

# Build toll-free National Highways

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## Why it is necessary to build toll-free highways?

As of June 2021, there are 666 toll gates on national highways and may be collecting nearly rupees 40,000 crores, (subject to correction) annually. This huge collection could reflect on prices of goods, particularly food grains we buy. The toll-fee collection does not distinguish between the rich and the poor, high-valued goods or low-valued goods. Incidentally, the effect of toll collections is more on food grains than on high valued goods.

There is no justification for the existing toll gates. The expansion of the road network in the future needs a huge amount of investment, which has to be collected from the users. I suggest that users are divided into two categories: the rich pay and the poor do not. The following suggestion is an elaboration of these two points.

The existing toll gates on the highways are no longer necessary to pay for the cost of laying the roads, as most of these toll gates have been functioning for the collection of the toll fee for the last 10 years or more on average. This time period is more than enough to fully recover the amount invested along with interest. These toll gates need to be shut down, and if, in case, the justification for continuing collection of toll, in order to finance the laying of the roads in future, I have a suggestion for financing such road laying activity without the need for toll gates. The new scheme also ensures social justice because users of public passenger transport and all types of commodity transport need not pay any toll. Rich people owning their own private transport in the form of cars, etc., have to pay for the limited period of five years.

There are 40 lakh trucks, heavy vehicles [out of 70 lakh vehicles, according to 2011 data] that use these highways daily and another 40 lakh cars, buses, vans and other vehicles [ out of total 2.08 crore according to 2011 data] that use these toll roads and pay toll taxes at toll plazas.

The total toll-fee that is being collected per year from all these toll gates/toll plazas is estimated to be over 40,000 crores (subject to correction). The total fuel wastage by all vehicles at all toll plazas is over 30,000 crores per annum. This is my estimation. The value of this annual toll fee is about 0.4% of the total GDP value. When it comes to agriculture GDP, the percentage of toll fees is 10% of the value of food grains.

The percentage value of these total toll fees to the total value of goods and commodities that are being carried by trucks through these toll gates is estimated to be around 10%.

That means the cost of any commodity invariably includes the toll fee that is being paid by truck drivers/owners at the toll gates. In the case of agriculture produce like cereals, pulses, fruits, vegetables, the cost component of toll fee will exceed 10%. That means agriculture prices are 10 % more costly because of these toll fees.

If toll-free highways are built, the prices of agricultural produce will become cheaper by at least 10% or the farmers will get 5% extra price for their produce and the people will get agricultural commodities at 5% less.

The ticket fares for travellers who go by buses will also get decreased.

Similarly, the fuel that is being wasted because of idle engines of vehicles at toll gates is estimated to be Rs 30,000 crores. The wastage of fuel can be saved by removing toll plazas on highways. The total travel time will also decrease with the removal of toll gates on high-ways.

### How to build toll-free highways?

My suggestion for collecting funds to build toll-free highways in two ways.

#### First method:--

It is simple and easy. "Tax the rich, save the poor" should be the motto to build and maintain superfast National Highways for rapid economic growth.

The government should impose fixed annual toll tax/wealth tax on car owners for the limited period of five years, to construct new 4/6 lane superfast National Highways and for widening of existing highways.

This annual toll tax or wealth tax on car owners should be given exemption to taxi/cab service owners who own and run only one car for public transport. But the annual wealth tax should be levied on each car a person owns for personal use.

So individuals who own only one car/cab for public transport for their livelihood should be exempted from this annual toll tax/wealth tax. It generates self-employment for millions of cab drivers.

This exemption should not be applicable to travel agencies or cab operators, which own and operate more than one car/cab.

The government should mandate all public sector banks to give bank loans for cars used for public transport at the simple interest rate of 4% per annum as part of the self-employment scheme. For car loans taken by individuals for their personal use, an additional 6% interest rate should be collected to cross-subsidise the car loans taken by self-employed drivers for public transport. That means the self-employed cab drivers will get car loans at the rate of 4% per annum, while the private car owners, taxi operators and multiple cab owners will get car loans at the annual interest rate of [6% + usual bank interest rate for car loans]. The 6% interest rate could be used by banks to subsidise self-employed car drivers.

The government should impose an annual wealth tax/toll tax on all cars, except those cars used for public transport and owned by self-employed cab drivers.

My suggested toll tax/ wealth tax slab on cars is as follows.

