Gist of Rakesh Mohan Committee Report on Transport Development Policy

Following are some of the findings and recommendations contained in the Report of the National Transport Development Policy Committee

NTDPC's Approach

- Prior thinking on transport policy in India has been too project-centric.
- Coherent *system-based* strategy adopted in the Report cuts across modes of transport, administrative geographies, and integrates capital investment with regulatory and policy development.
- Intermodal linkage between the different transport systems.
- There is less of a focus on specific solutions, and more on developing human resources capacity and responsible institutions that can adapt to changing realities.
- Hitherto, transport policy did not focus enough on connectivity with other countries, and in border areas and the current Report highlights the significance of promoting connectivity within South and South East Asia regions.
- Special attention is also given to the transport needs of the North-East

Trends in Growth of Transport

- Freight Transport is projected to grow 6 to 7 times and passenger traffic about 15-16 times over the next two decades, with the assumption of resumption of rapid economic growth of 7 to 9 percent per annum.
- Railways and roads constitute the major chunk in the total transport spending. The share of modes other than railways and roads, which was around 15 per cent of total expenditure on transport in the first three Plans, escalated to 30 per cent in the Fourth and Fifth Plans, only to settle down at about 28 per cent in the Tenth plan and Eleventh Plan.
- In the last decade, the civil aviation sector has grown at a phenomenal pace, and India has emerged as the world's ninth largest civil aviation market. The air traffic density (1000 passengers per million urban population) in India is very low at 72. China (282) is four times higher; Brazil (231) three times; Malaysia (1,225) 17 times, USA (2,896) 40 times, and Sri Lanka (530) more than seven times higher.
- The performance of Indian ports has generally deteriorated over the years except for a brief period from the late 1990s to the mid 2000s. The gap between the growth in traffic and growth of port capacity is apparently widening. Port traffic is expected to grow by about 40 per cent from the current 914 million tonnes to about 1,279 million tonnes by the end of the 12th Plan. Thus, rapid up scaling of port capacities and commensurate financing is urgently required.
- As regards Shipping, in 1990, the Indian fleet's share was as high as 35.5 per cent of the overseas trade, and the balance was carried by foreign vessels. But by 2011-12, the Indian flag share was only 10.9 per cent.

- Inland waterways in India are underdeveloped as a mode of transportation, despite their inherent advantages of fuel efficiency, environment friendliness, hinterland connectivity to less developed rural regions, and its capacity to shift large volumes of cargo from congested roads

- India's transport networks are severely constrained for capacity. India must adopt a holistic approach in designing integrated transport networks, and with substantial logistics infrastructure yet to be built, India can still make amends to reach a more desirable and efficient state for its transport system.

- While retaining the role for the government in infrastructure funding, there is a logical need for stepping up private investment to both fill the investment gap and also allow increased flow of public investment in perhaps commercially unviable but economically and socially important investment decisions.

Overall Investment in Transport

- If the country is to maintain a sustained high growth path over the next 20 years, a *new thrust* for more investment in overall infrastructure is inevitable. Fastest growing countries in Asia have consistently invested around 8-10 per cent of their GDP in infrastructure during their high growth period.

- Sustainability of high economic growth would require continuing high growth of exports of goods and services which in turn is dependent on best transport connectivity and linkages.

- NTDPC projections suggest that it should be feasible to raise adequate financing for transport investment from both domestic and foreign sources. Public sector investment will remain important and around 70 percent of public sector investment would need to come from central and state budgetary sources.

- NTDPC therefore recommends that the overall investment in infrastructure should increase from an expected 7 percent of GDP in the 12th Plan to 8.1 percent in the subsequent 3 Plans till 2032. Public sector investment in infrastructure should rise marginally, from 4 per cent of GDP during the 12th Plan to 4.3 to 4.5 per cent in the next three Plans, and private sector investment from 3 percent to3.7 percent over the same periods.

- Annual Investments in transport should increase from Rs. 2.2 trillion ($45 billion) in 2011-12 to Rs. 3.8 trillion ($70 billion) during the 12th Plan, and rise further to about Rs. 14 trillion ($250 billion) in the 15th Plan period (2027-2032). This implies an increase in investment from about 2.7 percent of GDP in the 11th Plan to 3.3 percent in the 12th Plan, and further to 3.7 percent in later Plan periods.

- In order to arrest the significant erosion of Railways in its share of traffic there is need for a shift in emphasis toward greater investment in railways. Annual investment in railways should increase from Rs. 300 billion ($6.5 billion) in 2011-12 to Rs. 900 billion ($17 billion) during the 12th Plan, and rising to Rs. 4.6 trillion ($85 billion) in the 15th Plan period. This implies an increase from about 0.4 percent of GDP during the 11th Plan to about 0.7 percent in the 12th Plan, and further to 1.0-1.1 percent in the following Plan periods.

Strategy

- Government must adopt an integrated transport strategy guided by drivers such as long-term and largely irreversible nature; their far-reaching, game-changing effects on the economy and so on transport; their indifference to business cycles; and their relative immunity to financial and economic shocks.

- The overall aim of the integrated strategy should be to uncover an optimal modal mix that reflects the full resource costs of each transport mode for each type of commodity transported over various distances and terrains.

- Pricing in the transport sector should conform closely to the cost of services and actual resources used in its production, having regard to scarcity values of these inputs. Subsidies should be limited to those areas where their retention on societal considerations is overwhelmingly justified and must be made as explicit as possible so that they are clearly identifiable to ensure transparency.

Other recommendations, inter alia, include

- Provisions in the Motor Vehicles Act (1988, as amended) should be effectively implemented.

- The network of dedicated freight corridors must be speedily completed

- Smaller new ports should be constructed at regular intervals along the coast to increase the number of origin-destination pairs and to increase the attractiveness of coastal shipping

- Important regulatory agencies for inspecting shipments of food, pharmaceuticals, textiles and biological matter should have on-airport offices. These agencies and laboratories should be integrated into a common information technology system shared with customs, airports and cargo service provider.

- With respect to the movement of liquids and gases via pipeline, a National Pipeline Grid could be established along the lines of the National Electricity Grid

- Logistics parks should be established at major transportation hubs including at the origin and destination points of Dedicated Freight Corridors (DFC), and at major industrial centres or near major urban conurbations

- A new central body, the Central Logistics Development Council (CLDC) comprising of industry members, ministry representatives, and financial and academic institutions should be set up with the mandate of promoting the logistics industry

Institutions for Transport System Governance

- India’s transport policy environment is fragmented between modes and level of government, with infrastructure investment planning, policymaking, regulatory oversight (to the extent that it exists), and financing strategies scattered across and within levels of government. India’s governance of regional transport corridors is also somewhat more centralized than international practice for intergovernmental division of responsibility.

- An “integrated” approach to transport planning does not mean centralised decision-making, but rather setting up of systems for information flow, knowledge generation, and continuous, interactive dialogue between relevant organisations throughout the project cycle.

(Source: PIB)