

PUBLIC ACCOUNT COMMITTEE: POLITY

Parliament's Public Accounts Committee has criticized the indefinite collection of tolls on national highways, labeling it a "regime of perpetual tolling." The PAC recommends ending tolls after construction costs are recovered and calls for an independent authority to regulate user fees and ensure fairness.

Call for Toll Reforms

The News

The Public Accounts Committee (PAC), a key parliamentary body, has recently submitted a report proposing significant changes to the way tolls are collected on India's national highways.

Core Recommendation

The central proposal is to end the practice of perpetual tolling, where user fees are collected indefinitely from commuters.

The Legal and Financial Framework of Toll Collection

Governing Laws

The National Highways Act, 1956, provides the legal authority for the central government to levy user fees (tolls) on national highways. The policy and rules governing this are detailed in the National Highways Fee Rules, 2008.

How Toll Fees are Determined

Not Linked to Cost Recovery

The current fee structure is not designed to simply recover the cost of road construction and then cease.

Formula

Fees are based on fixed base rates which are increased by 3% annually. They are also partially linked to inflation through the Wholesale Price Index (WPI).

Toll Collection Models

Tolls can be collected directly by the Union government for roads that are publicly funded. Alternatively, they are collected by private concessionaires under public-private partnership models like Build-Operate-Transfer (BoT) or through Infrastructure Investment Trusts (InvIT).

The "Perpetual Tolling" Provision

A critical 2008 amendment to the rules allows toll collection to continue indefinitely, even after the private concessionaire's contract period has ended and their investment has been recovered. In such cases, the toll revenue collected thereafter goes directly to the Consolidated Fund of India.

Growth in Toll Revenue

Toll collections have seen a massive increase, rising from ₹1,046 crore in 2005–06 to ₹55,000 crore in 2023–24. Of the 2023–24 amount, ₹25,000 crore went to the government, and the rest was retained by private concessionaires.

The PAC's Key Recommendations

End Indefinite Tolling

The committee strongly recommended that tolls on national highways should either be ended completely or significantly reduced once the costs of construction and maintenance have been fully recovered. It criticized the current system, labeling it a "regime of perpetual tolling."

Establish an Independent Regulatory Authority

The PAC proposed that any tolling that continues beyond the cost recovery period must require explicit approval from an independent regulatory authority. It suggested the creation of such an authority to ensure transparency and fairness in how toll prices are set and regulated.

Reimbursement During Construction

The panel called for a system of toll reimbursements for commuters during periods when road construction or major repairs disrupt normal usage and cause inconvenience.

Improve FASTag Functionality

The committee flagged the persistent issue of traffic delays and long queues at toll plazas, often caused by problems with FASTag scanners. It recommended that on-site facilities be set up at toll plazas to help users manage their FASTags, such as for recharging, replacement, or resolving other issues promptly.

The Government's Response

The Ministry of Road Transport and Highways (MoRTH) has acknowledged the PAC's concerns. In response, the Ministry has initiated a comprehensive study in collaboration with NITI Aayog to fundamentally revise the framework used for determining user fees on national highways.

About the Public Accounts Committee (PAC)

History and Establishment

The PAC is one of the oldest parliamentary committees, first established in 1921 under the Montague-Chelmsford Reforms. It was formally constituted as a Parliamentary Committee of independent India on January 26, 1950.

Composition

The committee is reconstituted annually and consists of 22 members. 15 members are elected from the Lok Sabha and 7 members from the Rajya Sabha, based on proportional representation.

Functions

It serves as Parliament's primary watchdog over government finances. Its main function is to examine the appropriation and finance accounts of the government and the reports of the Comptroller and Auditor General (CAG). The PAC's goal is to identify and bring to light any financial irregularities, deviations from authorized spending, and inefficiencies in government operations.

Source: <https://www.thehindu.com/news/national/how-should-toll-collection-practices-be-reformed-explained/article69948846.ece#:~:text=The%20Committee%20has%20additionally%20recommended,ths%20framework%20should%20be%20incorporated>