

# 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

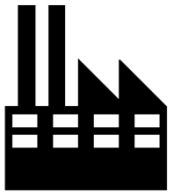
The governance and institutional challenge

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



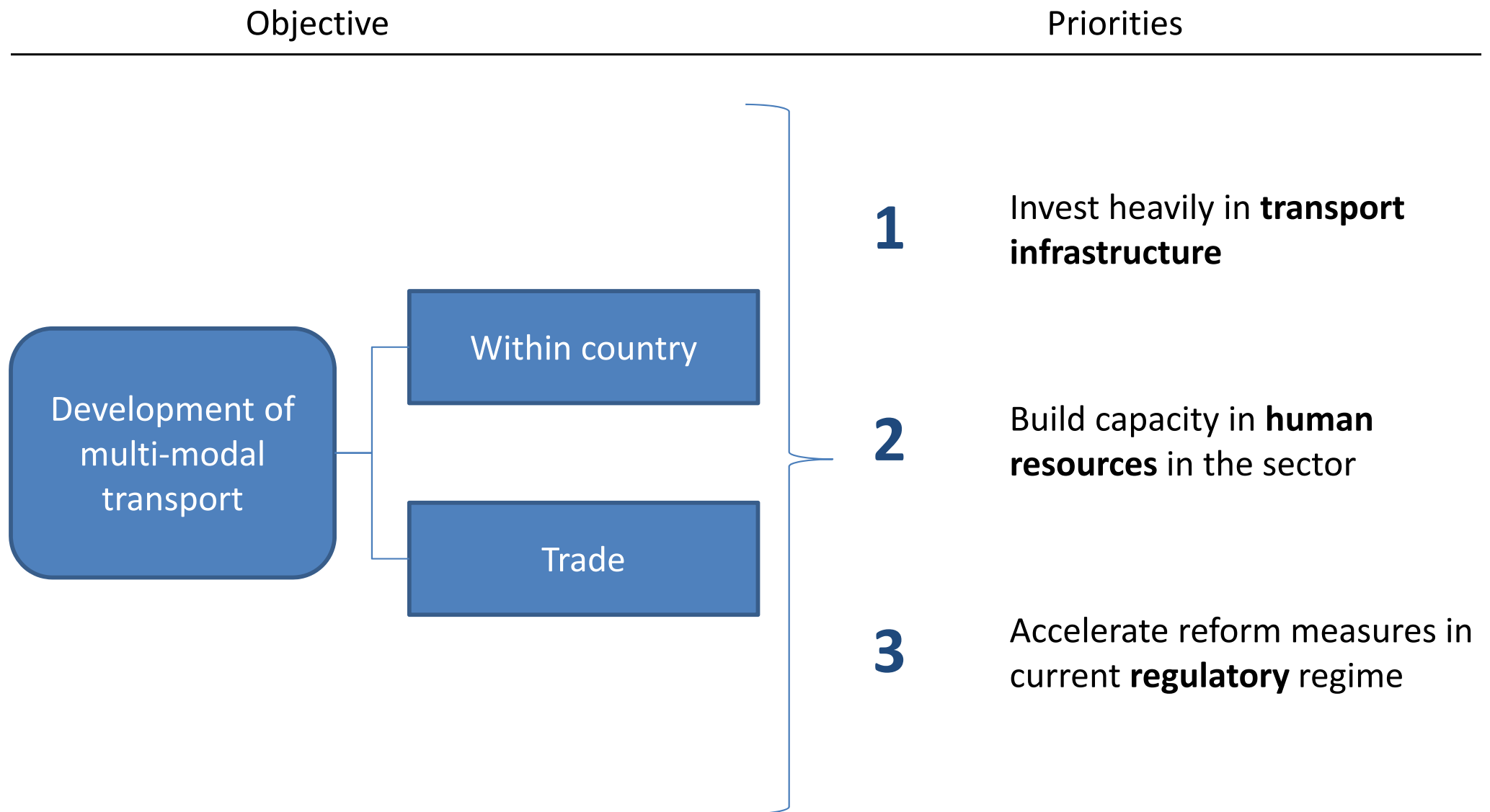
The faltering Indian manufacturing sector needs a boost that could be provided by a more cost-effective transport sector



