

NHAI to go for electronic toll

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Infrastructure projects face financial constraints like need for long-term debt: PM

The National Highways Authority of India (NHAI) decided to implement an electronic toll collection system in bid to provide seamless movement of road freight traffic.

Speaking at the Conference on Public-Private partnership on challenges and Opportunities, National Highways Authority of India chairman AK Updhayay said, "This system will provide for reduced revenue leakages." Under the present system, toll is collected manually leading to leakages in revenues through understatement of corridor flows.

Electronic Toll Collection system is that most freight operators have been demanding for long. Transport Corporation of India executive director Vineet Agarwal said, "The present system is not beneficial and there are no economies associated with it. In fact, periodic stoppages resulted in reduced fleet turnaround and increasing costs to end users."

TCI had done a joint study along with Kolkata-based Indian Institute of Management on the Delhi-Bangalore route covering 2,155 kilometres. As per the study, the average journey time was 102.18 hours as a result of 38 stops that brought down speeds to just 22 kilometres an hour. The NHAI proposal though was likely to be phased out since capital costs for both the hardware and the software would need to be estimated.

Presently, about 55,093 kilometres of highways were under various stages of development under the National Highway Development Programme.

Speaking to reporters, Union minister for road transport and highways CP Joshi said that another 7,300 km of projects would be offered for development and bids would be awarded before end of this financial year. "We expect at least Rs 50,000 crore private sector investments in the projects," he added.

Private sector, NHAI's Updhayay said, had migrated to bidding for the project either through the build operate and transfer route, either through the annuity or toll collection route. Annuity entailed periodic payments by the NHAI and eliminated revenue risks to project developers. These are essentially seen as far more bankable projects since lenders risks were on a sovereign owned entity. But where traffic flows were high, banks were also to evaluate the projects.

But infrastructure financing through private sector involvement remained a major issue, given the fiscal and revenue challenges.

Earlier, inaugurating the conference, prime minister Manmohan Singh said, "Infrastructure projects face financing constraints including and especially the need for long term debt."

But he also said that the government had constituted a separate high-level committee to suggest measures for funding the ambitious infrastructure development programme in the twelfth five-year plan. The twelfth plan envisages construction of at least 20,000 km of two-lane and four-lane roads to provide connectivity to the economic hinterland. In addition, the government was also expected to take up development of six lanes along the golden quadrilateral connecting the four metro cities of the country.