

Scheme Guidelines for Inclusion of State/City Toll Plazas under National Electronic Toll Collection (NETC) Programme

**INDIAN HIGHWAYS MANAGEMENT
COMPANY LTD.**

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1. Background

- 1.1. National Electronic Toll collection (NETC) programme, the flagship initiative of National Highways Authority of India (NHAI) and Ministry of Road Transport & Highways (MoRTH), has been implemented on pan India basis in order to remove bottlenecks and ensure seamless movement of traffic by allowing electronic payment of toll fees on National Highways through a RFID-based tag called “FASTag”, usable across all toll plazas on National Highways. The programme provides a unified and interoperable Electronic Toll Collection (ETC) solution for National Highways in India. Indian Highways Management Company Ltd. (IHMCL), a company promoted by NHAI, has been mandated to implement the NETC Programme across the country by NHAI. Affixation of FASTag on the front windscreen is mandatory for all Class M and N vehicles i.e. (four wheelers and above, carrying goods and/or passengers). Further, FASTag has been made mandatory for renewal of vehicle fitness certificate and national permit.
- 1.2. MoRTH has declared all lanes in the fee plazas on National Highways as “Dedicated FASTag lanes w.e.f. midnight of 15th/16th February 2021. Therefore, as per NH Fee Rules 2008, any vehicle not fitted with FASTag or vehicle without valid, functional FASTag entering into the FASTag lane of the fee plaza shall pay a fee equivalent to two times of the fee applicable to that category.
- 1.3. Currently the National Electronic Toll Collection Program (NETC) is operational at more than 1092 toll plazas along National Highways & State Highways across the country, with daily number of transactions over 95 lakhs, and touching over Rs. 150 Cr. daily ETC collection as in March 2022.
- 1.4. To further enhance programs’ coverage and to offer seamless services to consumers across the country, the Scheme Guidelines was released and launched by Hon’ble Minister of Ministry of Road and Transport & Highways (MoRTH) in January 2019. Subsequently, IHMCL had extended the Scheme Guidelines on two occasions till 31st March 2022 by providing financial assistance to various state authorities. This move offered different state authorities shorter turnaround time by allowing them to work within the robust FASTag solution architecture that already supports 50 million FASTag users.
- 1.5. As on date, 25 MoUs have been signed between IHMCL and various other state government/agencies/SPV (Uttar Pradesh, Haryana, Punjab, Madhya Pradesh, Gujrat, Telangana, Karnataka, Andhra Pradesh, Maharashtra, Tamil Nadu). Presently, over 261 State

Toll Plazas are already Live under the NETC programme with approx. 13 lakhs number of daily ETC transactions, and over Rs. 16 Cr. of daily ETC collection in April 2022.

- 1.6. In view of encouraging response of FASTag from road users of state highways, it has been decided to revise the Scheme Guidelines as per terms and conditions set out in this document.

2. Key Objectives of the Scheme

Key Objectives of on-boarding of Toll Plazas with various State Authority/SPV & Private Entities are as below:

- Implementation of unified & interoperable ETC system for National Highways as well as State Highways in India to facilitate seamless movement by offering ETC services across all tolled roads in India.
- Interoperable ETC system to offer the convenience of electronically paying toll at any toll collection point through a single ETC account and a single On-Board Unit (FASTag).

3. Scope and Coverage

The policy shall cover various categories of entities as below (“Entity”) -

- **Category A** - Government departments/State Authorities and its subsidiary SPVs/Companies.
- **Category B** - Private entities/companies, which have been authorised by Government entities to collect toll payments/fee from public/citizens for intended/proposed FASTag uses case(s)

4. Duration of the Scheme

The scheme shall be effective from the date of issuance till **31st March 2025**.