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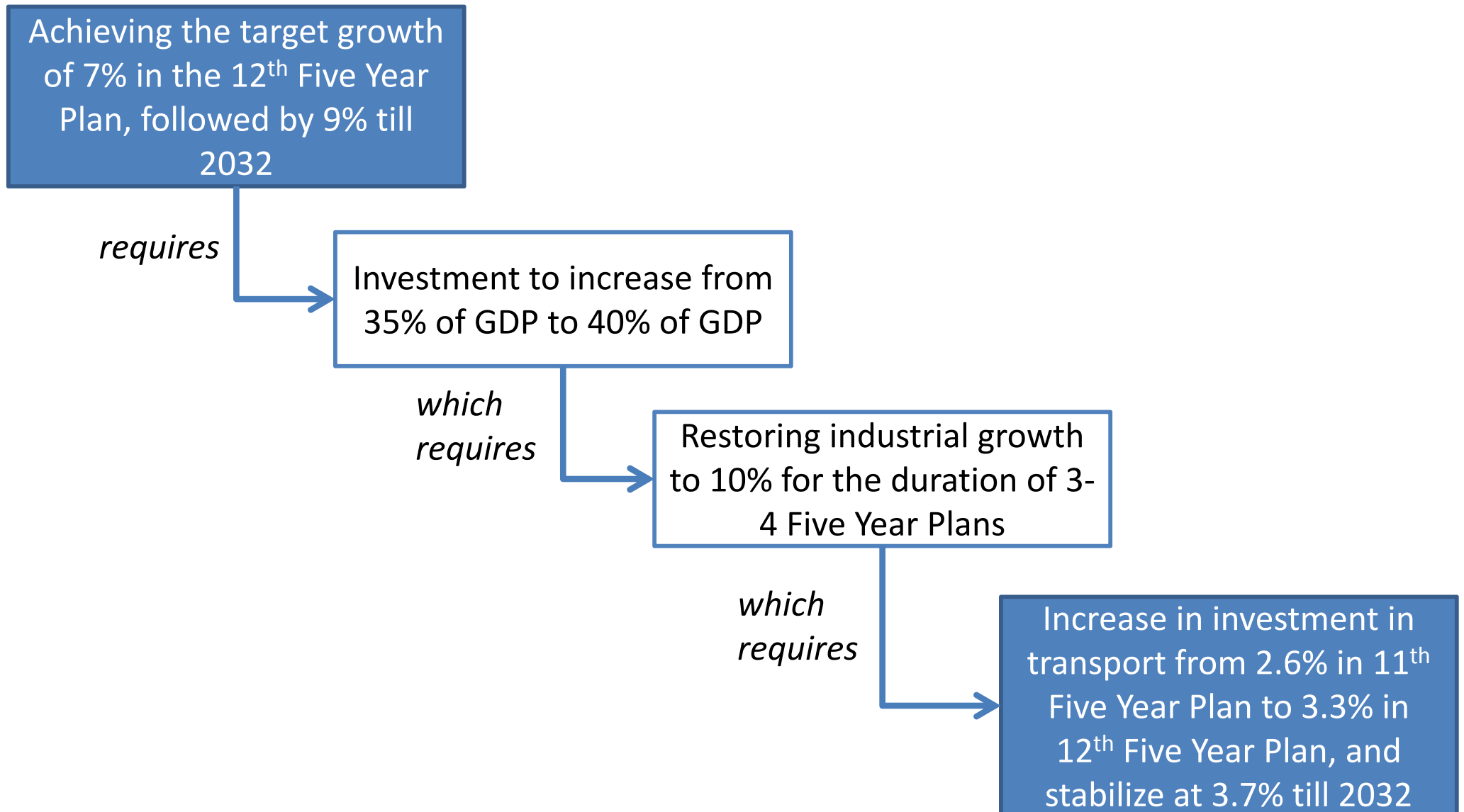
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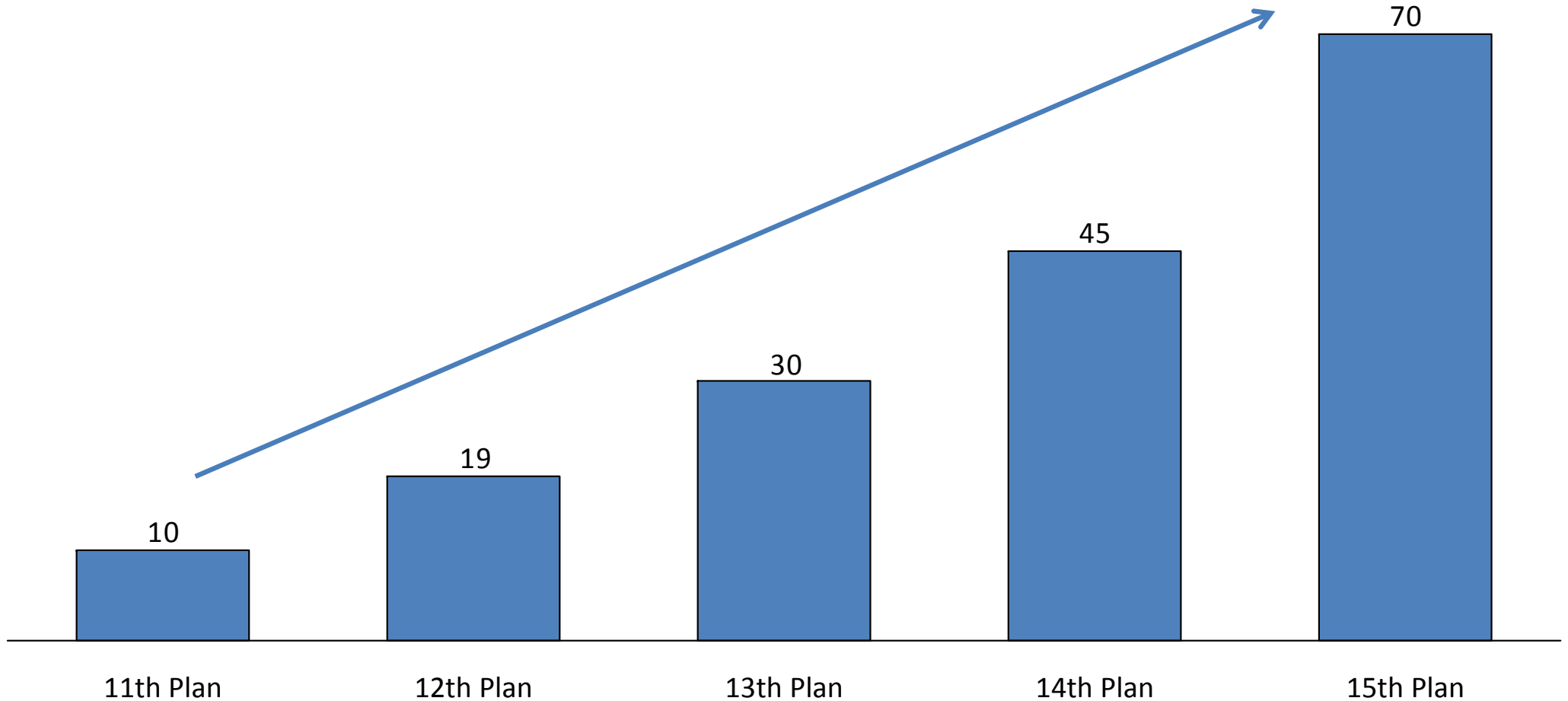
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# Investment in transport is a key factor that will enable India to continue on a strong growth trajectory



