Challenges of Indian Mobility

1. Inadequate Roads:

Roads are bad and inadequate in India. There are 34 km long roads per 100 sq. km area in India while in Japan 270 km and in West Germany 167 km long roads per 100 sq. km area are there. Government should spend more on the development of roads.

India's rate of **road** building has accelerated since 2010s. It averaged about 12 kilometres (7.5 mi) **per day** in 2014–15 and 30 kilometres (19 mi) **per day** in 2018–19. The country's target is to build 40 kilometres (25 mi) of highways **per day**.

2. Heavy Taxes: There is heavy tax burden on motor transport in India. Tax burden per motor vehicle in India is Rs. 3500 while in America it is Rs. 860 and in Britain Rs. 470. This tax burden should be lowered.

Cost of Vehicle	Road Tax
Private Vehicle Registration	
Up to Rs. 6 Lakh	Petrol Cars - 4%, Diesel Cars - 5%
Rs. 6 to 10 Lakh	Petrol Cars - 7%, Diesel Cars - 8.75%
Above Rs. 10 Lakh	Petrol Cars - 10%, Diesel Cars - 12.5%
Company Vehicle Registration	
Up to Rs. 6 Lakh	Petrol Cars - 5%, Diesel Cars - 6.25%
Rs. 6 to 10 Lakh	Petrol Cars - 8.75%, Diesel Cars - 10.94%
Above Rs. 10 Lakh	Petrol Cars - 12.5%, Diesel Cars - 15.63%
MCD Parking Charges	Rs. 2000 for cars priced under Rs. 4 Lakh Rs. 4000 for rest of the vehicles.

3. No proper Maintenance:
Roads are not maintained properly in India. Less than 0.1 percent of the national income is spent on the maintenance of roads in India, while in Japan it is 3 percent of the national income.

4. Lack of Co-ordination:
There is little co-operation and co- ordination among different states with regard to motor transport. As such, motor transport faces lot of difficulties. The states should pursue a co-ordinate policy in this matter.

5. Less Roads in Rural Areas:
Sixty percent of villages are without roads in India. It adversely affects our agriculture and rural economy. Government should develop roads speedily in rural areas.

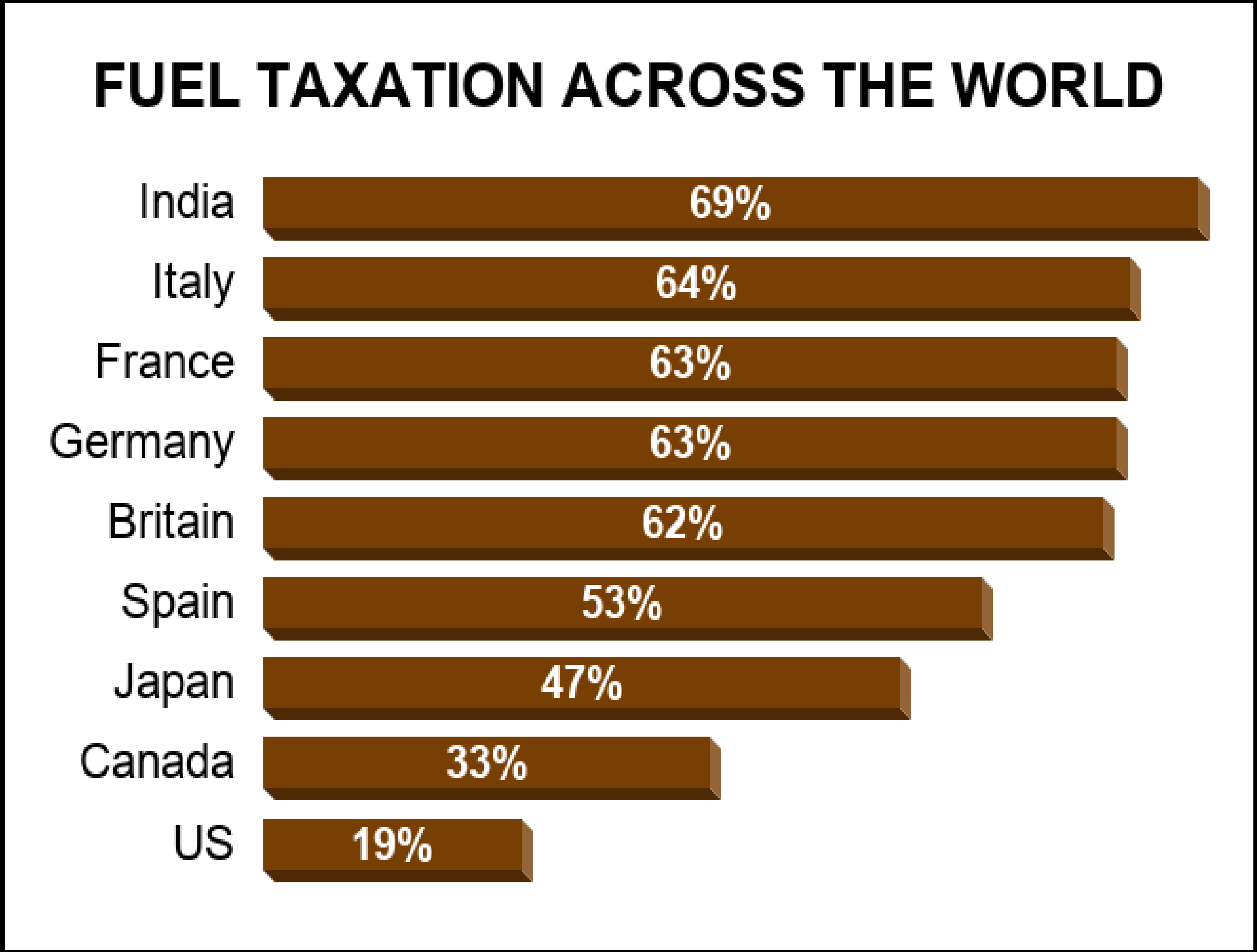
6. Lack of Guest Houses:
There is lack of guest houses and hotels along the roadside in India. More guest houses should be built along the road sides, so that people may undertake long road journeys easily.

