

National E-toll Collection Programme

December 27, 2019

Source: *The Hindu*

Manifest pedagogy: Fastag and National E tolling are expected to clear bottlenecks, making movements of logistics and passengers efficient and at the same time save resources and environment alike. The mandatory introduction of Fastag is an important benchmark in this direction.

In news: The National Highway Authority of India (NHAI) has commenced electronic toll collection through FASTag at 523 toll plazas across the country.

Placing it in syllabus: Cashless economy (explicitly mentioned)

Static dimensions:

- Payments and digital transformation
- Cashless economy

Current dimensions: Fastag & Implementation of Fastag

Content:

Payments and digital transactions:

- Despite a significant rise in digital payments since demonetization many Indian consumers still rely on cash transactions.
- As per estimates, **Indian economy is operating at around \$33 billion less cash than it would have without demonetization.**
- **Digital India** was conceived five years ago as a way to push the country's digital transformation forward and

empower citizens in the process.

- Its emphasis is on developing infrastructure to enable affordable internet access for all and for every Indian to possess a digital identity.
- The **Digital Identity project** got transformed into **India Stack, a set of interoperable software layers supporting digital payments, verified paper-less records, business and service transactions** and finally all seamlessly linked with Aadhaar.
- **Aadhaar**, the unique identification number is used as a platform for financial inclusion, the direct transfer of government benefits and low-cost citizen engagement.
- Combining digital identity with the paperless layer provided by India Stack enabled the opening of over 350 million verified **Jan Dhan (“zero-balance”) accounts**.
- Now **Jan Dhan-Aadhaar-Mobile (JAM) trinity** of service has been fundamental in encouraging financial inclusion.
- Data generated by the digital economy also has affected individual taxation. **Income tax buoyancy is at a decade high of 2.20**. This means that an increasing number of citizens are paying taxes.
- With the implementation of a unified national **Goods and Services Tax (GST)** Small and Medium Enterprises (SMEs) have been the primary beneficiaries by formalizing their business.
- India’s digitally-enabled policy initiatives have contributed to a significant shift in the country’s ranking in the World Bank’s **Ease of Doing Business Index (77)**.
- The biggest improvements have been in the **ease of getting construction permits and the ease of trading across borders**, both of which have been transformed by digitization and associated structural reforms.
- While India may be leapfrogging into the “**Fourth Industrial Revolution**”, its technological advance has continued to outpace policy evolution.

Cashless economy:

- The **rate of cash to GDP is the highest, i.e. 12.42%** in India, whereas other large economies have average cash to GDP ratio of 5%.
- India is the **4th largest user of cash** in the world.
- In this era of technology, it is not only backward, but also unscientific and uneconomic.
- Cashless economies tend to be less corrupt, and have lesser black money.
- Hence to promote cashless economy government came up with the flagship **Digital India programme** with a vision to transform India into a digitally empowered society.
- **“Faceless, Paperless, Cashless”** is one of professed role of Digital India.
- As part of converting India into less-cash society, **various modes of digital payments** like Banking Cards, USSD, AEPS, UPI, Mobile Wallets, Banks Prepaid Cards, Point of Sale, Internet Banking, Mobile Banking, Micro ATMs are available.
- Now a **committee is set up by the RBI under Nandan Nilekani**, to expand the platform to foreign-currency remittances by the non-resident Indian diaspora as well as to settle residents' payments when they travel overseas.

FASTag:

- National Payments Corporation of India (NPCI) has developed the **National Electronic Toll Collection (NETC) program** to meet the electronic tolling requirements of the Indian market.
- It offers an interoperable nationwide toll payment solution.
- **FASTag** is a device that employs **Radio Frequency Identification (RFID)** technology for **making toll payments** directly while the vehicle is in motion.
- FASTag (RFID Tag) is **affixed on the windscreen of the**

vehicle.

- It is **linked to a prepaid account** from which the applicable toll amount is deducted automatically, when the vehicle approaches the toll plaza.
- FASTag has a **validity of 5 years.**
- Indian Highways Management Company Limited (**IHMCL**) (a company incorporated by NHAI) and National Payment Corporation of India (**NPCI**) are implementing this program.
- It offers the **convenience of cashless payment** along with **benefits like savings on fuel and time** as the customer does not have to stop at the toll plaza and no toll attendant involved.
- **Other benefits** are:
 1. Environmental benefits: Reduced air pollution, reduced use of paper.
 2. Social benefits: Reduced toll payment hassles, analytics for better highway management.
 3. Economic benefits: Reduced effort in management at toll plaza, reduced effort in monitoring centrally.

Implementation of FASTag:

- In an effort to plug leaking revenues and generate rupees one lakh crore annually from toll collection in the coming years, NHAI is implementing "**One Nation One Tag – FASTag**".
- By **15 January 2020**, every vehicle that passes through a national toll plaza will have to pay tolls via FASTag.
- Unless the car has a FASTag, motorists have to pay a penalty of **double the amount in cash** when using the FASTag lanes.
- As a vehicle with FASTag sticker nears the toll plaza, the gantry captures the sticker details and sends a toll request to its linked bank account.

- After the requisite amount of the toll is deducted, the vehicle will be automatically allowed to pass through boom gates at the toll plaza.
- According to a study, this switch could **save up to ₹ 12,000 crore nationally on fuel and person-hours.**
- Though December 15th was the last date for compulsory implementation of FASTags on **National Highway Toll Plazas**, the government has relaxed the rule to facilitate people and at least 75 percent lanes at toll plazas must use the electronic toll collection FASTag.
- **Up to 25 percent of FASTag lanes at the national highway toll plazas can be treated as hybrid lanes for a month, i.e. till January 15, 2020.**
- The NHAI has deployed marshals at each toll plaza for smooth traffic regulation.