projects feasibility will be checked in-hours by the Public Works Department. According to the feasibility report and the recommendation therein, the project shall be prepared and taken up for implementation.

3.2 Once the feasibility of any project to be taken up with Private Sector Participation is established, fairly detailed plans and estimates and details of State Government participation and/or additional facilities to be given to the Entrepreneurs' will be worked out and detailed proposal will be prepared and approval of the Government will be obtained for the same. for projects costing more than Rs. 50 Crores, approval of State Cabinet committee will be necessary.

3.3 Before taking up any project through Private Sector Participations prior permission of same Departments of the state as well as Central Government has to be obtained. For example, Project costing more than Rs. 50. Crores require clearance from Central Environmental Department. For acquiring forest lands, permission has to be obtained from the Forest Department. These and such others permissions will be obtained by the Government of Maharashtra.

3.4 The land required for the project will be acquired by the Government of Maharashtra at its cost. After marking the project alignment, lands will be acquired after giving proper compensation to the concerned persons or Organisations, or the land will be obtained from other Government Departments. All the required land will be taken over by Public Works Department and there-after for the purpose of the project, it will be handed to the Entrepreneur on lease.

3.5 For implementing medium or large projects through private sector participation, the intending Entrepreneurs have to be prequalified considering their financial, engineering and other abilities. For this, after deciding the criteria for prequalification, public tenders will be invited from the intending Entrepreneurs for prequalification. The Entrepreneurs satisfying the criteria will be prequalified entrepreneurs. While inviting these offers the terms and conditions of the agreement, the subsidy offered by the Government criteria for selection of the best possible offer will be laid down in the bid documents.

3.6 For smaller projects, instead of prequalification, the financial bids will be directly invited and the Entrepreneurs satisfying the criteria will be post qualified. There after the technical bids will be considered and finally their financial bids will be opened the offers received from the Entrepreneurs will be scrutinized, if necessary by a high level committee appointed by the Government and the best acceptable tenders, from among the technically acceptable proposals, will be selected. All this process will be absolutely transparent.

4. Policy decision taken by the Government for facilitating Private Sector Participation in Road Development Project.

To enable it to take up road development projects through Private Sector Participation the Government of Maharashtra has taken some policy decision. These include procedure for taking up such works and concessions to be offered to the Entrepreneurs.

4.1 The following alternatives may be considered while taking up road development projects through private sector participation.

a) The Entrepreneurs to bear the entire cost of the project and recover the same through toll fees levied after the project is completed.

b) To make some of these projects feasible the Government may have to participate by sharing up to 40% of the project cost in some cases. The Entrepreneurs can recover his investment will be recovered later by levy tolls.

c) The Entrepreneurs to complete the project in Phases and toll to be recovered after completion of each phase.

4.2 To make the road development projects financially feasible through private sector participation the Government has to decide to give some concessions and to make available some other sources of income to Entrepreneurs. Some of the sources of income to be made available to the Entrepreneurs apart from the tolls, will be as below :

a) To permit display of advertisement by the road side approved location and to permit the Entrepreneurs to generate income from the same.

b) Permission to erect Petrol Pumps, Hotels, Motels, etc. at approved locations by the road side.

c) Permission to retain income generated from tree plantation to be permitted by the road side.

d) Income generated from the commercial exploitation of land acquired by the Government as per the requirements at proper locations and to be given to the Entrepreneurs on long lease.

e) To give on nominal lease rent, the land required for the project after acquiring the same at the cost of Government, along with the quarries and connecting roads and the Entrepreneurs to be permitted to use them for constructing the project.

f) To make suitable provisions in the bid documents for covering risk beyond their control in relation to the investment made by the Entrepreneurs.

4.3 A special cell has been formed in Mantralaya for projects to look after the works to be done in Mantralaya for projects to be taken up through Private Sector Participation.

4.4 To enable the Entrepreneurs to collect and to retain the toll fees, the Bombay Motor Vehicle Tax Act 1958 has been suitably amended.

4.5 The decision laying down the policy of the Government in respect of works to be taken up under Private Sector Participation has been issued on 19th July 1996 (a translation is appended).

