



24 March 2018 : Hotel ITC Gardenia, Bengaluru

Suggested Talking Points for Hon'ble Union Minister - Mr Nitin Gadkari

- Friends, Dignitaries and Officials from CII, Friends from the Media, Ladies & Gentlemen
- I am really happy to be with you all today at the CII Industry Next Summit. I appreciate CII, an industry body of national repute, for its initiative to prepare its members for the future challenges.
- It is our responsibility as the heads of organizations to imagine the future and change our approach or directions so that we will emerge successful.
- The emerging new growth paradigm - which I understand is the theme of this Summit - will be based increasingly on technology but equally significant are social factors such as the changing needs, aspirations, and interests of people, the external stakeholders. And another important aspect is environmental sustainability.
- So, when we think of the future of our industry and organizations, we do have to take into account the future of our external stakeholders and the environment we operate in. Only then we will emerge successful as a society and nation.
- Friends, I would like to take this opportunity to share with you my ministry's current thought process, and the future we envisage for India's road, shipping infrastructure, and water - and through these enablers, industrial development.
- As you know, logistics and water are among the most important constituents that we need to script our success story in the 21st century. We need capacity addition, value addition, and technology addition in these two sectors.
- And they should be done on a mission mode. Our needs are urgent. You are acutely aware of the cost of logistics, which is so high compared to the cost of

logistics in both the developed and a few other developing nations. Our cost of logistics is as high as 18% but that of China is well below 10%.

- We are targeting to lower the cost by a third - from about 18% to about 12% - by adding new smart roads, logistics parks, and developing coastal shipping and inland waterways as alternative modes of transport.
- As you are aware world-class infrastructure is created in many parts of the country with unprecedented speed. We are creating roads that are safe, cost-effective and environment-friendly.
- When our government took over in 2014, highways accounted for only 96,000 km out of 52 lakh km road network in the country. Presently, we have 1,50,000 km of highways. The target is take the number to two lakh km of highways in the country.
- A record 8,231 kms of national highways were built during 2016-17. The fast-tracking of awarding and construction of national highway projects would result in fast-paving of roads.
- Our target is to build 40 km of road per day. During 2016-17, 23 km of roads were constructed per day, up from 16.6 km a day in 2015-16. Currently, it is about 28 km per day.
- Bharatmala envisages the creation of 83,677 kms of roads within five years at the cost of Rs 6.92 lakh crore. It will increase the number of national corridors from six to 50, double freight on national highways to around 80%, as against 40%.
- All these capacity addition will decongest our roads. Within the next three years, our cargo laden trucks can travel about 600 km per day. Right now, the average they can clock is about 225-250 km per day, due mainly to congestion.
- As for roads, the focus of policies has shifted from 'Build Roads' to 'Move in India' with special emphasis on efficiency and improving logistics. We are going for Intelligent Transport Systems, framing policies for logistics parks, building intelligent traffic systems for road safety and further innovation and technology. We invest in designing better technical models that aim at bringing down construction cost while maintaining quality.
- We have launched the Indian Bridge Management System to create an inventory of all bridges in the country and rate their structural condition so that timely repair

and rehabilitation work can be carried out based on the criticality of the structure. It is the largest platform anywhere in the world that is owned by a single owner. Our database could exceed 1,50,000 bridge structures. So far 1,15,000 bridges have been accounted under the inventory.

