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Global Summit on
**Smart, Secure &
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OPPORTUNITIES AND CHALLENGES IN INDIA

17th - 20th July, 2016
Harte & Garter, Windsor,
Royal Berkshire, UK

Development of a Vibrant Transport Infrastructure Architecture - India's Road & Shipping Sector Offers a \$380 billion Opportunity

Development of a world class road network is a critical element of creating smart and vibrant cities as cities however smart they might be, cannot survive in isolation and they need good connectivity with other cities, industrial zones and catchment areas. India's National Highway upgrade work was initiated in 1998 through the National Highway Development Project (NHDP) which aimed at upgrading and making four lanes the major highways, connecting the key metropolitan cities of India. Since then several thousand kilometers of national highways have been upgraded. Of India's 96,000 km of national highways, nearly 23,000 km has been four laned while another 50,000 km has been 2 laned.

The present Government has set an ambitious target of upgrading 22,000 km of national highways into 4 lanes at an estimated cost of around \$60 billion over the next five years. This is in addition to constructing another 1,000 km of expressways. According to Mr. Nitin Gadkari, the Union Minister for Surface Transport, as most of the pertinent issues related to land acquisition and environment clearances have been resolved, India has the potential now to work on projects worth around \$380 billion (Rs.25 lakh crore) in the road and shipping sector. Incidentally, most national highways projects in India are done through the Design, Build, Finance, Operate and Transfer (DBFOT) model or the Build Operate Lease Transfer (BOLT) model.

A New Impetus to Water Transport

In addition to further development of national highways and improved railways, the Government of India has also been putting significant effort into developing the use of water transportation in India. The National Waterways Bill passed by the Indian Parliament in 2016 has paved the way for creation of the required infrastructure along 111 Indian rivers to enable the seamless movement of cargo and passengers using the waterways. Given that India has over 14,500 km of potentially navigable waterways using the rivers to transport cargo has the potential to reduce logistics cost significantly. If the waterways are used to the extent that the Chinese are using theirs, India will be increase the water transport share from the present level of 3.6% to 15%. This is predicted to reduce the logistics cost nationally from 18% to 8%.

Also developing the use of the waterways in India is expected to give a major boost to tourism in India along with more increased demand for vessel construction. India has the potential to use its key rivers for tourism much like France uses the River Siene or England the River Thames.

Port Connectivity to Get a New Boost

Likewise, to give a major boost to port based development, the Government has agreed in 2015 to start work on the Sagar Mala Project. This is a strategic and customer-oriented initiative to modernize India's ports so that port-led development can be augmented and coastlines can be developed to contribute in India's growth. It is designed to transform 12 existing ports into modern world class ports and integrate the development of the ports, the industrial clusters and hinterland through road, rail, inland and coastal waterways. This will result in the ports becoming the drivers of economic activity in coastal areas.

To achieve this India needs around a trillion dollar investments in infrastructure over the next one decade. As part of it, the initiatives of Government of India to overhaul its transport infrastructures create major opportunities for global organizations to participate in one of the most promising economies of the world which is gearing up for the next league of development.