S.No.	Engine cc	Toll tax/wealth tax per annum
1	Up to 800	Rs. 10,000
2	800 to 1000	Rs. 20,000
3	1000 to 1200	Rs. 30,000
4	1200 to 1500	Rs. 50,000
5	1500 to 2000	Rs. 100,000
6	2000 above	5,00,000
7	Imported cars	10,00,000

According to 2011 data, the total registered cars and jeeps in India are 1, 92, 31,000. This figure might have increased to 3,50,00,000 by now.

The total revenues that accrue if the government imposes toll tax/wealth tax on these cars will be around 40, 000 crore annually.

If the Central government allocates another 20,000 crore in the annual budget for highway construction and adds to this amount, then the total available funds to build toll-free highways would be 60,000 crore per annum.

By using these funds, the government can build 6,000 KMs of toll-free national highways every year. That means in five years, nearly 30,000 km of road widening can be fully financed without any need for toll plazas on national highways. Thereafter, this money can be used for the annual maintenance of these roads.

## Build toll-free national highways

The toll fees paid by the trucks which carry goods, agricultural produce etc.; is being passed on to the general public. Similarly, the passengers travelling by buses on these national highways are paying the bus fares inflated by the toll fees.

My scheme of financing widening of highways results in taxing the rich while fully exempting the poor. This should be a reasonably good policy for any democratic government. It also saves the common man from being fleeced indirectly at the toll gates.

This policy would also encourage people to use the public transport system more and it would decongest the city roads and ease the traffic problem to a certain extent. It will also increase self-employment to many in the transport service sector.

### Second source of funding to build national highways.

Impose Rs 20,000 as **foreign travel tax** for each foreign trip on those who go to foreign countries as tourists for excursions, shopping, pleasure trips, sight-seeing etc. Do not impose this travel tax on those who go to foreign countries for work, study, business, contracts, official duty, training, news coverage, sports participation etc.

The number of outbound travellers from India is estimated to be 4 crore every year. More than 20% of these outbound travellers go abroad for leisure or pleasure trips. If wealth tax or foreign travel tax of Rs 20,000 is imposed for each leisure or pleasure trip on 80 lakh leisure travellers, the revenues that accrued to the government will be around Rs 16,000 crore. This is the second source for part financing to build national highways. The cost of every commodity transported by road is invariably includes toll fees also. If toll fees are removed by taxing the 10% rich people 90% of the people can be saved from high burden toll taxes. Note: - The figures mentioned above are subject to correction as I do not have exact figures.

### Build the national highways in quick time

There is a strong link between time and money, especially when planning and implementing such huge infrastructure projects. To avoid cost overruns and corruption, I suggest the following suggestions and regulations that are to be incorporated in the contract schedules before awarding works to contractors.

- 1] If corruption is entirely removed in awarding contracts and padding up of project cost is not allowed, then the cost for laying 4 lanes of the national high-way would be Rs 12 crore per KM (excluding land cost) and Rs 20 crore (excluding land cost) for 6-lane national highways.
- 2] The acquisition of land for the national highways should be made by the State Government through which the proposed highway construction takes place.
- 3] The construction of national highways should be in the hands of the Central Government and maintenance of highways should be in the hands of the State Government. The road taxes collected from trucks, heavy vehicles, vans, and buses can be used for maintenance of roads by the State Governments.
- 4] To get additional revenues for maintenance of roads, each segment of road can be allocated to corporate houses to brand the highways in name of their products and giving franchise rights to set up hoardings at important junctions.
- 5] If the two-lane highway is to be upgraded to a 4-lane 7.5 acres per KM is enough. If 2-lane highway is expanded to 6-lane highway, 15 acres per KM is enough  
 $1000 \times 30 \text{ meters} = 30,000/4000 \text{ square meters} = 7.5 \text{ acres per KM length of road}$
- 6] The compensation to farmers should always be in two parts. One is a cash payment at the rate of 4 times the value of the land's market value. And the second compensation is the state government should acquire 20 % extra land than what is actually required for widening, and allot the acquired additional land to the farmers along the sideways of national highway, in proportion to the land they have surrendered for this purpose.

## Build toll-free national highways

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For example, if a farmer loses 5 acres of land, he gets monetary compensation for 4 acres and gets 1-acre land along the side of the national highway. If the farmer loses 1 acre of land in acquisition, the farmer gets compensation for 80 cents of land and gets 20 cents of land along one side of the national highway.