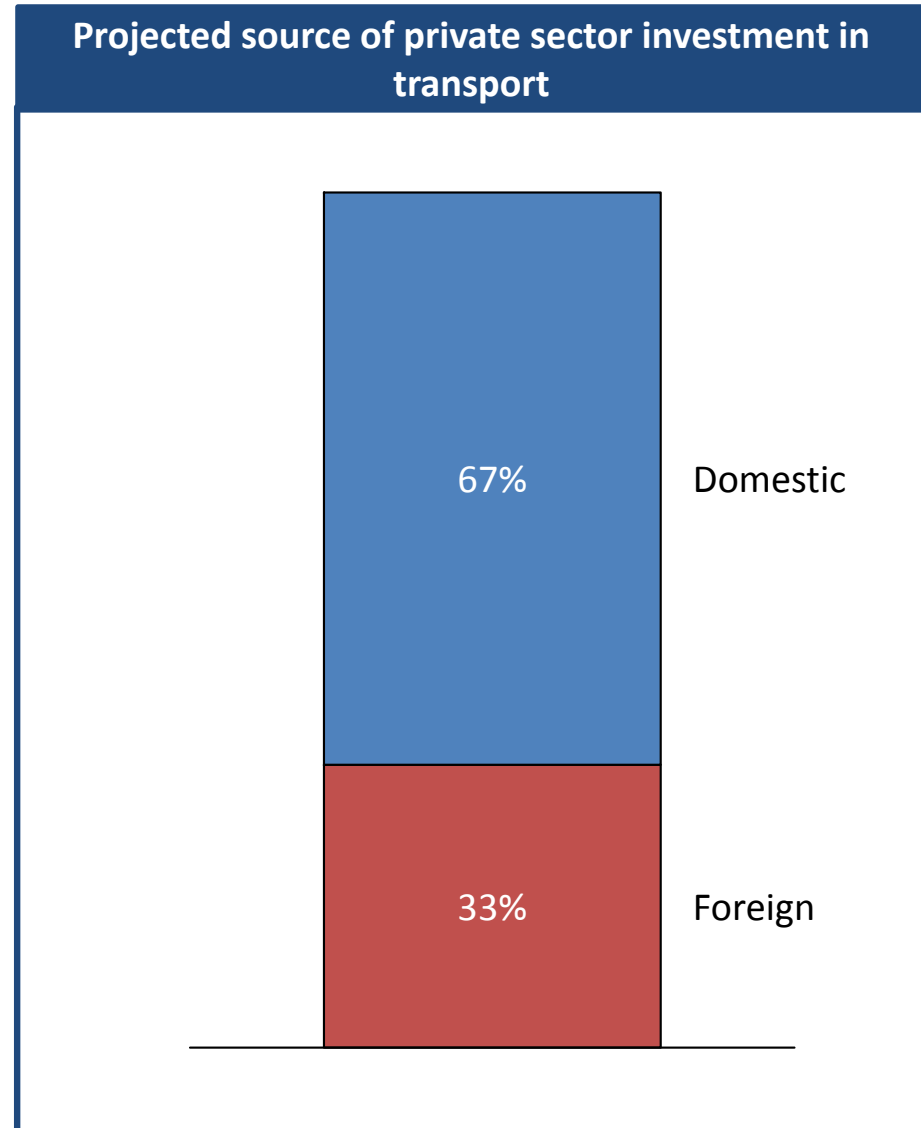
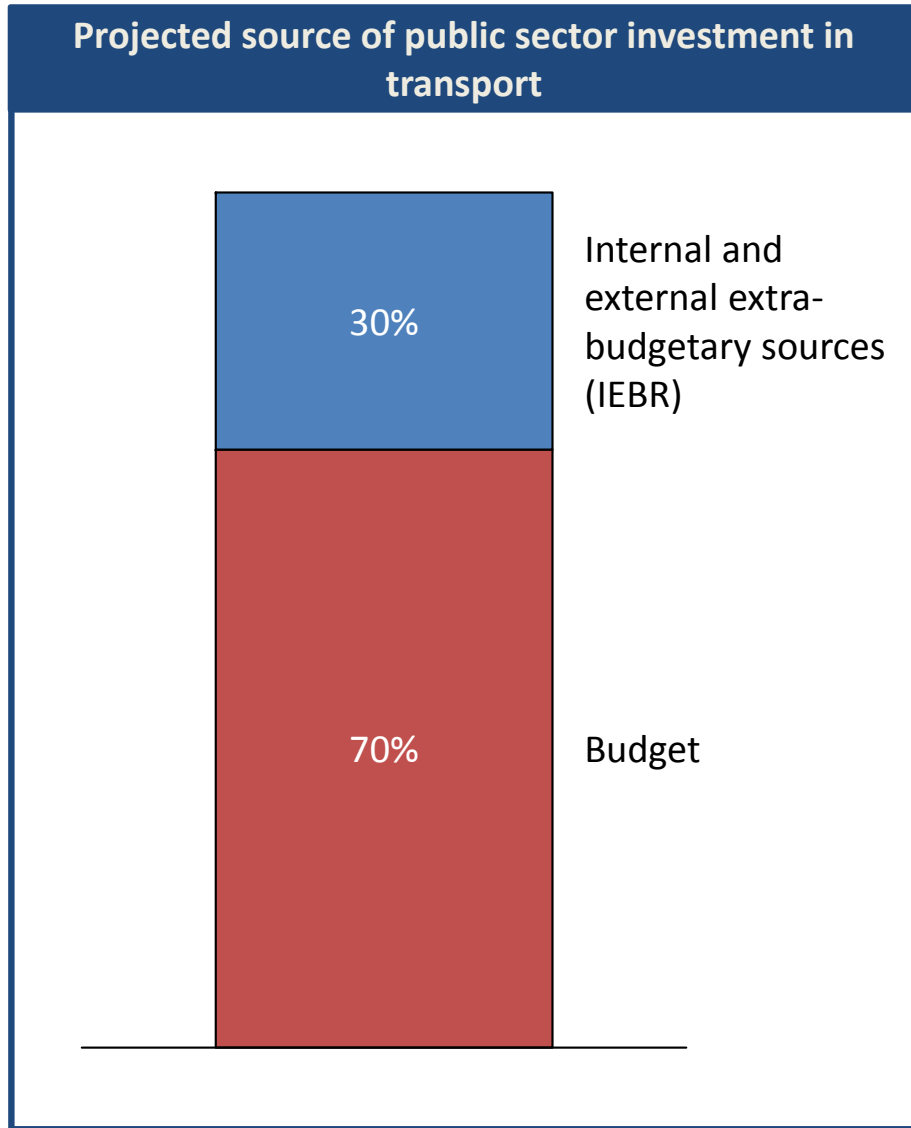
# In absolute terms, this indicates a seven-fold increase in transport investment from the 11<sup>th</sup> Plan to the 15<sup>th</sup> Plan

