Impact of Demonetization on Toll Collection in India

National Highways Authority of India (NHAI)

October 2017
India has one of the largest road networks in the world.
5.4 million kms in length, the road network forms a mainstay of passenger & freight movement.

<table>
<thead>
<tr>
<th>Type of road</th>
<th>Length (km)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Highways</td>
<td>1,03,933</td>
</tr>
<tr>
<td>State Highways</td>
<td>1,61,487</td>
</tr>
<tr>
<td>Other Public Works Department (PWD) Roads</td>
<td>1,101,178</td>
</tr>
<tr>
<td>Rural Roads</td>
<td>3,337,255</td>
</tr>
<tr>
<td>Other Roads (including urban roads and projects roads)</td>
<td>768,611</td>
</tr>
<tr>
<td>Total</td>
<td>5,472,464</td>
</tr>
</tbody>
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National Highways, developed majorly by NHAI, comprise ~2% of Indian road network & carry ~40% of the total traffic.
NHAI - No of Toll Plazas and Length under Tolling

Steady growth in toll roads in the country, along with a huge unexplored tolling potential.
Demonetization in India

- India is a largely monetized economy, with ~98% of total consumer payments taking place in cash
- The national currency is INR (Indian Rupee); $1 is approximately equal to INR 64
- INR 500 and INR 1000 were the highest and very widely used denomination notes in the country till November 2016

**What is demonetization?**

**Demonetization** is the act of (legally) stripping a currency unit of its status as legal tender.

**Demonetization in India** - The Government of India decided that INR 500/- and INR 1000/- currency notes would no longer be legal tender for general use.


Effective Date: Midnight of 8th and 9th November 2016.
Demonetization in India

Before 8 Nov 2016

Currency notes in circulation:
Rs. 17,742 bn

86.50%
13.50%

High Denomination
Others

India has among one of the highest levels of currency in circulation at ~13% of GDP

Demonetization of Rs. 1000 and Rs. 500 Currency Notes

These currency notes were only accepted for certain purpose for a limited period, like government hospitals and their pharmacies, railway tickets, Petrol stations etc.

These notes were also not accepted at the Fee Plazas for payment of use fee on National Highways.
Before: Toll collection scenario at the time of demonetization

**Toll plazas** were being operated by NHAI under its jurisdiction all over the country.

**Categories of collection** were operational, under which collection was being made by NHAI:
- Concessionaires of Built, Operate and Transfer (Toll) [BOT (Toll)] projects
- Concessionaires of Operation, Maintenance and Transfer (OMT) projects
- Toll Contractors appointed by NHAI for public funded projects

**Options of payment at toll plazas** were available to the users:
- Cash
- Through FASTag (RFID) based Electronic Toll Collection – being offered by ICICI bank only

**Toll collection** was done on an average per day across the country.

**Electronic Toll Collection transactions** out of the total number of transactions across the country.

**Electronic Toll collection value** out of the total amount of toll collected across the country.
Immediate Impact of demonetization on toll roads

**Initial Impact**
Long queues of vehicles in absence of adequate change for cash transaction

**Initial Response**
Suspension of payment of fee at toll plazas on all National Highways from **9 Nov 2016 to midnight of 2/3 Dec 2016**.
### Immediate steps post resumption of toll collection

Special approval of Govt. of India accorded till 15 Dec. 2016 for:

- Acceptance of old notes for payment of fee where user fee charges exceed INR 200/-.
- Acceptance of old currency notes for purchase of FASTags
- Acceptance of old notes for FASTag recharge

### Arrangement of change

- State Bank of India (largest Public Sector Bank in the country) support garnered for providing adequate small denomination currency at each Toll Plaza
- Continuous interaction between the nodal officers of NHAI at field level and Head Quarter and the SBI officials for making availability of change at requisite locations
- Assistance sought from various temples/shrines by NHAI coordinators for exchange of bigger denomination currency for smaller denominations
### Improvement in Electronic Payment System

- POS (card swipe machines) deployed at 365 Toll Plazas for payment through Credit/Debit Cards
- Adequate number of hand held POS machines also deployed at selected Toll Plazas where queuing/waiting time is more
- Prepaid Instruments (e-wallet) enabled with QR code, Near Field Configurations (NFC) and One Time Password (OTP) technology introduced for payment of user fee
- More Banks roped in for expeditious issuance of FASTags immediately.

- Arrangements for sale of FASTags near selected Fee Plazas

### Close monitoring

- A 24X7 Central Toll Control Center set up at NHAI HQ. Similar sub-control centre were set up at each of its Regional Offices
- At each Fee Plaza, one senior official of Concessionaire/Contractor and one official of NHAI/Supervision Consultant deployed round the clock
- General Manager level officers from NHAI HQ stationed in different states for keeping a close watch on sensitive/high traffic fee plazas
### Maintenance of law and order

- Maintenance of law and order situation at fee plazas undertaken by NHAI Chairman with the Police Chiefs of the states

- Cooperation extended by the senior NHAI officials to the State Government officials of the district administration

- Continuous support from NHAI officials to the concerned Police Chiefs for necessary police protection and administrative support

### Public awareness campaign

- A Public awareness campaign launched through newspapers about the measures taken by NHAI for smooth traffic flow

- Advisories to the road users displayed at each Fee Plaza through Flexi Boards

- Public announcement system placed at Fee Plazas for awareness of the road users about new measures for Fee payment and traffic regulation
**Introduction of coupons**

- Government of India permitted NHAI for introduction of coupons to be used exclusively for toll fee related payment transaction at the Fee Plazas on National Highways

- The coupons in the denominations of INR 5/-, 10/-, 20/-, 50/- and 100/-, having adequate security features akin with currency notes, made available from 08.12.2016 till midnight 30.12.2016

- Users allowed to redeem/encash unused coupons after 30.12.2016 up to 15.1.2017
NHAI introduces Toll Coupons for Ease of Travel through Toll Plazas on National Highways

The NHAI has taken a series of measures to ease the travel through Toll Plazas situated on all the National Highways, i.e. use of electronic means of payments (Fastags, PoS Machines for payments using Credit cards/Debit cards/E-wallets), besides acceptance of payments in cash. With a view to further easing Highway travel, the NHAI has introduced duly approved Coupons only for toll-fee related payment transactions at the Toll Plazas situated on the National Highways throughout the country.

Salient features of the NHAI Coupons

- The Coupons shall be made available with effect from 8th December 2016 on need basis and shall remain in operation till the midnight of 30th December 2016;
- NHAI Coupons will be used in denominations of ₹100/-, ₹50/-, ₹20/-, ₹10/- & ₹5/-;
- These Coupons shall be valid for use at all the National Highway Toll Plazas throughout the country only for Toll fee payment related transactions and no other purpose;
- Users can redeem/encash unused Coupons after the Midnight of 30th December, 2016 at any National Highway Toll Plaza up to 8.00 pm on 15th January, 2017.
Success story written by NHAI post demonetization

- The concerted efforts of NHAI resulted in smooth flow of traffic through toll plazas after demonetization which was being perceived as a problem in the beginning.
- Use of cashless transactions through FASTag has increased manifold; which made the toll collection process more efficient and transparent.
- The steps taken by NHAI post demonetization demonstrate how the toll collection process is adaptable to major changes that take place in the economy.

- Increase in percentage of electronic transactions: 2%
- Increase in FASTag transaction value: INR 2.105 billion
- Increase in number of FASTag transactions: 0.6 million

Increase in percentage of electronic transactions
Increase in FASTag transaction value
Increase in number of FASTag transactions
Thank You