

National Transport Development Policy Committee

Our Approach to Transport Policy

February, 2014

NTDPC | NTDPC'S APPROACH TO TRANSPORT POLICY



सत्यमेव जयते

Government of India

Agenda

Introduction

What is different in this report

The growth challenge

The governance and institutional challenge

The energy and technology challenge

Investment in transport is essential to increase productivity and benefit the entire Indian economy



Increasing prosperity will increase demand for transport infrastructure



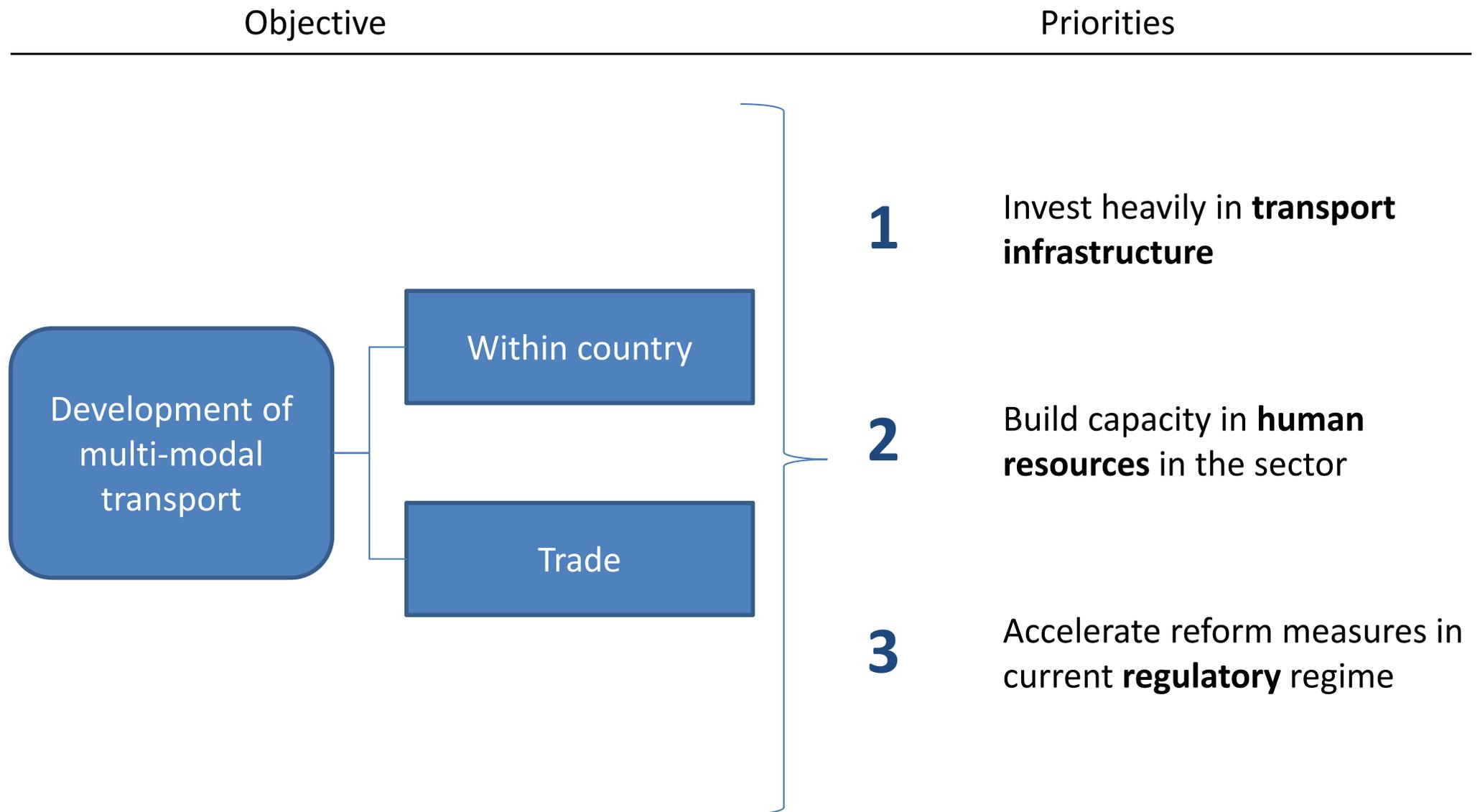
The faltering Indian manufacturing sector needs a boost that could be provided by a more cost-effective transport sector



The supply bottlenecks in the agriculture sector can be alleviated through increased connectivity across the country

Investment in transport is a response to emerging demand, but it is also an economic growth driver in itself

This reports lays out a clear prioritization for where such investment should be focused in the transport sector



There are certain guiding characteristics that should influence the nature of the investments being made

Cost-effective

Safe

Environmentally sustainable

Responsive

The progress made in the transport sector in India since the mid-1990s has been a mixed bag

What has improved



Golden quadrilateral



Increased competition in civil aviation



What has remained the same



Inefficient port structure



Inadequate urban transport



Lack of reform in railways



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NTDPC's approach to transport policy in India differs from prior efforts in two key areas

Systems-based approach

- Prior thinking on transport policy in India has been **too project-centric**
- NTDPC's **system-based approach** cuts across modes of transport, administrative geographies, and integrates capital investment with regulatory and policy development
- 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