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



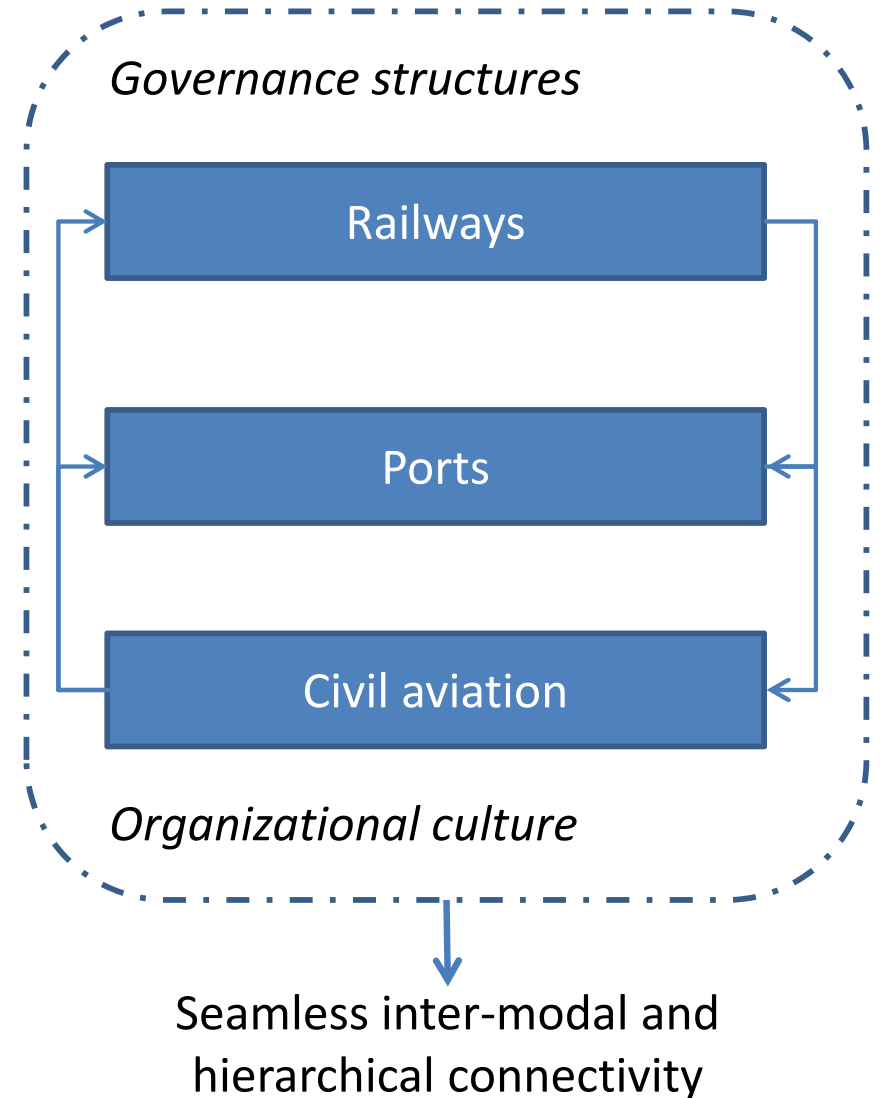
Note: These projections were made top-down in a macro-economic modeling framework