5. Establishment of Corporation

To execute certain projects through private sector participation the "Maharashtra Road Development Corporation (Limited)" has been established. The work to be taken up through private Sector Participation will be implemented through this corporation.

The principle objectives of the Corporation are as follows:

a) To implement through private sector participation development programme for bridges, road and other related facilities.

b) To generate funds through private sector participation for development of roads and bridges.

c) To commercially exploit Government lands in possession of the Public Works Department.

d) Other objectives- To function as a consultant or to appoint consultant for preparing plans and estimates of the projects, feasibility reports, environmental impact studies, surveys, supervision, etc. and to obtain equity financial participation from different financial institutions or other corporations, etc.

6 Present Status of Implementation of Road Development Projects through Private Sector Participation

The Public Works Department has prepared a preliminary list of some important road development projects which could be taken up through private sector participation based on the report received from the field officers. More than 200 works located all over Maharashtra have been included in this list and after ascertaining their feasibility, those works will be taken up in a phased manner.

It is essential to obtain the permission from the Ministry of Surface Transport of the Central Government for taking up the works on National Highways include in the above list have been processed for the approval of the Ministry of Surface Transport. At present the work of improvements to the Thane-Bhivandi Bypass on National Highway No. 4 has been partly completed through private sector participation and recently a decision to undertake the work of construction of bridge across river Patalganga near Kharpada on N.H. 17 has been taken.

Policy on implementation on Road & Bridge Projects through Private sector participation

Government of Maharashtra
Public Works Department
G.R.No.PSP1095/CR.11/R.8
Mantralaya, Mumbai - 400 032
Date:19th July, 1996

Ref : 1) Government of Maharashtra Planning Department G.R. No1089/CR22./Planning 2.
Dt. 30.6.89

2)Government of Maharashtra Planning Department G.R. No. PSP1089/CR.22a/Planning-2
Dt. 30.6.89

Background:

In the opinion of the Government the road and bridge projects which would be financially viable and for which financial participation could be obtain from financial institution or from other sources, so also maintenance of such roads and bridges, can be justifiably handed over for a limited period to the private sector. Accordingly in selected developmental areas the Government was considering obtaining private sector participation on proper terms and conditions. For facilitating this the Government have taken certain decision in the present resolution.

Government Resolutions::

Considering the above background, and after giving careful thought to implementation of road development projects through private sector participation, the Government have taken the following decision for making Such Projects financially feasible after considering and amending wherever necessary the proposal made by the Public Works Department.

1) In respect of roads and bridges the following types of works may be taken up through private sector participation.

- a) Works of new roads
- b) Works of Widening, Strengthening & Improvements to Existing works
- c) Works of diversion road outside town
- d) Works of new bridges
- e) Works of Major repairs to bridges
- f) Works of widening of Major bridges
- g) Works of road/rail over bridges
- h) Works of flyovers
- i) Works of tunnels

2) While selecting the works to be undertaken through private sector participation the works identified in 1981-2001. Road Development Plan should as far as possible be selected. The priority should be decided on the principle of traffic intensity, need for development and higher financial viability.

3) To enable these road development projects to be financially profitable and to induce the Entrepreneur to take them up the following concessions may be given according to the need and for this the existing laws may be suitably amended.

a) Within the framework of rule to give permission to display advertisement by road side and permit the Entrepreneurs to retain income generated from the same during the concession period.

b) Permission to commission petrol pumps, hotels, motels, etc. by the road side under the relevant rules and regulations.

c) To permit development tree plantation by the road side and to permit retaining the income generated from the same on contract basis.

d) To acquire at proper location as per requirements land by the side of the projects and to hand over same to the Entrepreneur on long leases for commercial exploitation in the form of housing complexes etc. and to permit generation and retention of the income from the same.

e) To handover on nominal lease rent the land acquired by the Government at its cost, for the projects as well as for the quarries and connecting roads and to permit their use for the construction of the projects.

f) To make suitable provision in the tender documents for covering the ill-effects on the investment due to reasons beyond the control of the Entrepreneurs.

g) To obtain from the Government side necessary environmental and other No Objection Certificate by employing Consultants, if necessary.