Outward-looking approach

- Prior thinking on transport policy did not focus enough on connectivity with other countries, and in border areas
- NTDPC adopts a specific focus on developing a dense web of transport **links with neighbouring countries**
- Special attention is also given to the **transport needs of the North-East**

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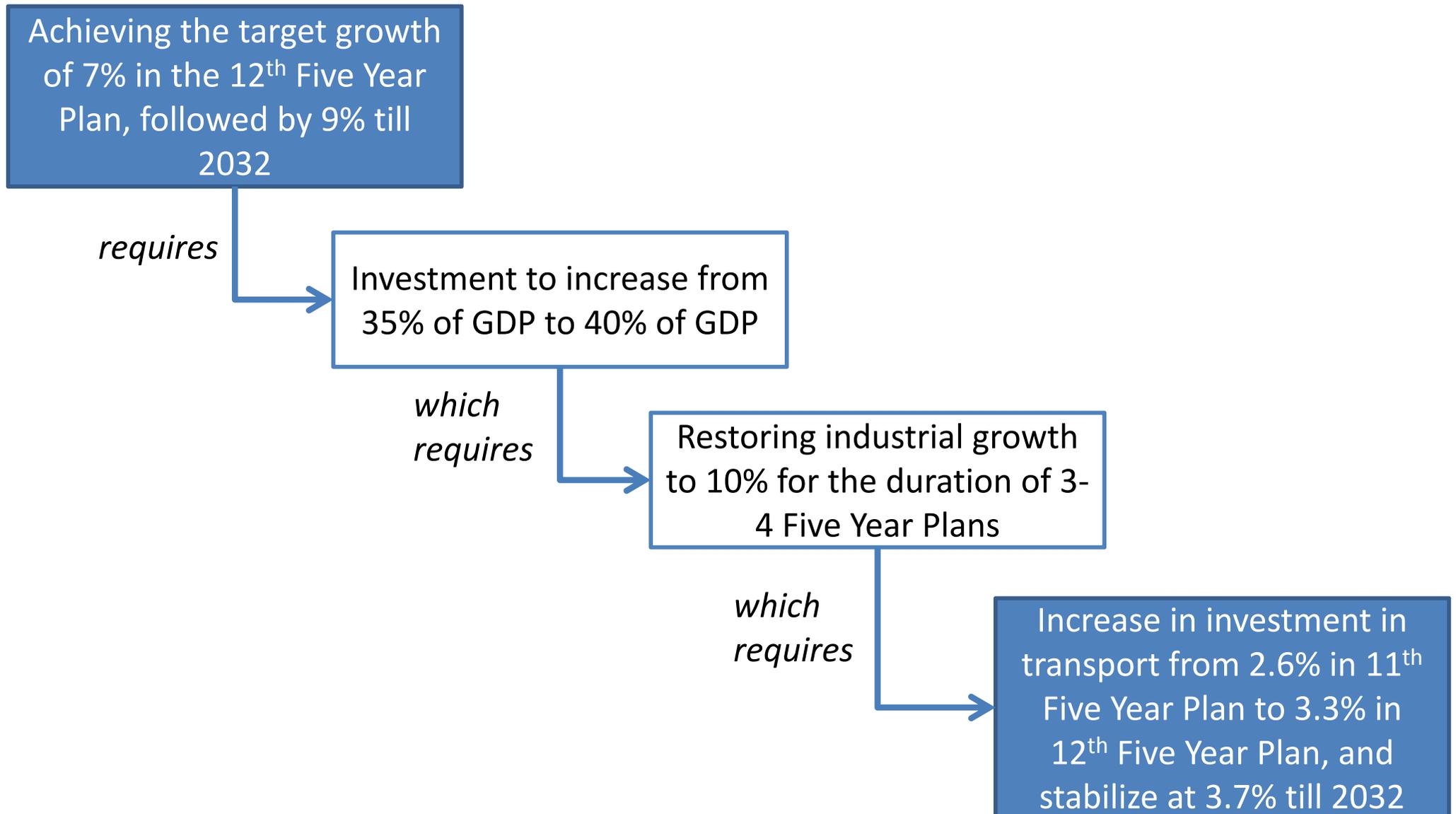
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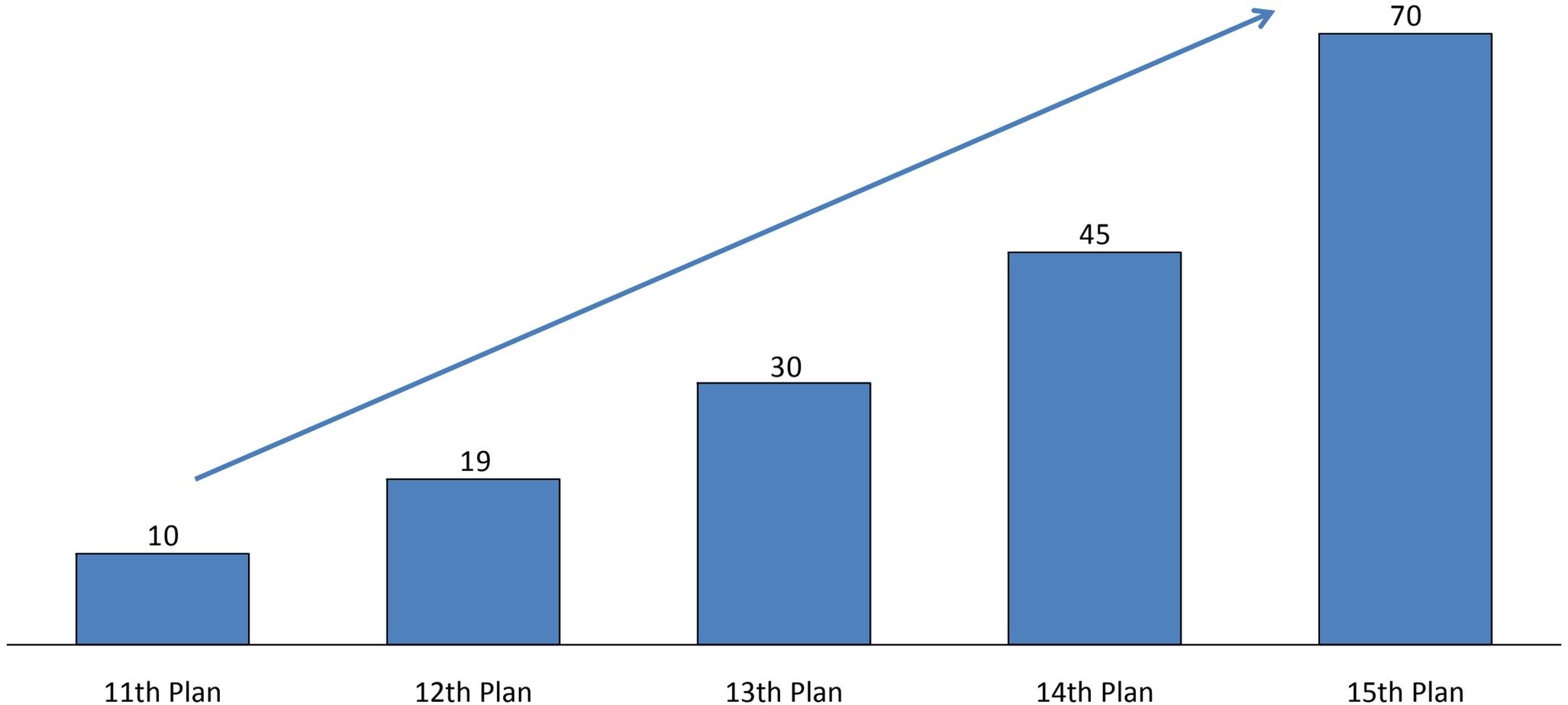
The energy and technology challenge