5. Key Features

The key features of this revised Scheme Guidelines for inclusion of State Toll plazas under NETC programme is as follows:

- Opportunity for on boarding toll plazas with State Authorities as well as those with Private Entities.
- Financial assistance in terms of one-time lumpsum CAPEX cost as reimbursement for installation ETC infrastructure at Toll Plazas.
- Ongoing Programme Management Fee (for banks, NPCI and IHMCL) to be borne by the Entity.
- Extended duration for the Scheme.

6. On-boarding Process

6.1. Any qualifying Entity should submit a proposal to IHMCL expressing interest to include entity toll plazas under National Electronic Toll Collection (NETC) Programme along with the estimated cost of ETC Infrastructure installation cost and toll revenue details.

6.2. The application should be sent via email or courier to the following address:

Chief Operating Officer,
Indian Highways Management Company Limited (IHMCL)
NHAI HQ
G – 5 & 6 Sector -10 Dwarka
New Delhi 110 075
Phone: +91-11- 25074100/Extn. 1804, 1136
Email: coo@ihmcl.com

6.3. The process of on boarding shall be as follows:

Step 1	<p>Entity shall submit a proposal to IHMCL as per Annexure 1 expressing interest on-boarding under this policy along with a Cover Letter.</p> <p>The proposal should include the following essential details:</p> <ul style="list-style-type: none"> • Total project scope - no. of toll plazas, plaza details • Detailed financial estimates of ETC infrastructure to be installed along with break-up of CAPEX cost and O&M cost for at least 3 years • Plaza-wise revenue data on total toll collected in the last 3 years. In case of new toll plazas, the estimated annual potential collection (in Rs.) to be mentioned.
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Step 2	IHMCL shall review/scrutinise the proposal submitted by the Entity and accord Approval and/or may ask for necessary documents as required.
Step 3	Post approval by IHMCL, a Memorandum of Understanding (MoU) shall be signed between Entity and IHMCL. Draft model MoU will be shared by IHMCL. The MoU shall remain valid for a period of 3 three years from the date of signing.
Step 4	<p>a) ETC infrastructure installation - The Entity complete installation of ETC infrastructure as per requirements under NETC programme. ETC system deployed at the toll plazas should conform to the specifications and requirements of NETC programme, as set out in various guidelines, technical documents (ICD 2.5 or latest), etc.</p> <p>The Entity shall ensure that adequate no. of FASTag lanes is available at toll plazas to ensure seamless traffic throughput. Proper signages for FASTag lanes should be installed for user convenience.</p> <p>b) Selection of Acquirer Bank – The Entity shall appoint certified acquirer bank(s) as approved by IHMCL.</p>
Step 5	<p>a) Go-Live of Toll Plaza(s) - Upon confirmation from NPCI and selected Acquirer Bank(s) on the readiness of ETC and acquiring system and daily settlement process, toll plazas shall Go-Live.</p> <p>b) Appointment of Nodal Officer by Entity - For ongoing ETC issues and facilitating FASTag user complaints. Email ID to be shared with IHMCL for necessary intervention on issues/concerns.</p>

7. Broad Roles and Responsibilities

7.1. Stakeholders

Following are the stakeholders of FASTag programme

- FASTag users
- IHMCL/NHAI
- Entity/State Authorities
- NPCI
- Acquirer Banks
- Issuer Banks

7.2. Broad Roles of IHMCL

- a) Share guidelines/documents of the NETC programme as below:
 - ETC Infrastructure requirement specifications at Toll Plazas.
 - Procedural Guidelines for NETC programme, as amended from time to time.
 - Programme related technical documents such as Interface Control Document (ICD), Tag specifications guidelines etc. as amended from time to time.
 - Empanelled list of System Integrators for ETC infrastructure implementation, discovered unit rates of ETC equipment, etc. for reference.
 - SLA parameters for Member Banks.
- b) Specify the Design, Standard and Specifications of FASTag as per MoRT&H directives/guidelines.
- c) Empanelment of FASTag manufacturers/supplier.
- d) Release policy circulars pertaining to NETC Programme.
- e) Modification in the Guidelines, as per NETC programme requirements from time to time.
- f) Arrangement for issuance of FASTag through various issuing entities and engaging NPCI for providing clearing and settlement services.