# 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

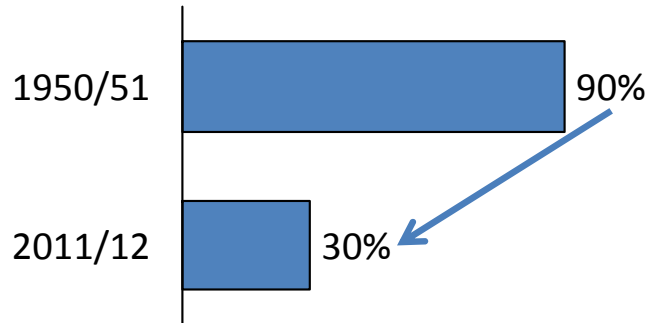


# There is significant need for investment in railways, which will not happen in a business as usual scenario

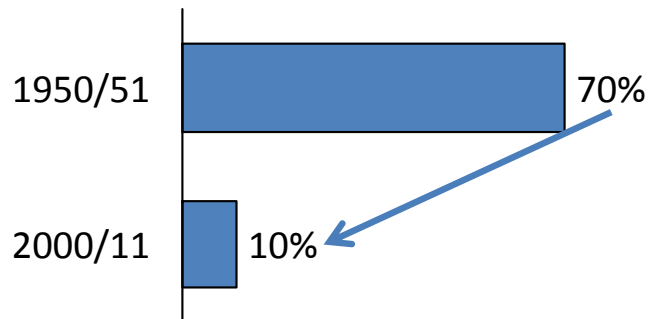