7. Inefficient Management and Services:

According to ‘Road Transport Reorganization Committee’, 90 per cent of the operators are small operators owning five vehicles or less. Owing to this small number, satisfactory and efficient service is not being provided to the people.

8. Rising Prices of Petrol/Diesel:

Due to high prices of petroleum products and diesel operational costs of road transport are rising and making the mode of transport more costly.


FUEL TAXATION ACROSS THE WORLD
India
69%
Italy
64%
France
63%
Germany
63%
Britain
62%
Spain
53%
Japan
47%
Canada
33%
US
19%

	1st January 2021
International Price of Brent Crude Oil with Ocean Freight (round off)	52 $ per Barrel
Currency Exchange Rate	Rs 73.09 / USD
Crude Oil in Indian Currency	Rs 3801
1 Barrel of Crude Oil	159 Litre
Crude Oil - Cost per Litre	Rs 23.9 per Litre
Petrol Price - Per Litre (Delhi)	Rs 83.71 per Litre
Diesel per Litre (Delhi)	Rs 73.87 per Litre

	Petrol Price Calculation*	Diesel Price Calculation *
<u>**Basic OMC Cost Calculation**</u>		
Crude Oil including Ocean Freight	Rs 23.9 per Litre	Rs 23.9 per Litre
Refinery Processing + Refinery Margins + OMC Margin + Freight Cost, Logistics	Rs 3.84 per Litre	Rs 4.76 per Litre
Fuel Price after Processing *(Ready to send to Petol Pump)*	Rs 27.74 per Litre	Rs 28.66 per Litre
<u>**Central Government Taxes & Dealer Commission**</u>		
Additional: Excise Duty + Road Cess as Charged by Central Government	Rs 32.98 / Litre on Petrol	Rs 31.83 / Lit on Diesel
Commission to Petrol Pump Dealers	Rs 3.67 per Litre	Rs 2.53 per Litre
		-
<u>**Fuel Cost Before VAT**</u>		
Cost as on 1st January 2021	Rs 64.39 per Litre	Rs 63.02 per Litre
<u>**VAT Calculation**</u>		
Additional:VAT (30% on Petrol and 16.75% on Diesel. Additional Cess on Diesel) **(1st January 2021)**	Rs 19.32 / Litre on Petrol	Rs 10.85 / Litre on Diesel
Final Retail Price as on 1st January 2021 in Delhi	Rs 83.71 per Litre	Rs 73.87 per Litre

Very Important: The Petrol been Sold in India from End 2017 has 10% of Ethanol been Mixed with Petrol. Been Ethanol is a natural Fuel (as made from Sugar and starch) and very well can be mixed with Petrol without any changes and also has no PM (Particulate Material) Pollution.

However - the catch is Ethanol is priced at just Rs 47.89 per Litre, but is mixed in Petrol and the given rate is combined rate as been sold to consumer

It means that if your car go for petrol Tank Full of say 30 Litres - then in actual your car will get 27 Litre Petrol and 3 Litre Ethanol - but the rate charged would be the price of Petrol only - means you have to pay price of 30 Litre Petrol.