7] The farmer not only gets high compensation but also gets high commercial-valued land along the side of the highway. The farmers will come forward on their own to give their lands on their own to build the highway projects. They will become partners in these projects.

8] Every year, 6000 KMs of 4/6-lane national highways can be added to the existing road work

9] The to-be laid road lengths should be divided into 30 km segments, rail-over bridges, river bridges, and fly-overs.

10] For example, the 6,000 km road length should be divided into 200 segments each and in addition to these segments contracts for construction of bridges at rivers, railway lines and junctions should be auctioned separately.

11] Giving and taking bribes, deliberate attempt of padding up of project cost and colluding with co-bidders at the time of bidding and in the construction stage, should be made a highly serious crime and non-bailable offence. A separate law should be enacted in Parliament to give the government an absolute right to attach and confiscate all properties of the offender if he is found guilty of misusing or diversion of funds released for road constructions.

12] The contractor should complete his work within 12 months from the date of awarding the contract. There should be a definite time for completion of flyovers and national highways. The maximum time limit for construction of flyovers should be 9 months. The maximum time for construction of vehicles under bridges should be 6 six months. The construction of new national highways should be split into many packages. Each package should not exceed 30 KMs in length. The maximum time limit for constructing each package should not be more than one year. Heavy penalties should be imposed for delay in works. A 5% of total contract value should be imposed for one month's delay.

13] A penalty of 5 % of project cost should be levied per every month of delay over the given time of twelve months.

14] It should be made mandatory for the contractor to film every section, every part of the construction work every day and send it to the national highway authority and put it on the website.

15] If the project work is completed within the contract time of 12 months, then an additional 5% of the value of the project work should be given to the contractor as a bonus. The contractors, who finished the projects within the stipulated time of 12 months, should be given first priority in the next project contract bidding.

16] Before the contractor begins his work he should open a bank account in any nationalised bank and should spend every rupee on this project from this account only. This account should not be closed until the completion of the project.

17] During the construction period all payments while spending on cement, steel, sand, metal, gravel, machine works, labour, etc., should be made from this account to the recipients' accounts either through online transfers or by cheque.

18] All payments towards raw materials, machinery, rentals, man power, service charges, etc. should be made only through this account. No cash payments should be allowed for payments throughout the execution of this project.

19] The expenditure balance sheet should be put on the website for the general public to know the status of project work and the spending on the project work on each day.

20] The expenditure balance sheet should be updated and put on the website every day. People should have the absolute right to know how their hard-earned money is being spent for what and by whom. In this way, transparent spending and implementation of road projects will eliminate corruption. This transparency in the execution of the project will also ensure the highest quality of work.

21] This brings in a new era of accountability and transparency in the spending of public money. People should also become partners, administrators and overseers in spending their own money.

22] The contractor should construct and complete the whole project on his own, and he should not be allowed to subcontract the whole project to a third party. Small pieces of work can be subcontracted under their supervision.

23] Strict punishment should be given to the contractors if they divert funds meant for road constructions, for other purposes, projects, or for their personal usage. Diversion of funds released for road construction by contractors for other purposes should be treated as a criminal non-bailable offence.

### **How road taxes, toll taxes, wealth taxes on cars are to be levied and collected?**

1] The registration of all vehicles should be digitised in the Vehicle Savings Account.

### **What is a vehicle savings account?**

The Central government should give a Vehicle Savings Account to every citizen of India. Whenever a person buys a new vehicle from a dealer or manufacturer, the ownership rights on that vehicle can be transformed directly through online form the dealer's or manufacturers' account to buyer's Vehicle Savings Account with auto generation of vehicle registration number, vehicle recognition code and QR code. The ownership rights of vehicles belonging to a person should be digitized and recorded in his/her vehicle savings account. There should be only one vehicle account for one person, whether he/she owns a single vehicle or several vehicles. This Vehicle Savings Account is useful for storing ownership rights for all types of moving vehicles or machines like cars, motorcycles, trucks, JCBs, proclains, wheel loaders, road roller machines, excavators, forklift trucks, truck cranes, boats, trawlers, ships, dredgers, etc.

There will be three types of vehicle accounts; commercial vehicles savings accounts for vehicle manufacturers; commercial vehicle savings accounts for dealers, and compulsory vehicle savings accounts for individuals issued by banks. All these three types of vehicle savings accounts are issued and handled by banks.