Investment in transport is a key factor that will enable India to continue on a strong growth trajectory



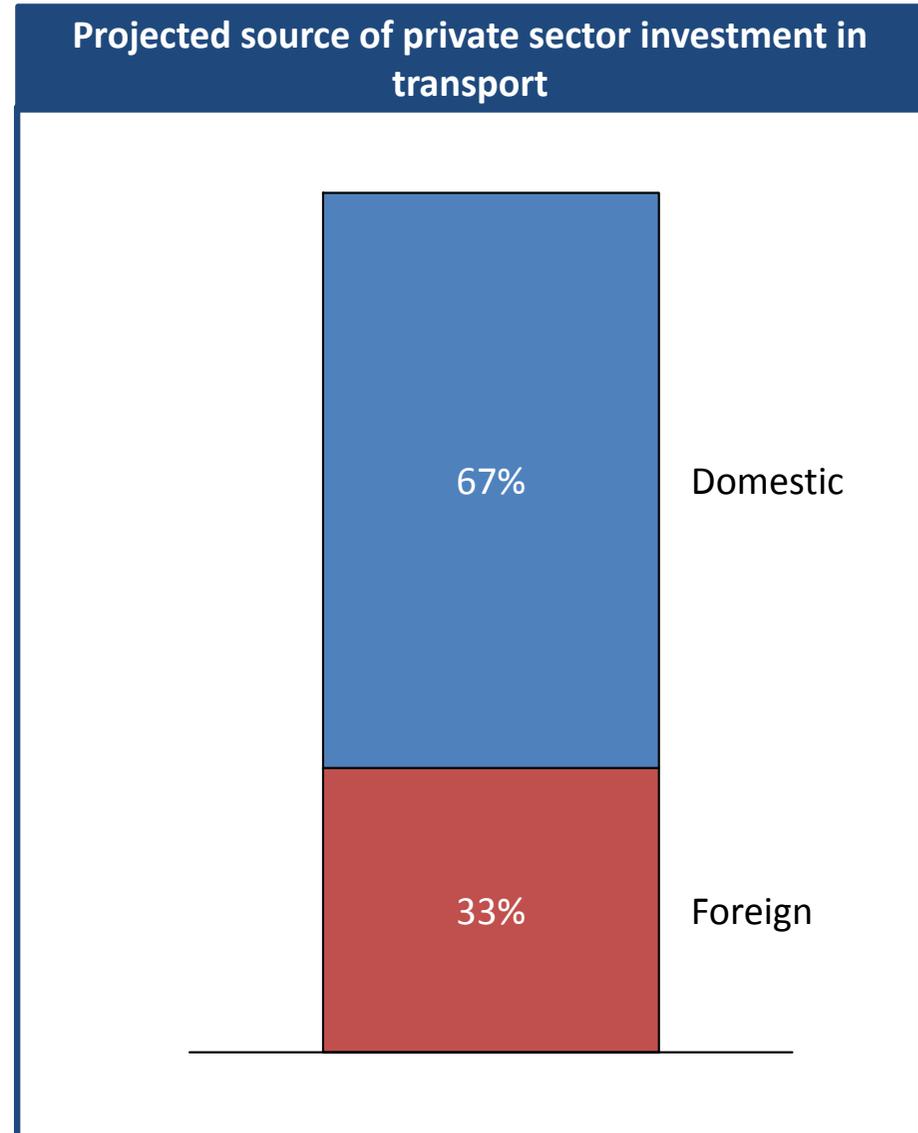
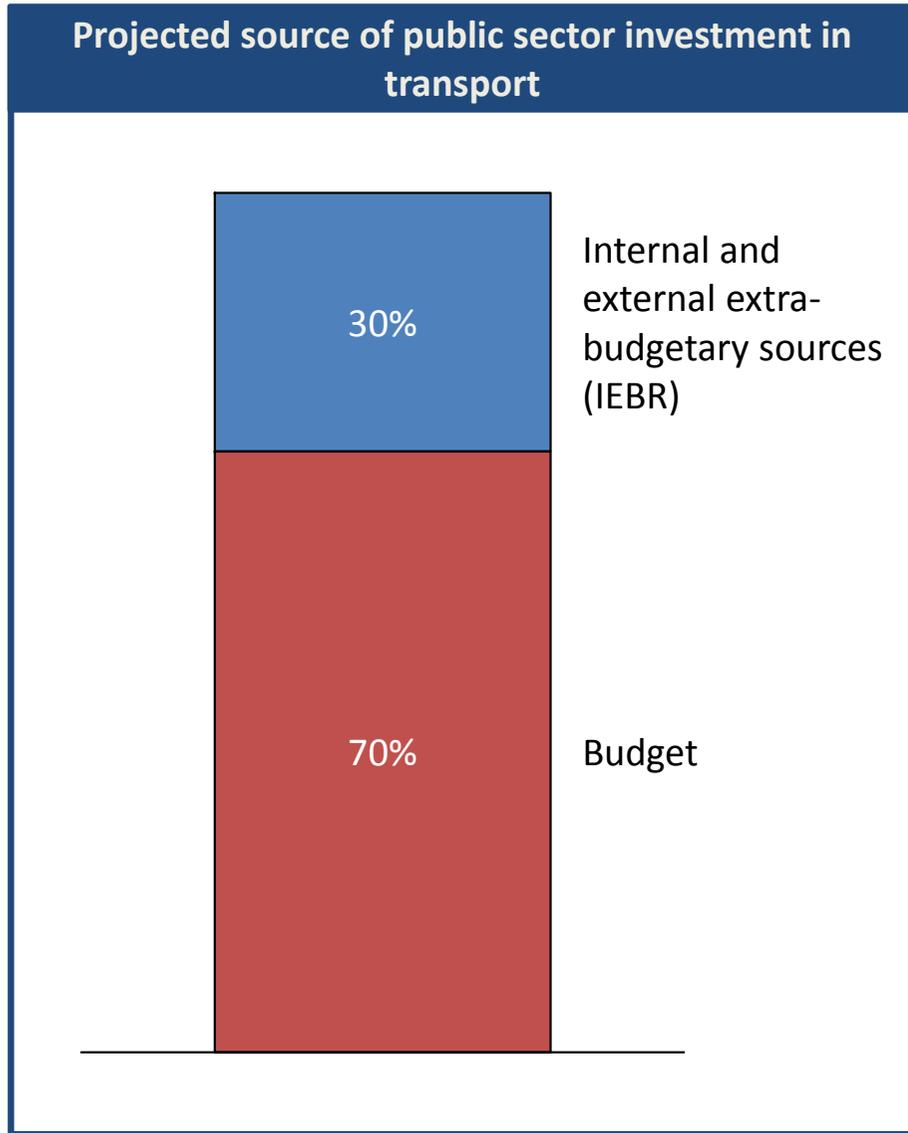
In absolute terms, this indicates a seven-fold increase in transport investment from the 11th Plan to the 15th Plan

Project transport investment requirement (INR, trillions)



Note: These projections were made top-down in a macro-economic modeling framework