	Tax in November 2014	Tax in December 2017	Tax in January 2021
Excise Duty on Petrol	Rs 9.20 per Litre	Rs 21.48 per Litre	Rs 32.98 per Litre (incl. Road Cess)
Excise Duty on Diesel	Rs 3.46 per Litre	Rs 17.33 per Litre	Rs 31.83 per Litre (incl. Road Cess)
VAT on Basic Price on Petrol	20% on Basic Price	27% on Basic Price	30% VAT
VAT on Basic Price on Diesel	12.5% on Basic Price	16.75% on Diesel + 25p Cess	16.75% VAT + Cess

Disclaimer :- Excise including Road Cess, Fuel Price Calculation done in Delhi, VAT rates in Delhi. Excise rates Standard Pan India

9. Undisciplined Driving and Accidents:
Most of the drivers on the roads are unskilled and untrained. They also drink alcohol while driving. As such, road accidents are more frequent in India.

10. Bad Conditions of Road:
In India, roads are not well-maintained as there are no timely repairs. It causes discomfort and quick depreciation of vehicles.

Indian Railway: Significance

1. Railways provide the cheapest and most convenient mode of passenger transport both for long distance and suburban traffic.

2. Railways have played a significant role in development and growth of industries. Growth of textile industry in Mumbai, jute industry in areas surrounding Kolkata, coal industry in Jharkhand, etc is largely due to the development of railway network in these areas. Railways help in supplying raw materials and other facilities to the factory sites and finished goods to the market.

3. Agriculture also owes its growth to railways to a great extent. Now farmers can sell their agricultural produce to distant places and even sell them in the world market at remunerative prices.

4. Railways are also helpful in removing isolation between cities and countryside and have played a significant role in disseminating innovations and new ideas.

5. Railways are particularly suited to long distance journey and provide a strong medium of national integration.

6. Railways play a vital role in mitigating the sufferings of the people in the event of natural calamities like droughts, floods, famines, earthquakes, etc. This is done by carrying relief and rescue teams and essential items to the affected areas and save people from sufferings and starvation.

7. Railways also help in facing man-made calamities like social, political, religious disturbances, insurgency, etc. It facilitates easy movement of police, troops, defence equipment, etc. The importance of railways to save the country's freedom and integrity from external aggression has been proved at several occasions.

8. Railways carry the British legacy and connect major ports Jo their hinterlands, thereby lending a helping hand to the overall prosperity of the coastal areas.

9. Introduction of superfast trains and container services in major cities of India have ensured quick movement of men and material.

10. Railways are specially suited to long haulage of bulky materials like coal, petroleum and ores.

PROBLEMS OF INDIAN RAILWAY

Problems of Indian Railways:

Although Indian Railways have progressed a lot, both quantitatively and qualitatively, during the last few years, this system is still plagued by a number of problems which require immediate attention.

A lot has been done, but a lot more is yet to be done. Some of the major problems faced by the Indian Railways are briefly discussed as under:

