

## Reforms to Toll Collection Practices

**Mains:** *GS III - Infrastructure: Energy, Ports, Roads, Airports, And Railways etc.*

### Why in News?

Recently, The Public Accounts Committee (PAC) of Parliament has recommended significant reforms to toll collection practices on national highways.

### What is toll?

- **Toll** - It is a *fee charged* for the use of a road, bridge, or other infrastructure.
- **Collected at** - Designated toll plazas or booths.
- **Collected by** - In India, *the National Highway Authority of India (NHAI)* and, in some cases, *private concessionaires*, are responsible for collecting toll on national highways.
- **Collected for** - Funding the *construction, maintenance, and operation* of that infrastructure.

### How is toll determined in India?

- **Section 7 of the National Highways Act, 1956** - It empowers the *Government to levy fees for services* or benefits rendered on national highways.
- **Section 9** - It empowers the *Union government to make rules* in this regard.
- Accordingly, the policy for the collection of user fee is formulated and governed by the *National Highways Fee (Determination of Rates and Collection) Rules, 2008*.
- **Fixation of user fee** - The levy of user fee is based on the base rates *fixed under the NH Fee Rules across the country* and is not related to the cost of construction or its recovery.
- The rates of *fees have been increasing by 3% each year from April 1, 2008*.
- **Normalisation of cost variations** - In order to cover the impact of variable cost of operation and maintenance, *40% of annual increase of WPI is provided*.
- **Collection of fee** - The fee is to be collected by the Union government if a highway is publicly funded or by the concessionaire if it follows any of these models
  - Build Operate Transfer (BoT)
  - Toll-Operate-Transfer (ToT)
  - Developed under Infrastructure Investment Trust.
- **Amendment in 2008** - It allowed user fees to be collected in perpetuity.
- So, if the concession period is over, the highway is handed over to NHAI, and the toll collected will go directly to the Consolidated Fund of India.
- **Total collection** - The toll collection has gone up from ₹1,046 crore in 2005-06 to *₹55,000 crore in the financial year 2023-24*.

- Of this ₹25,000 crore will go to the Consolidated Fund of India, and the remaining to the concessionaire toll plaza.
- **Discounts** - These are available to users *residing within 20 kilometres of the toll plaza* based on their Aadhar card or any other proof following which they get a monthly pass of ₹340.
- **Exemption from toll payment** - It is granted *to 23 different categories* that include President of India, Vice President, Prime Minister, Governors, Chief Justice of India, Ministry of Defence personnel, Central and State armed forces in uniform including para military forces and police as well as ambulances, funeral vans and vehicles modified for differently abled people.

### What are the issue with current practices?

- **Unfair collection** - The committee expressed concern that current toll practices allow for *indefinite collection* regardless of road quality, traffic volume, or user affordability, creating what it termed a *"regime of perpetual tolling"*.
- **Increase in toll rates** - The PAC noted that while toll rates currently *increase annually by a fixed 3% increment* plus partial indexation to the Wholesale Price Index.
- **Issues with FASTags** - Despite their extensive implementation, traffic bottlenecks persist on NHs due to *malfunctioning scanner readings at collection points*.
- **Absence of regulatory body** - There is no institutional mechanism *to independently evaluate whether these charges are justified relative to actual operational and maintenance costs or future service requirements*.

### What are the key recommendations?

- **Suspending toll collection** - Advocated for *discontinuing or significantly reducing toll charges* on national highways once the capital expenditure and maintenance expenses have been fully recovered.
- **Validation of toll collection** - The panel emphasised that any continuation of toll collection beyond cost recovery *should only be permitted with clear justification and approval* from a proposed independent oversight authority.
- **Setting up regulatory body** - It proposed establishing a specialised regulatory authority *to ensure transparency and fairness in toll determination, collection, and regulation*.
- **Compensatory clause** - The panel has also insisted that highway users should receive toll reimbursements *when construction is in progress and commuters cannot properly utilise the roadways*.
- **Intensive use of technology** - The government should create a *technology-based and transparent system for automated toll reimbursement* or exemption in such circumstances.
- **Updating FASTags** - It suggested *establishing on-location services for motorists* to top up, buy, or exchange FASTags.
- **Effective scrutiny** - It states that efficient toll administration must encompass *continuous surveillance and evidence-based decision-making*.
- **Efficient follow-up mechanisms** - NHAI should create a *live toll plaza monitoring system* that combines real-time traffic movement, waiting line lengths, individual lane

utilisation, and projected delay periods.

### How has the Ministry responded?

- **Recognised the recommendations** - The Ministry of Road Transport and Highways acknowledged the Committee's concerns.
- **Started a complete study** - It has initiated a comprehensive study with NITI Aayog to revise the user fee determination framework.
  - **Scope of the study** -It will cover parameters such as vehicle operating cost, damage to the highway due to vehicle use as well as user's willingness to pay.
- **Introduction of annual pass** - To address affordability concerns, the government introduced an annual FASTag pass effective from August 15.
- It was, priced at ₹3,000 for non-commercial vehicles.
- It enables access to 200 toll crossings over 12 months, effectively reducing the cost to ₹15 per toll booth.
- **Development of comprehensive system** - To ensure smooth traffic flow at toll booths, the Ministry is developing a barrier less free flow tolling system.
- It combines high-quality FASTag readers with Automatic Number Plate Recognition (ANPR) cameras, allowing vehicles to pass through toll plazas without stopping.

### What lies ahead?

- Reforming the toll collection process could ensure smooth flow of traffic and reduce commuting time for the vehicles.
- Access to modern infrastructure in toll plazas could ensure India meet global standards in traffic management.

### Reference

[The Hindu| Reforms to Toll Collection Process](#)