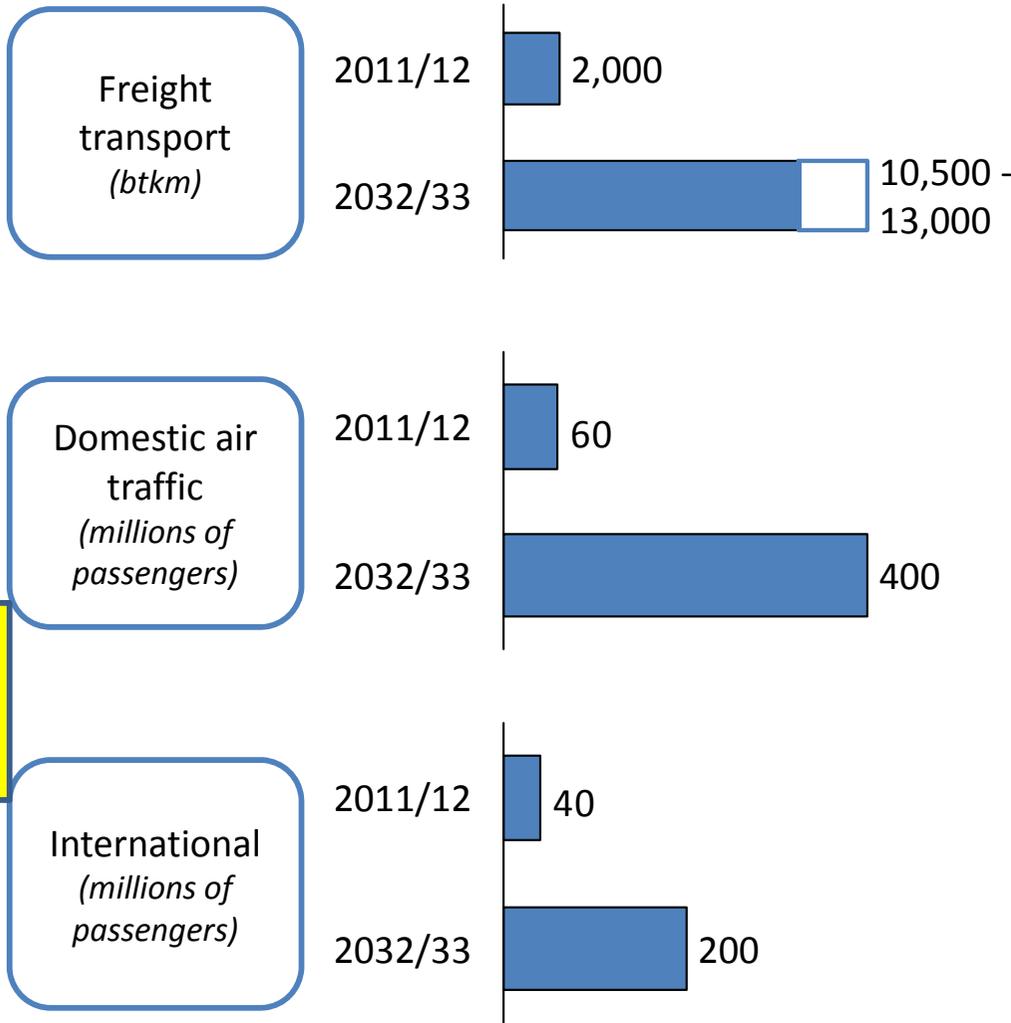
NTDPC has projected where the increased investment in transport can come from



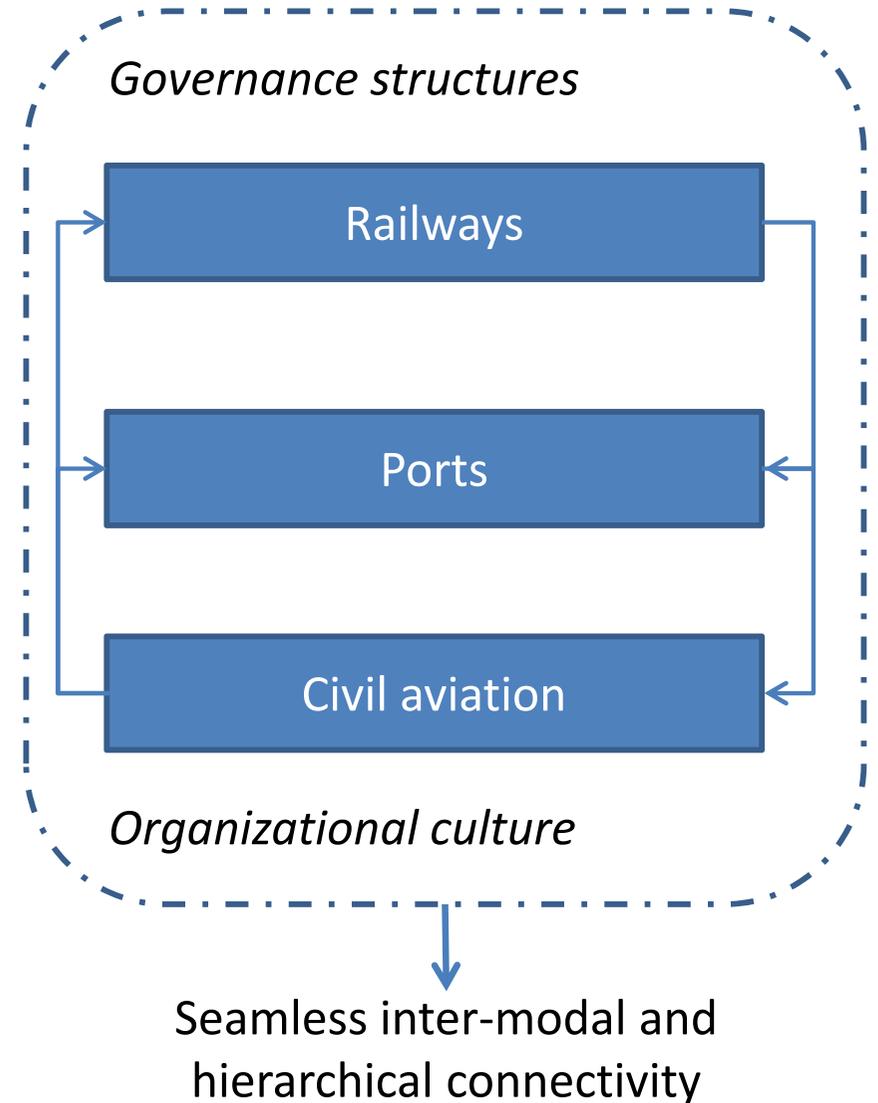
Note: These projections were made top-down in a macro-economic modeling framework

