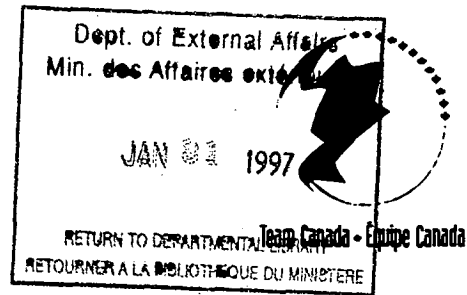




MARKET REPORT

Urban Transit Sector

India



Market Opportunities Assessment

Since 1991, the Government of India (GOI) has given high priority to the development of infrastructure with private sector participation, including direct foreign investment. Projects at the national and state level, including the construction of rapid transit systems, are increasingly attracting foreign interest.

With the phenomenal growth of traffic in India, the Mass Rapid Transport System (MRTS) and the Light Rail Transit (LRT) system are being introduced in a phased manner to overcome a high degree of traffic congestion. India's last population census, taken in 1991, revealed that 217 million people, about a quarter of the population, lived in urban areas. India already has 23 cities with a population exceeding 1 million. The four "mega" cities (Bombay, Delhi, Calcutta and Madras) have populations exceeding 5 million. The cities of Hyderabad, Bangalore and Ahmadabad have more than 3 million inhabitants each.

Given the costs and time involved in constructing technically advanced MRTS, the central, and some state governments, have opted for more intermediate and cheaper forms of mass transit such as elevated trams or light rail systems. Bangalore has chosen a light rail transit system with two-four car trains running on elevated viaducts at about 20 feet above ground.

Another approach has been to seek private investment on a build-operate-transfer (BOT) basis. The Ministry of Railways has decided that it will only provide technical expertise for intra-urban transport projects and will not get involved in funding or operating them due to resource constraints. Private companies have already shown enthusiasm in bidding for mass transit projects in Delhi, Bangalore and Andhra Pradesh.

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