## The downward spiral of the Indian Railways

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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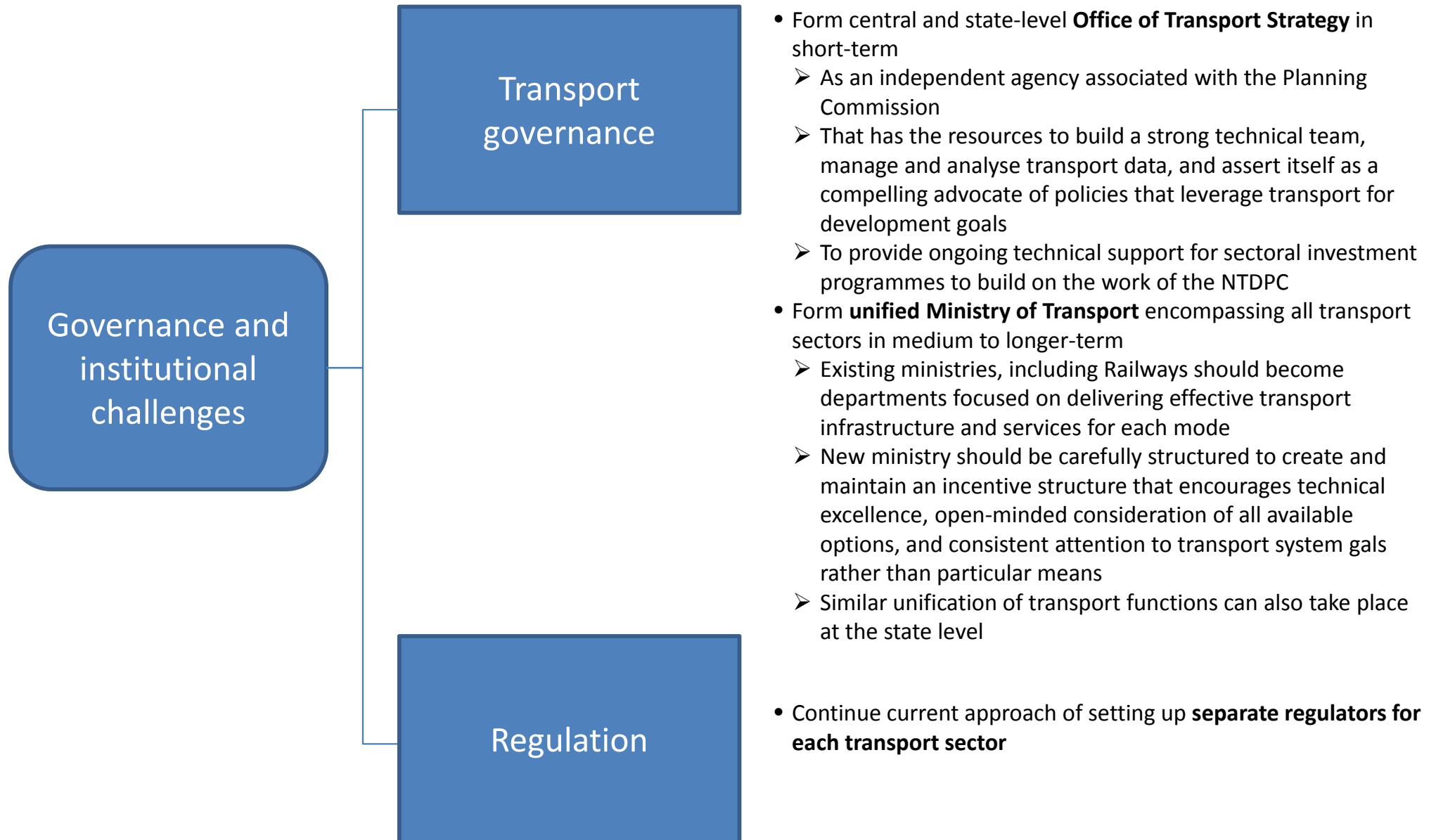
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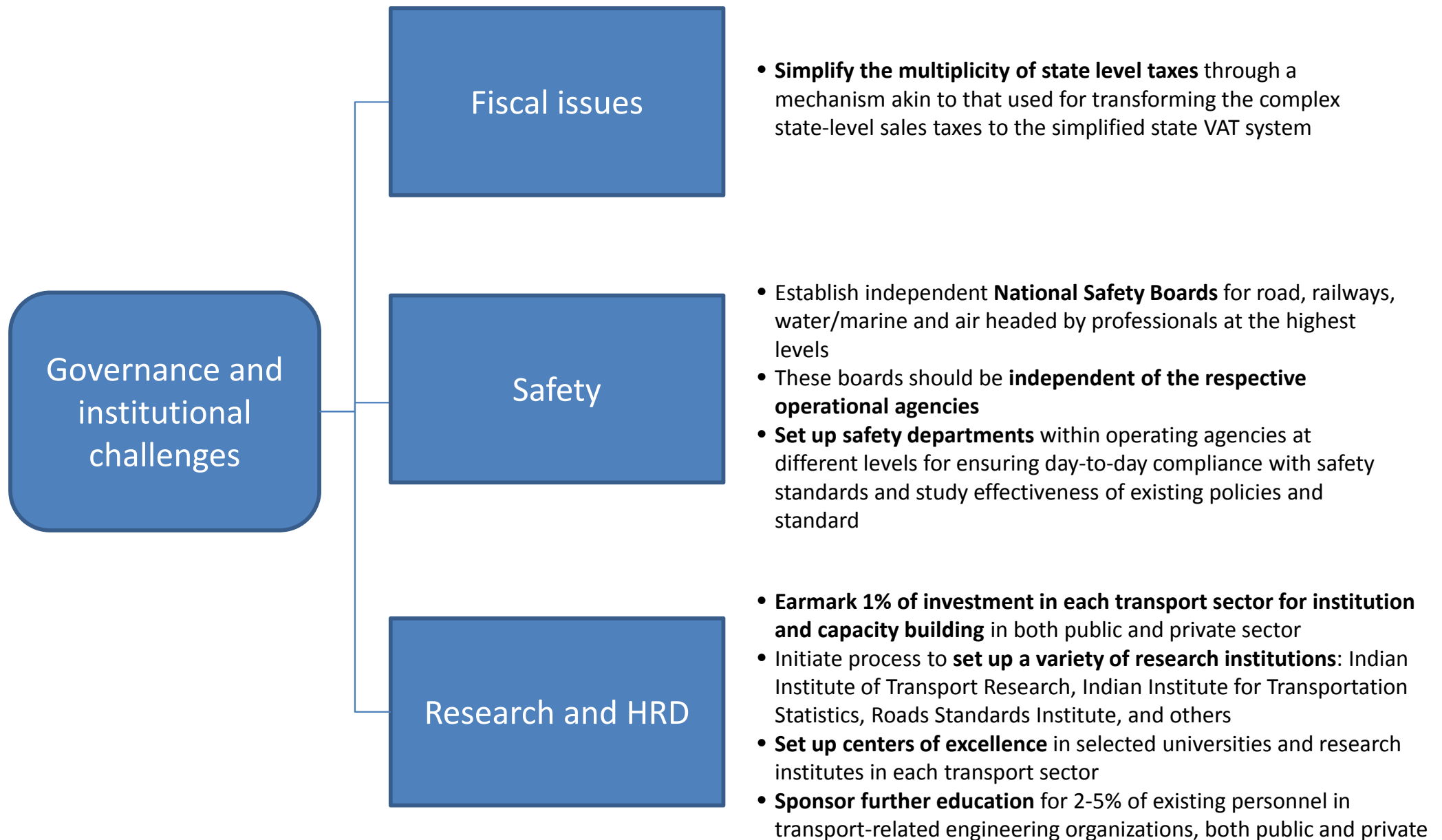
**The governance and institutional challenge**