Given the projected increase in demand in the transport sector, a holistic approach is required to design an integrated transport network

Projected increase in demand



Designing an integrated transport network

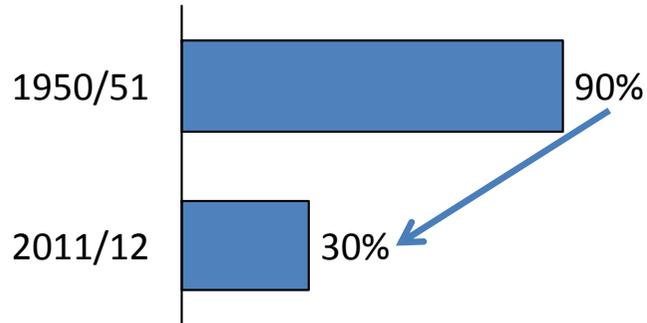


There is significant need for investment in railways, which will not happen in a business as usual scenario

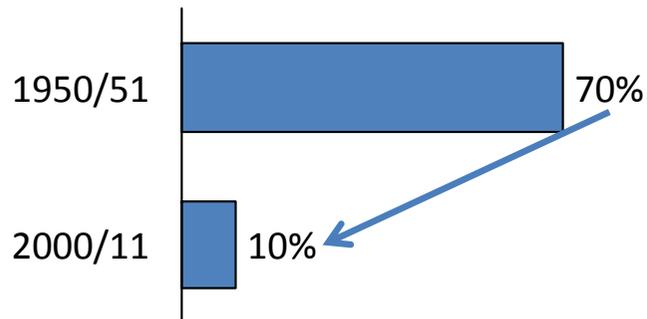


The downward spiral of the Indian Railways

Share in railways of freight traffic



Share in railways of passenger transport



Observations

- » This is a **steeper decline** than that witnessed in other large economies
- » This decline is particularly poignant given the expected **uncertainty of future crude oil supplies**, and damaging **environmental impact** of fossil fuels
- » It is essential that an attempt be made to **reverse** this trend, or at a minimum, **arrest** it
- » This will require making strategic decisions regarding relative allocation of investments to railways rather than roads, and accompanying pricing and taxation policies that can be used to **nudge transport demand towards desired modal shares**
- » The key issue facing the country is therefore the desired strategy for **capacity extension of the railways sector** over the next two years

A similar vision to that of the National Highway Development Project should be laid down for the railways

Major proactive action is required in port development to ensure India does not continue to punch below its weight in international trade



Current situation

- India's share of world trade is projected to increase from 0.8% to 1.5% in the next 20 years
- There is currently no comprehensive and coherent strategy for location of ports in the country or an overall investment programme in these ports
- Each of the world's major economies have a few mega ports that are well-connected with inland transport system; at present India has no such mega ports
- A good proportion of India's maritime trade is transshipped in Colombo or Singapore

NTDPC's recommendations

- 1** *Establishment of 4-6 mega ports over the next 20 years, with 2-3 on each coast*
- 2** *Adoption of the concept of landlord ports and corporatization of the existing port trusts*

Given the projected growth in the aviation sector, a strategic plan is required to enable this growth



NTDPC's recommendations

- 1** *Creation of a National Master Plan for airport development over a 20-30 year timeframe*
- 2** *Establishment of an Airport Approvals Commission within the Ministry of Civil Aviation to review and clear the plans on an ongoing basis*
- 3** *Development of off-airport processing facilities, similar to inland ports and container depots*