- We are going for electronic toll collection. With e-toll collection, no vehicle will be stopped for paying the toll tax.
- On the shipping front, the Sagarmala project will be the biggest project in the history of the country. India has around 7,500-km long coastline, but the country transports only 2-3% of its cargo through the waterways compared with around 55 per cent on roadways and 35 per cent by the railways. In China, the share of coastal and inland water transport is 25%.
- Coastal and inland waterways are economically most viable sector and, as such, they form an integral part of infrastructure development. For every Rs 10 of transportation cost by road, it is Rs 6 for railways and only Rs 1 for waterways. That means we would be able to transport goods spending only 10% of the current cost.
- We are planning to spend Rs 15 lakh crores on the Sagarmala project and Rs 4 lakh crores would be spent on port modernisation and mechanisation projects.
- Apart from port modernisation and new port development, the Sagarmala project also aims at port-led industrialisation, promoting cruise tourism, port connectivity enhancement, setting up multi-modal logistics parks, coastal community development and development of the fisheries sector among others.
- Now, let me share our progress and plans for water management. At present, our per capita water storage is very low. India cannot sustain drought beyond one non-Monsoon season. Lack of storage capacity leads to scarcity of water when there is drought and causes large scale migration of people from rural to urban areas.
- Agriculture is severely affected. Even if there is water in reservoirs and canals, it does not always reach farms and farmers - again due to lack of efficient infrastructure for water management.
- We are committed to make safe drinking water available to every household of the country by 2022. We are discussing this as we witness some nations running out of water. We are also committed to make water available for irrigation facility for every farm by the same year. We are taking up projects related to river

connectivity, construction of barrages, dams, rubber dams and bandhas, drip and piped irrigation.

- We aim to create water circuits on the lines of power circuits for better water conservation to help our farmers double their income by 2022.
- When it comes to water management, we are keenly exploring advanced technologies and procedures like cloud bursting and water accounting which are used in other parts of the world.
- For transporting water, we think that the use of big underground pipes to transport water is better than the traditional canal systems because canals involve high cost, displacement of people, water thefts and wastage. When we use pipelines instead of canals and turn to drip irrigation, water utility will increase by three times and productivity by two-and-a-half times.
- What all these projects will mean for the society? I think job creation, and skill development are the immediate and direct benefits. Over one lakh workers will receive training in 310 highway projects by June 2018 with another 2.5 lakh in other projects by 2019 under Bharatmala scheme. The workers will be trained under six trades -- masonry, bar-bending, shuttering, scaffolding, painting and plumbing. It has been made mandatory for every contractor who is awarded a highways contract to train at least ten persons for every one crore spent on the project.
- The port and shipping sector has the potential to create nearly 40 lakh direct jobs and 60 lakh indirect employment opportunities over the next 5 years.
- The economy and industry is going to be a major beneficiary of the projects. When we connect all the 6 lakh villages with strong roads, it will result in the creation of Rs 1 lakh crore worth of additional economic activity. With shipping and inland waterways projects, India's exports would go up by one and a half times and logistics costs would come down to 12%.
- The talks of capacity addition, value addition, and technology addition will be wishful thinking if there is no private participation. Highways and Shipping sectors in India today are financially very sound and offer tremendous investment opportunities. Our target is to bring in investment worth Rs 25 lakh-crore for the Bharatmala and Sagarmala projects. We have already signed contracts worth over Rs 6 lakh-crore in road sector. Under Bharatmala project, we are expecting Rs 8-lakh-crore investment. I am confident that in two years, we will meet that target with your support.



- We have worked our way through various impediments and stalled projects to bring in innovative financing models like the Hybrid Annuity Model and the Toll – Operate - Transfer mode. The land acquisition problems are being removed through better compensation and streamlining of procedures. With increased inter-ministerial coordination, the process of getting environment and other clearances have become smoother.
- We have opened up the transportation sector to global investors, 100% foreign direct investment is permitted, with added incentives like 100 percent tax exemption for 5 years and 30 percent relief for next 5 years. We are getting banks and multilateral institutions to come forward with long term – about 40 years - loans at nominal interest rates for financing these projects. There is a project for each investor and for each risk and return expectations.
- I extend my invitation for you to make use of the golden business opportunities that India's water and logistics sectors offer.
- Let me now conclude my speech by thanking the organizers for connecting me to you all today. I am keen to know your ideas and suggestions for my ministry.
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- I wish the event all success. Thank you.