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

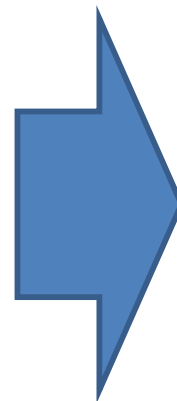
### Enabling action

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)

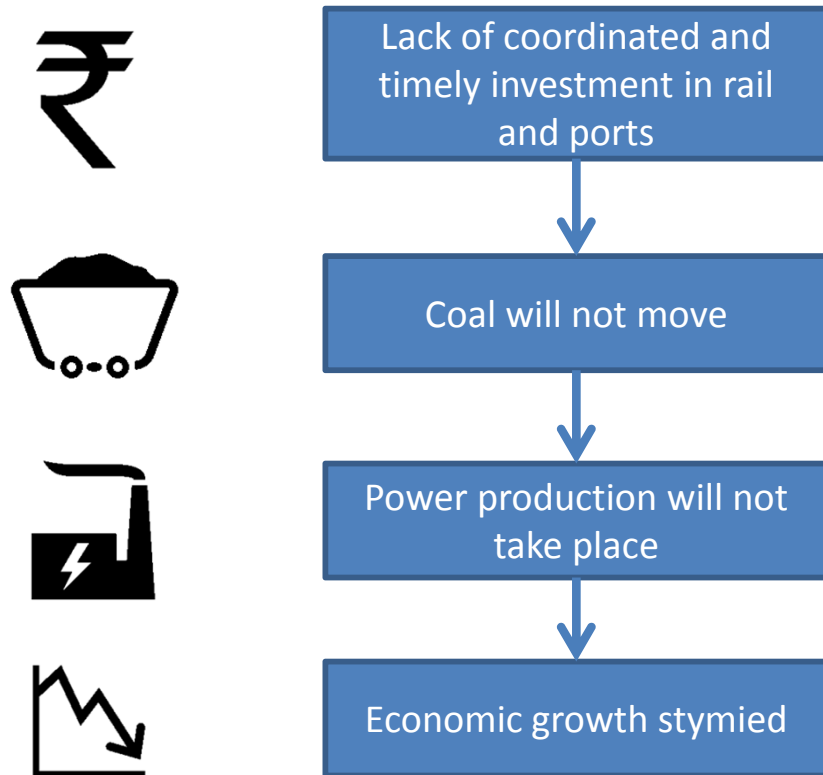
## Current situation

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- 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***