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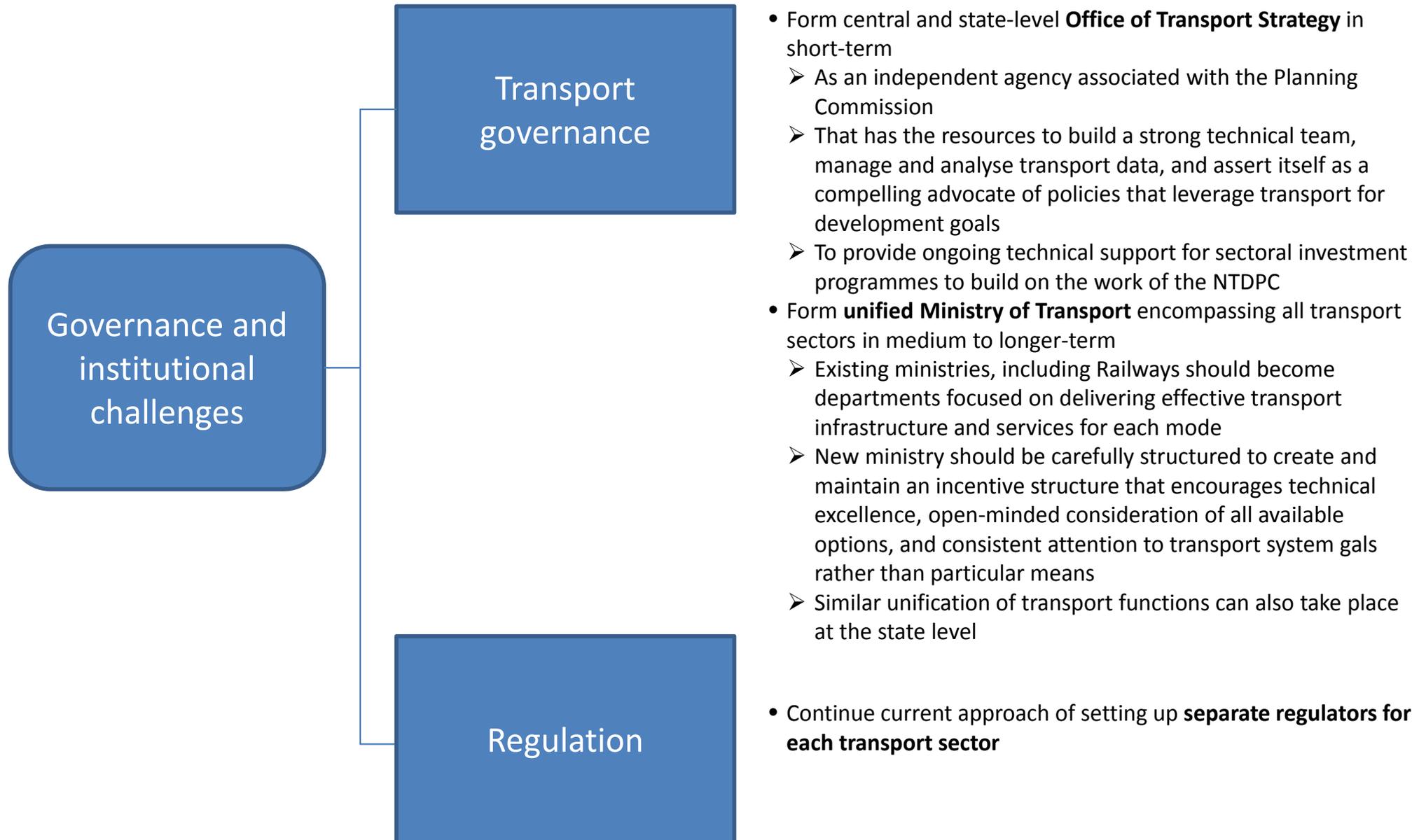
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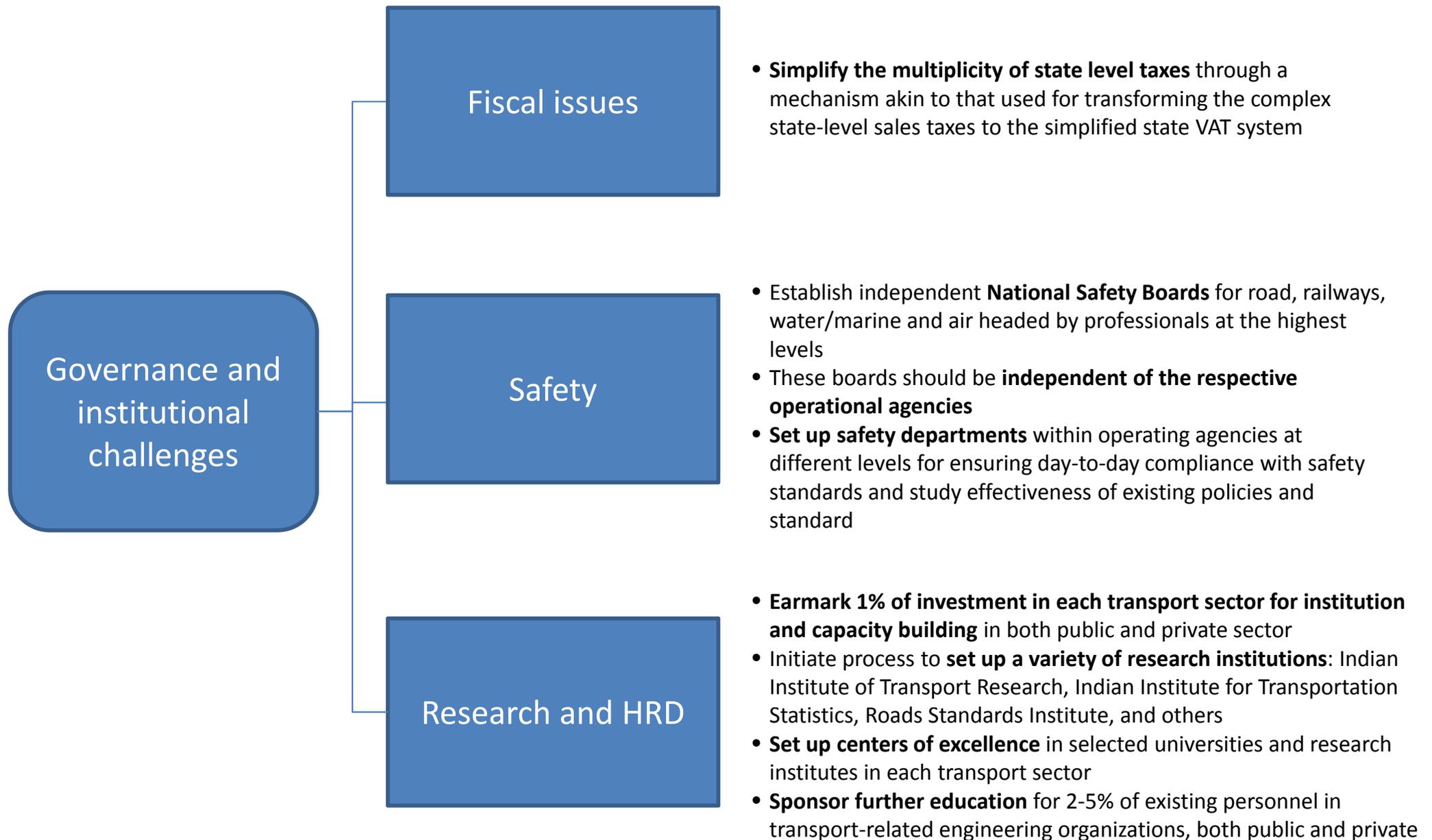
The governance and institutional challenge