The manufacturer's vehicle savings account is issued for temporary registration of vehicles on the production line. The ownership rights of the manufactured vehicles are registered in this account.

Then the ownership rights of the newly produced cars from the manufacturer's vehicle savings account will be transferred to the dealer's vehicle savings accounts through online ownership transfers for sales to buyers across the country.

Finally, the ownership rights of new vehicles will be transferred from dealer's vehicle savings account to buyers' vehicle savings accounts through online ownership transactions.

### **The usefulness of a person's vehicle savings account**

1] A person's vehicle savings account will be handled by banks. There will be no need to have regional transport offices. This vehicle's account can be handled by any branch anywhere in India.

2] It shall be utilised for registering ownership rights of all movable properties, like vehicles in digital form.

3] The ownership rights of all vehicles belonging to a person will be registered in his/her vehicle savings account in digital form.

4] The ownership rights of vehicle[s] will be transferred from one person's **vehicle account** (manufacturer, dealer, and seller) to another person's **vehicle account** while

## Build toll-free national highways

purchase/sale/donation of these movable properties by the bank branch which handles the seller's account.

5] The ownership records will contain the vehicle's model, manufacturing date, engine number, chassis number, registration number, fitness certificate, etc. The ownership rights of all vehicles will be transferred from one vehicle account belonging to manufacturer/importer/dealer/retailer, or other citizen to the buyer's account through **online just like money transfers in the present system.**

6] In the TOP Tax system, people will have vehicle registration certificates, fitness certificates, and insurance certificates for each vehicle he/she owns in a single statement.

7] The bank statement of a person's **vehicle account** of his/her MSA, which contains the owning record of all his/her vehicles, will suffice for all his/her vehicles.

**8] That means the bank statement of any person's vehicle account will hold the entire ownership rights of that person's all movable properties.**

9] Furthermore, there will be no need to have separate RTO departments for registration and checking of vehicles in the TOP Tax system. The traffic police department will suffice to oversee all vehicles in promptly paying the road taxes and insurance premiums regularly.

10] The data on payment of road taxes collected from banks will ensure that the checking authorities can stop only the non-tax paying vehicles, leaving the tax paid vehicles unstopped on the highways.

11] For buying or selling, a person need not go to the transport office. The transfer of ownership rights will be done by banks. Vehicle Savings accounts are always closed accounts. They are open only when account holders log into their accounts by username, password, and fingerprint approval. Even bank officials cannot open these accounts without the account holder's permission.

Both the seller and buyer should go to a bank branch for the transfer of ownership rights of the vehicle.

12] The transfer of ownership rights of the vehicle will be done by a bank's branch in the presence of the seller and buyer. Both the seller and buyer will have to give a signed, single transaction form, just like a money transfer form, with the details of the vehicle that is to be transferred. Both the seller and buyer will have to open their respective vehicle Savings Account with fingerprint login.

Then, the bank manager will transfer ownership rights of the vehicle from the seller's Vehicle Savings Account to the buyer's Vehicle Savings Account.

The bank manager should complete this transaction within 5 minutes of opening the two Vehicle Savings Accounts. Then, the two accounts will be automatically closed.

If the bank manager does not finish the transaction within 5 minutes, the two accounts will be automatically closed. Then, the buyer and seller need to login to their respective Vehicle Savings accounts once again to enable the manager to finish the transaction.

12] The transfer of ownership rights will be done by a bank's branch in the presence of the seller and buyer within 5 minutes after receiving the consent letter from the seller and buyer separately.

13] The transfer charges or user charges taken by a bank branch for any vehicle is Rs 1000.

14] The details of the vehicle like model, capacity of engine, year of manufacturing, chassis number, engine number, registration number, etc., will be transferred from the seller's account to buyers account instantly.

15] There will be no paper documents like c-books, etc. The ownership rights will be in digital form in the vehicle savings account.

16] Thus, road taxes, toll taxes, wealth taxes, insurance premiums, penalties for wrong driving will be paid through this account.

17] The traffic police will send the traffic violations by the drivers to the bank branch which handles that vehicle account. The penalties will be collected by the banks and credited to the government's account.

Suggestions for national transportation policy for India

This is a part of my Digital India project created for TOP TAX System to be operated by the new banking system.

Disclaimer – The above suggestions and statements are my guesstimates and have been used to illustrate my argument. Some of the figures are based on the date of writing this article and may have changed by now. This is purely a suggestive article to the government to build toll free national highways.

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