7.3. Broad Roles of Entity

- a) Sign an MoU with IHMCL for on-boarding of Entity Toll Plazas.
- b) Bear the cost of ongoing Programme Management Fees (PMF) to be distributed between Issuer banks, Acquirer banks, NPCI and IHMCL, as defined in this Scheme Guidelines.
- c) Ensure installation of ETC infrastructure along with overall operation and maintenance as per requirements under NETC programme. The ETC system deployed at the toll plazas should comply with the standard requirement specifications as issued by IHMCL and NHAI. Also, ensure upgradation of ETC system at toll plazas as specified by IHMCL/NHAI from time to time for enhancement of NETC programme.
- d) Selection of Acquiring entity for state/SPV toll Plazas for acquiring electronic toll transactions at toll lanes.
- e) Arrange for requisite fund for installation of ETC infrastructure and payment of acquiring entity(ies) at Toll Plazas as per guidelines set in the guidelines.
- f) Intimate to acquirer banks, IHMCL and NPCI on changes in Toll rules, tariffs etc.as and when applicable.

- g) Requisite support and action for dispute resolution and grievance redressal for all disputes pertaining to state toll plazas
- h) Own the responsibility of all the data and information relating to electronic toll transactions at its toll plazas.
- i) Ensure to arrange a settlement bank account for daily settlement of fees by NPCI for payment of programme management fees to all concerned stakeholders.**

7.4. Broad Roles of NPCI/CCH Provider

- a) Carry out the roles and responsibilities as defined in the NETC Procedural Guidelines as applicable and as amended from time to time in consultation with IHMCL to ensure Clearing & Settlement for all transactions at state toll plazas
- b) Carry out necessary development to ensure debit of PMF amount from the bank account as provided by the Entity and transfer the proportionate fees of all stakeholders within T+1 day.
- c) Ensure the settlement of Programme Management Fee on a daily basis (T+1 day) among all the stakeholders viz. Issuer Bank, Acquirer Bank, NPCI & IHMCL for all ETC transaction processed via FASTag at toll plazas on-boarded as a part of this MoU.
- d) Co-ordinate with concerned member banks and facilitate dispute resolution for all disputes pertaining to state toll plazas
- e) Maintain and make necessary improvement in the NETC switch and Mapper as per programme requirement
- f) Prepare the MIS of electronic toll transactions at Toll Plazas and share reports to State Authority/SPV and IHMCL on a periodic basis as per requirement
- g) Ensure to support Entity, Issuer Bank and Acquirer Bank to process & settle the disputes raised by Issuer Bank and Acquirer Bank on NETC transaction.
- h) Provide all transactions data on post settlement on a daily basis and applicable tax liability report on monthly basis through system.

7.5. Broad Roles of Acquirer/Issuing Entities

- a) Carry out the roles and responsibilities as defined in the NETC Procedural Guidelines as applicable and as amended from time to time
- b) Provide periodic ETC transaction reports to Entity as required.

8. Commercials

8.1. Financial Assistance from IHMCL for ETC Infrastructure installation

- a) **For category A entities** - IHMCL shall provide financial assistance in terms of one-time lumpsum **Capex cost of Rs. 15 lakhs** per toll plaza for installation ETC infrastructure at Toll Plaza.
- b) The financial assistance for ETC infrastructure installation shall be released as reimbursement to the concerned State Authorities/SPVs on completion of ETC infrastructure installation and Go-Live at identified toll plazas.
- c) For seeking reimbursement of cost incurred, State Authority shall submit a Completion Certificate for ETC infrastructure and Go-Live to IHMCL. Format for Completion Certificate is provided at **Annexure – 2**.
- d) **Please note that for category B entities (i.e., private entities) - No financial assistance as above shall be provided by IHMCL.**

