

No.K-14011/7/2007-UT-II (Vol.II)
Government of India
Ministry of Urban Development
(UT Division)

Nirman Bhavan, New Delhi
Dated the 22nd January, 2013

To

The Director,
NIC,
Nirman Bhawan,
New Delhi

Subject: Advisory on Introduction of Congestion Charging in Central Business
Areas/Congested Areas in Indian Cities.

Sir,

An advisory on the above subject has been issued to all States and UTs. (copy enclosed). You are request to upload the same on the website on the Ministry immediately.



(Smt. S.V.R. Ramana)
Under Secretary to the Govt. of India

डॉ. सुधीर कृष्ण
Dr. Sudhir Krishna



सचिव भारत सरकार
Secretary to the Government of India

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D.O. No.K-14011/7/2007-UT-II(Pt.1)

Dated the 15th January, 2013

Dear Chief Secretary,

**Sub: Introduction of Congestion Charging in central business areas/
Congested areas in Indian Cities.**

It is a well-known fact now that now-a-days mobility in our cities either big or medium, is a huge challenge due to congestion during peak hours which is mainly due to excessive use of private vehicles. There is a need to resolve the congestion issues urgently for improving mobility of the people. The problem of congestion may be partly resolved by adopting Transport Demand Management (TDM) strategies to ensure that the economic development of our cities is decoupled from excessive motorization by encouraging investments in sustainable transports like Public Transport, Cycling and Walking and encouraging TDM policies like Parking Policy and Transit Oriented Development (TOD).

2. However, there may be certain core areas/central business districts(CBDs) in the cities where due to their demographical/archaeological/business compulsions it is difficult to decongest them. In these core areas/central business districts, the cities may like to look at the option of "congestion charging" to ease out the traffic conditions. Excessive use of private vehicles on limited road space available is inefficient use of precious urban land. There is thus a need to discourage use of private vehicles in the selected core areas of the city to increase the mobility of the people at large so that they can reach their offices, workplaces, business centres, shops etc in time without losing valuable working man hours. This can be achieved by proper Traffic Demand Management and consequent levying of congestion charges on the vehicles entering the specified zone. The congestion pricing is premised on a basic concept; "charge a price in order to allocate a scarce resource to its most valuable use". It is also a human nature that if a good or service is provided free of charge, people tend to demand more of it-more wastefully-than they would if they had to pay a price that reflected its cost. However, providing a good public transport, pedestrianisation, cycling is condition precedent to introduction of congestion charging.

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3. In order that introduction of congestion charging is not opposed by public at large, it is important to seek their cooperation. Such cooperation can be best secured if the objective of any initiative is made clearly known to them. It is, therefore, necessary to launch intensive awareness campaigns that educate people on the benefits of the congestion charges on their health and wellbeing, on overall development of the city etc. It has to be sold as a part of the package of measures to address the transport problems of the city. The public has to be assured in a very transparent way that congestion pricing is not there just to fill Govt Cooffers. Rather, money collected will be used to further improve the public transportation of the city, NMT facilities in the core area and to provide other infrastructure for them as road users. While the congestion pricing brings with it a dual advantage i.e. reducing traffic on the roads on one hand and generating funds on the other hand which can go towards improving alternative systems of transport, it may be a politically sensitive issue if not explained well to various stakeholders. Therefore, before introducing such type of schemes in India, it may be desirable to have political consensus and strong political will as well as stakeholders consultation and awareness workshops.

4. Though new to India, globally congestion charging is not a new concept. There are several cities world over where congestion charges in one form or the other are being charged from the private vehicle users since long. They include Singapore, London, Rome, Stockholm, Milan, Santiago-de-Chile, New York City and Seoul on bridges and tunnels for decongesting them. It may be desirable to study the congestion pricing system in these cities in detail, learn from their mistakes and devise our own method of decongesting the core areas/central business districts of our cities because no one-size-fits-all solution can be applicable to all the cities. (The case studies of two cities i.e. Singapore and London are enclosed for ready reference). The results of the congestion pricing in cities like London and Singapore etc has been quite impressive. For example the traffic in Central London went down by about 21% and the traffic speeds went up by about 10%. The scheme has to be simple and convenient to the people and at the same time the congestion charges have to be sufficiently high to work as a deterrent for excessive use of private vehicles.

5. There may be different ways for collection of charges. Most desirable and effective way now a days are electronic solutions including online payment, SMS payment, prepaid and based on vehicle identification either by cameras or boxes equipped into the cars. The cities may adopt any of the technologies depending upon the availability of funds and local conditions. To start with we may have the manual permit/coupon system as was done in Singapore when it introduced congestion pricing for the first time. These can always be upgraded at a later date. For example London has a congestion charge for about 20 sq km area focused on the city centre using automatic number plate recognition cameras at 348 entry sites around the city centre charging zone. Users then pay via website, text message or at specific stores. They incur heavy fines if they do not pay.

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6. Keeping in view the above background, I would request you to issue necessary instructions to all concerned authorities for identifying the most congested areas in their cities, getting a proper study done on various aspects of congestion charges as per city requirement and consider adopting "congestion charging system" as a measure to decongest a particular area/CBD, increasing mode share of cycling as well as public transport and increase the mobility of the people besides controlling pollution.

With regards,

Yours sincerely,



Encl: As above

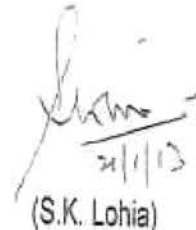
(Sudhir Krishna)

To

The Chief Secretaries of all States/UTs

Copy to:

1. The Principal Secretaries of all States/UTs, Urban Development Departments.
2. The Principal Secretaries of all States/UTs, Transport Departments.
3. The Principal Secretaries of all States/UTs, Home Departments.
4. The Directors General of Police of all States/UTs.
5. NIC for uploading the advisory on MoUD's web-site.



21/1/13

(S.K. Lohia)

OSD(Urban Transport) &
Ex-Officio Joint Secretary