

CARGO CONNECT

NH Development: Taking Toll' on the logistics industry

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SPECIAL FEATURE



Roads are, of course, improving. But, it is not happening across the country at the same pace. Moreover, we must also consider the cost at which these changes are happening. If you compare the toll tax paid by a truck travelling from Bangalore to Delhi and back four years ago and now, you will understand the true picture. If they were paying Rs 1,200 four years ago, they are paying approximately Rs 14,000 now. It puts a lot of burden on the industry, and ultimately on the consumer.

— **Vijay Sankeshwar**
Chairman & Managing Director,
VRL Group

this increase. A recent study has revealed some startling facts about the logistics industry in India. On an average, a vehicle on Indian roads loses 24-48 hours in complying with paperwork and formalities at different check posts en route to a destination, the study report says. Fuel worth USD 2.5 billion is spent on waiting at check posts annually. A vehicle that costs USD 30,000 pays USD 7,500 per annum in the form of various taxes, which include the excise duty on fuel. This is why freight cost is a major component of the cost of a product in India, it says.

Congestion still a concern:

In spite of major improvements in road infrastructure in the last few years, traffic

of them is dedicated lanes for trucks and other vehicles. There is lack of transparency in terms of toll collection. Corruption is another issue that the logistics players allege in the collection of toll. Hence, the authorities need to look at these issues seriously to bring in transparency and accountability.

The government is seriously studying introduction of Radio Frequency Identification (RFID) cards to solve the existing issue of congestion at the toll plazas. These cards can be recharged like mobile phones and can go a long way in putting an end to congestion at the toll plazas. "A very futuristic view is to introduce Electronic Toll Collection (ETC), which would look at different ways of charging

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— **Chitra Shinde**, COO, Gati Express Distribution



congestion continues to be a concern in most of the important routes. The unscientific operations of the toll plazas create long queues at peak hours resulting in wastage of energy for transporters. "I don't think that these projects have actually achieved the goal. The basic area of concern in this regard is time frame completion. It is indeed a big hurdle. There has been continuous growth of vehicular traffic, so the congestion problem is still prevailing. And therefore, the long queues and delays at toll gates are obvious," informs Hansal. Expressing similar concern, Shah said that the increasing number of toll gates at important routes like Ahmedabad - Mumbai is instead of smoothening the traffic has actually slowed it down. "The number of toll booths have gone up from 3-12 between the distance of Mumbai and Ahmedabad alone. This has given rise to a number of indirect costs. The wastage of diesel and the time of our drivers, and the reduction in vehicular life, as they keep awaiting their turn at the toll booths, shifting from first to neutral to first again, is a major operational cost to us," he explains.

Suggestions:

The industry stakeholders have numerous suggestions to improve the working of these toll gates to smoothen the flow of traffic. One

users of transportation facilities in the future. Through this, different categories of vehicles pay toll according to time of day of travel," argues Shah.

High toll will make road transportation uncompetitive to rail transport, says Chitra Shinde of Gati. Therefore, goods vehicles should be charged less compared to private cars, she argues. "More automation of prepaid cards and discounts on frequency of trips, perhaps also single toll in the future with integration amongst the various roads via national highways, so that at start of trip one can input the route and pay one time," she suggests.

"To improve functioning of toll system, variable toll rates can be issued to commercial vehicles and also during registration of new vehicles one time tax or 'user' fee for toll tax can be collected," suggests Rajesh M Shah.

The government also has to take the stakeholders of the industry into confidence while calculating the toll fee, otherwise there will long term effects on the economy. It is obvious that the mounting logistics cost in the country will ultimately be passed on to the end consumer by manufacturers. This will make the cost of goods beyond the reach of average Indians. +