4) While taking up the projects through private sector participation the following alternatives should be considered while deciding according to the feasibility, the investment to be made by the Entrepreneurs:

- i) The Entrepreneurs to meet the entire project cost and to recover the same through levy of tolls.
- ii) The Government to participate in the investment project cost.

iii) To complete the project in phased manner and to permit levy of tolls after the completion of the subsequent phases.

5) As per the financial analysis a return of minimum 20% should be generated on the investment made by the Entrepreneurs.

6) The power to decide whether the project can be taken up through private sector participation will be as follows:

a) For works/projects with estimated cost less than Rs. 50 Crores, the Public Works Department may take decision and the tender for such works should be approved by the Public Works Department on consultation with the Finance Department and after approval of Hon. Minister, Public Works Department.

b) For works with estimated cost more than Rs. 50 Crores, the proposal for taking up such works through private sector participation should be placed before the Cabinet for approval. The tender for such works should also be placed before the Cabinet for approval.

7) For works to be undertaken through private sector participation the tender publicity in newspapers and the period of publicity should be as follows:

1) District level	1 Newspaper
2) State level(Marathi)	2 Newspaper
3) State level(English)	2 Newspaper
4) National level (for Works costing > Rs. 25 Crores.)	1 Newspaper
5) International level(for works costing > Rs. 25 Crores.)	1 Newspaper

This publicity should be done through information and Public Relation Departments and for this guiding principles should be issued by the Public Works Department.

Tender publicity period should, in general, be as follows

st of Works (Rs. in crores)	Period (Period from the date of publication to the receipt of the tender)
to Rs. 25 Crores	4 Months
to Rs. 25 to 50 Crores	5 Months
ove 50 Crores	6 Months

8) In respect of the projects to be taken up through private sector participation the Public Works Department administrative approval to the cost covering expenditure to be made by the Government in respect of the project. A list of such works to be taken up through private sector participation should be printed in the Budget from time to time.

9) The works of the roads and bridges taken up through the private sector participation by the Public Works Department will require acquisition on large scale. Till the received policy in this respect is decided, acquiring lands for such works, the land acquisition should be done on the basis of

Government of Maharashtra Revenue and Forest Department G.R.No LQN 1986/CR.3628/A-2 dated 31/10/94 and urgency clause should be made applicable.

10) The Public Works Department cannot supervise on a day to day basis roads and bridge works undertaken through private sector participation like other Budgeted works. The Public Works Department will in general monitor such works. However day to day supervision, inspection, quality control, progress monitoring, reputed private persons or institutions will have to be appointed as supervision consultants.

Similarly before undertaking projects through private sector participation plans and estimates feasibility studies, etc. may be done if necessary, by the Public Works Department through consultants. Full power to accept consultancy tender up to Rs. 1Crore should be approved by the Public Works Department in consultation with the Finance Department.

11) Considering the nature of the project to be undertaken through private sector participation the Public Works Department may purchase necessary modern and technical equipments (e.g. levelling and survey equipments, traffic counters, traffic analysers, vehicle and axle weighting machines, electronic calculators, computers, fax machines modems, Email, etc.) as per the present procedure of Finance Department.

12) In order that the project undertaken through private sector participation become a success co-operation from all related Departments is necessary. (e.g. land acquisition for the project, forest and environmental clearance, electricity and water supply, quarries, problem which crop up under industries etc.). On this background, all the Government Departments should calculate a feeling that the projects to be taken up through private sector participation are not the responsibility of the Public Works Departments alone, but are Government projects jointly of all the different departments. The concerned Department, therefore should expeditiously clear the cases related to those projects to be undertaken through private sector participation. This resolution is issued with the concurrence of the Planning Department and the Finance Department, obtained under U.O.R. No 307/Expenditure-6 dated 17/7/96

Build Operate and Transfer Scheme (B.O.T)



There is a very large need of developing a good network of roads connecting the several villages, district places, industrial and marketing centers etc. as reflected in the master plans for road development, evolved since independence. The attempts to achieve the targets set in the plan however cannot be successful for want of adequate budgetary provisions. With passage of time and evolution of new automobiles need for high speed corridors for faster communication between important growth centres has been felt asking for more draw on the already meagre resources of the state.