The energy and technology challenge

NTDPC has specific recommendations on addressing the governance and institutional challenges to investment and growth in the transport sector (I/II)



NTDPC has specific recommendations on addressing the governance and institutional challenges to investment and growth in the transport sector (II/II)



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As we shape the transport sector for the future, we need to plan for controlling pollution levels and economising energy use

Priority

Enabling action

Arrest and reverse the increasing mode share of road transport for passengers and freight



- *Prioritize inland waterways and coastal shipping for the movement of bulk cargo*
- *Encourage use of public transport and non-motorised transport in cities*

Tighten and enforce vehicle standards to drive further innovation in emissions control, reaching European levels in 20 years



- *Create the National Automobile Pollution and Fuel Authority (NAPFA) that will be responsible for setting and enforcing vehicle emission and fuel quality standards in India*
- *Set up an auto fuel policy committee every five years to ensure air quality for our citizens*

ICT has an important role to play in integrating different transport systems, reducing energy use and increasing customer satisfaction

Select examples of use of ICT in a variety of transport sectors



Freight transport – Superior optimisation abilities



Ports – Trade facilitation by lowering transaction costs



Aviation – Issuance of e-tickets



Road sector – Smart cards and electronic tolls



Urban transport – Cross-modal smart cards and congestion pricing

NTDPC recommends the establishment of the Indian Institute for Information Technology in Transportation (IIITT)

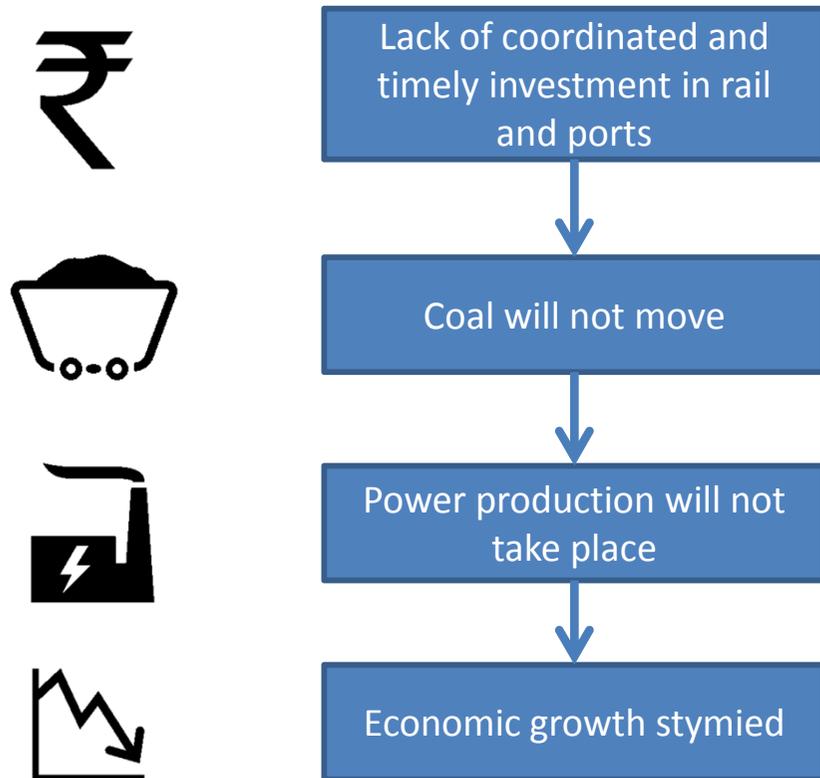
Urgent action is required to ensure that India's transport infrastructure can service the increasing needs for the movement of bulk energy commodities (I/II)

Current situation

- The demand for energy in India could increase by a factor of 4 over the next 20 years
- Production of domestic coal is expected to increase by about 2.5 times over the next two decades – it already accounts for half freight volume in Indian Railways
- The intensity of steel use is expected to possibly go up by a factor 8
- These very large increases in the transport requirement of bulk commodities pose a great challenge because our transport system is barely able to cope with the traffic today

Urgent action is required to ensure that India's transport infrastructure can service the increasing needs for the movement of bulk energy commodities (II/II)

Implications of "business as usual"



NTDPC's recommendations

- Focus on railway investments on the **feeder routes from the coal and iron ore mines** located mostly in the tri-state area of Chhattisgarh, Orissa and Jharkhand
- Among the DFCs, the highest priority may be given to the **completion of the Eastern Freight Corridor**
- Adequate attention be given to promoting **coastal shipping from the coal producing areas on the eastern coast** to avoid long over-the-land transportation of coal
- Selection of sites of the **4-6 mega ports** should be influenced by the transportation needs of coal and petroleum

Execution in a timely manner of the NTDPC's recommendations on this front will ensure that the potential and prospects of Indian economic growth are not jeopardised