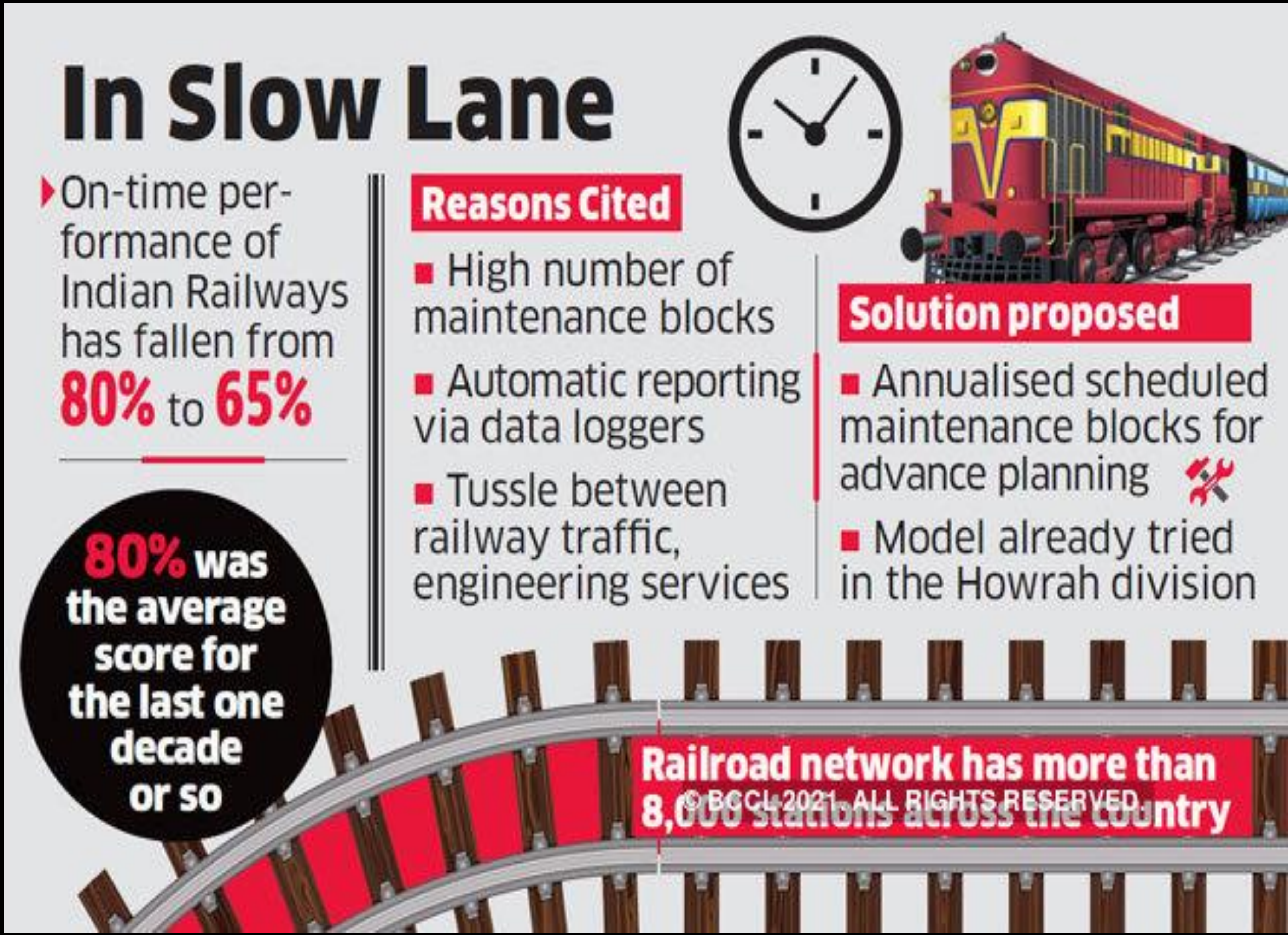
1. Safety:

Indian Railways have been in the news albeit for wrong reasons. With the rapid increase in passenger and goods traffic, the frequency of train accidents is increasing very fast. This has raised serious doubts in the public mind about safety of Rail travel and the general health of the railway network.

The recent derailment of Nagpur-Mumbai Duronto Express, Kalinga-Utkal Express and collision of Kaifiyat Express have reignited debates regarding the efficiency of Indian Railways. Every year, hundreds of minor and major accidents keep happening and we tend to look for scapegoats instead of finding a common thread among all the issues Indian Railways is facing.

2.Not Punctual

The Indian Railways has announced that it achieved **100 per cent punctuality** of its passenger trains on July 1, a never-before feat. Its previous best on-time performance, according to the Railways, was 99.54 per cent on June 23, when just one train got



2. Cost and Revenue Problems:

As is the case with most of the government organisations, Indian Railways face chronic financial crisis. The annual rate of increase in cost has overtaken that of revenues during the last few years. A study of Railways finances from 1998 to 2004 reveals that the revenues increased at an average annual rate of 8.7 per cent against the 9.65 per cent average annual growth in costs.

(i) Low level of employee productivity:

(ii) Staff Wages:

(iii) Increase in lease charges:

3. Slowdown in Revenue Growth:
With saturation of trunk routes and low quality of services and reliability, the revenue growth has registered a slowdown. The railways are increasingly becoming a transporter of bulk commodities for public sector (coal, iron ore, food-grains, etc.) and are consistently losing to roadways. Most of the national highways run parallel to railways and are consistently snatching revenues from the railways.

Freight contributes nearly two-thirds of Indian Railway's revenue and coal transport alone contributes to half of that. **Decreasing dependency on coal compounded by increasing thrust on renewable energy** has crippled railway revenue.

Indian Railways' operational efficiency may be at its worst since 1951

Railways posted the worst-ever operating ratio of 98.4% in 2017-18. The best-ever operating ratio was 74.7% in 1963-64

4. Social Burden:
Indian Railways have to play a dual role of revenue earning as well as meeting the social obligations. The Expert Group, constituted in December 1998 to study the railway sector, termed it as the ‘split personality’. On one hand, the Railways are seen as a commercial organisation and on the other hand, it is treated as a social organisation which must perform its social obligations

- **Subsidised passenger tariff** due to political incentives. This leads to an increase in freight rate which adds to inflation.

Declining passengers in the upper classes as they have started preferring bus for short haul and flight for the longer haul. **Nearly a third of passenger revenue comes from AC class passengers** (who constitute just 1.3 per cent of the total number of passengers travelling in a year)