This mismatch between the available resources and larger need for communications had to be resolved by encouraging private funds in the infrastructure projects, which were so far financed, only by the state through its budget. Government of Maharashtra took the lead in this respect and formulated a policy for private financing where by the projects were thrown open to private entrepreneurs for construction through funds generated by them with facility to recover the investment through toll on vehicles. On completion of the project the expenditure incurred will be collected by way of tolls. Toll rates are decided after giving due consideration to the benefits received (directly and indirectly) by the users.

On completion of the project users will get various benefits such as reduction in vehicle operating costs (V.O.C), travel time savings, accidents cost reduction and prolonging the life of assets. All these benefits except vehicle operating costs are difficult to quantify. Thus direct economical benefits to the users are the saving in vehicle operating costs. The vehicle operating costs mainly depend on terrain which determines the rise and fall, lane width, roughness and the traffic. All these factors influencing the vehicle operating costs are greatly improved due to the completion of the project thus giving maximum economical benefits to the users. This factor is considered for calculation of toll rates to be levied. These toll rates are fixed in such a way that only a part of the saving occurred to the user is charged as a toll fee. Thus even after paying toll fee the user is actually saving his money

Tolls to be levied will be as under, As per Govt. circular No.GR-Toll-1097/(2201)/Roads - 7/dated.9.6.98/GOM circular no. kha/-she-S-1099/CR209/Rd-9 Dt. 27th June 2000 (These rates shall be enhanced in every three years)

Project Cost Upto 20.00 Crores.

Year	Vehicle (Car,Jeep,Tata Sumo, Tracks, Commander) Toll rates Rs.	Vehicle (LCV Minibus with passenger capacity more than 12 but less than 20) Toll rates Rs.	Vehicle (Trucks, Buses) Toll rates Rs.	Vehicle (HCV,MAV) Toll rates Rs.
1 July 1998 to 30 June 2001	8.00	12.00	25.00	40.00
1 July 2001 to 30 June 2004	10.00	15.00	30.00	48.00
1 July 2004 to 30 June 2007	12.00	18.00	36.00	57.00
1 July 2007 to 30 June 2010	14.00	21.00	43.00	68.00
1 July 2010 to 30 June 2013	17.00	25.00	51.00	81.00
1 July 2013 to 30 June 2016	20.00	29.00	60.00	96.00
1 July 2016 to 30 June 2019	23.00	35.00	72.00	115.00
1 July 2019 to 30 June 2022	28.00	41.00	85.00	136.00
1 July 2022 to 30 June 2025	33.00	49.00	102.00	162.00

Project cost Rs.20.00 to Rs.75crores

Year	Vehicle (Car,Jeep,Tata Sumo, Tracks, Commandar) Toll rates in Rs	Vehicle (LCV Minibus with passenger capacity more than5but less than 20) Toll rates in Rs	Vehicle (Trucks,Buses) Toll rates in Rs	Vehicle (HCV,MAV) Toll rates in Rs
1 July 1998 to 30 June 2001	12.00	18.00	35.00	60.00
1 July 2001 to 30 June 2004	15.00	22.00	42.00	72.00
1 July 2004 to 30 June 2007	18.00	26.00	50.00	86.00
1 July 2007 to 30 June 2010	21.00	31.00	60.00	102.00
1 July 2010 to 30 June 2013	25.00	37.00	71.00	121.00
1 July 2013 to 30 June 2017	29.00	44.00	84.00	144.00

Toll rates for N.H. works are as per M.O.S.T. Circular No. N.H.-24035/23/94-PL vol-III dt. 22.6.97 is as under Tables showing the toll rates fixed by enhancing the toll rates in every three years is below.

Vehicles	Toll rates in Rs per Km.
Car/Jeep/ Van	0.40
L.C.V.	0.70
Trucks/ Buses	1.40
Heavy Construction Machinery and Earthmoving equipments	3.00