8.2. Ongoing Programme Management Fees

- a) As per FASTag programme, a recurring Programme Management Fees (PMF) is distributed amongst various stakeholders such as Acquiring Entity, Issuing Entities, NPCI and IHMCL for the ETC transactions processed. The % PMF is based on the Electronic Toll collected at toll plazas on-boarded.
- b) **For State Toll Plazas on-boarded, the Programme Management Fee (PMF) shall be borne by the Entity.**
- c) The Programme Management Fee structure for the settled of ETC transaction amount shall be as below (excluding GST):

Stakeholder	Distribution of PMF (%)
Issuer bank	1 % of ETC transaction value
NPCI	0.1% of ETC transaction value
IHMCL	0.2% of ETC transaction value
Acquiring bank	To be determined by the Entity

8.3. PMF Settlement process

The settlement amount shall be debited by NPCI from the bank account as provided by the Entity and the proportionate fees of all stakeholders shall be transferred to their respective accounts as settled by NPCI/concerned acquirer bank within T+1 day.

9. General Terms

9.1. Performance Security (Applicable for category B entities (i.e., private entities))

- a) With the execution of the MoU, a Performance Security in form of Bank Guarantee/ DD shall be submitted by the Entity to IHMCL. The Security amount shall be calculated/derived basis of monthly average collection (for last 6 months) by the Entity at the proposed site. The security amount shall be equal to 10% of aggregate three month's total collection, for all on-boarded sites/locations.
- b) The bank guarantee (BG) submitted shall be verifiable at any branch located in the National Capital territory of Delhi through SFMS mode. The aforesaid Bank Guarantee shall be as per the format provided by IHMCL and will be valid for a period of 180 days after the expiry of MoU and shall also have a minimum claim period of 1 year.
- c) The BG will be returned upon termination of the expiry or termination subject to deduction of any dues payable by Entity to IHMCL.

9.2. In case of any default in the settlement of the Programme Management Fee by the Entity, the IHMCL shall be at liberty to deduct the said amount from the Security Amount and the entity shall be obliged to replenish the security amount to the original level within 7 days from such amount.

9.3. This Scheme guidelines document may be further detailed and/or amended by IHMCL as per requirement.

Annexure 1: Format for Proposal Submission to IHMCL by Entity

(Along with a cover letter from the concerned Entity)

A. Entity Details

Name of Entity : _____

State/UT : _____

Total no. of Toll plazas requested for on-boarding : _____

B. Detailed financial estimates of ETC infrastructure

- i. Financial Assistance for ETC infrastructure required from IHMCL – (Yes/No)
- ii. If Yes, details as under:

Total estimated cost for ETC infrastructure implementation at toll plazas (in Rs.) including O&M cost for at least 3 years (in Rs.)	
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Note: If no financial assistance is required for ETC infrastructure, the above details under B are not required to be submitted.

C. Toll Plaza Details

Sl #	Name of Toll Plaza	City	Date of Commencement of Tolling	Total Toll Collection in last 3 Financial Years (in Rs.) **		
				FY 1	FY 2	FY 3

** - In case of new **toll plazas**, the estimated annual potential toll collection needs to be provided in similar format as above for each toll plaza

Annexure 2: Completion & Go-Live Certificate

(In letter head of State Authority)

Certified that Electronic Toll Collection (ETC) Infrastructure installation has been completed at <number> of toll plazas under the jurisdiction of <Name of State Authority> and these toll plazas have gone Live under NETC programme.

Further, certified that the ETC system installed is as per standards and specifications of National Electronic Toll Collection (NETC) programme and conforming to ICD 2.5 or latest specifications.

The list of toll plazas which have gone Live is as enclosed.

Signature & Seal of Authorised Signatory

Name of Official: _____

Designation: _____

List of Toll Plazas

SI #	Name of Toll Plaza	City