



Methods for Raising Funds for Urban Transportation Projects.

- **Enhancing the revenue from existing sources where relevant.**
- **Naval strategies of raising funds**



Naval strategies of raising funds

- **Fiscal Measure**
- **Road User Charges: Direct And Indirect**
- **Development Of Government Land**
- **Private Funds**



Fiscal Measure

Fiscal measures means taxes or cess not directly related to the use of or benefit from any specified transport facility by the payer Useful only if earmarked for transport sector use



1. Union government taxes and funds

- **CRF from excise and import duties on motor spirit is earmarked for highway development, 80% is shared by state government**

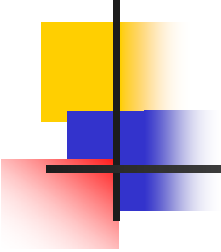
2. State government taxes

- **Motor vehicle tax**
- **Payroll tax**
- **Passenger cess**
- **Terminal tax or surcharge**



3 Municipal taxes

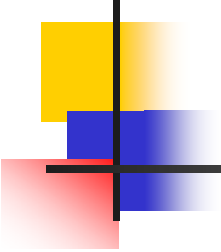
- **Possible source of new revenue in municipal taxes are**
 - **Development charges**
 - **Transport development levy**
 - **Property sales levy**
 - **Development cess on private vehicle in Mumbai**

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- **Private vehicle tax**
 - **Development charges**
 - **Transport development levy**
 - **Property sales levy**



User charges

- **Road user charges**
- **Toll**
- **Supplementary licenses**
- **Car parking charges**
- **Public transport passengers**
- **Rail fares**

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- **Development of government land**
 - **Vertical space utilization**
 - **Private Funds**
 - **BOT**
 - **BOOT**
 - **BOLT**



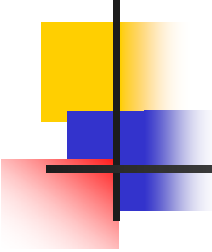
Critical Issues In Funding Of Transportation System

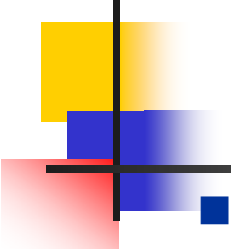
- **Financial issues**
- **Administrative issues**
- **Legal issues**



Financial Issues

- **Problem of assessing the value of the assets to be solved to the large private monopolies**
- **Selling state transport undertaking which are vital economic and social infrastructure services to private sector is against the national objective**
- **The private party may not be in a position to buy such a big assets like APSRTC,MSRTC,MPSRTC etc**


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- **Commuters may be effected by the changes in level and structure of fares imposed by newly privatized operators**
 - **How a “fair” amount to be paid by the private party is to be decided which also benefit to the general public**
 - **How large should a development be before its operator is required to fund for further improvement?**

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- **How can existing business be required (or motivated) to pay for their traffic mitigation, since new developments may be responsible for only a small share of the traffic generated in the area**
 - **How much is cost of housing affected by transportation fees passed on by developers and property owners?**
 - **How long should a private party's obligation extend**



Administrative Issues

- **If small scale private operators, operating in competition with STU's are allowed to operate on any road, the private operator may choose the most profitable one and neglect the routes which are liable to be incur loses**
- **The wage level and other amenities provided to the STU employees are better than the private operators. This will cause inefficient employees to work under private operator.**



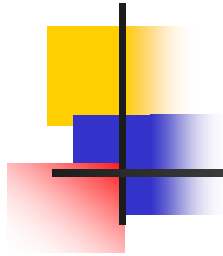
Infirmity of the present system, its lack of professionalism, absence of accountability and hierarchical nature of decision making contribute infeasibility of private sector participation

- **The public sector does not possess right to remove an employee from service due to inefficiency as he is in a government service**



Legal Issues

- **How much the private party can required to provide or contribute**
- **Whether fees are to be considered as tax or an impact fee**
- **The legality of contact or conditional zoning**



REFORMS AND CONTRACTING FRAMEWORKS FOR GREATER PRIVATE PARTICIPATION IN THE ROADS SECTOR

VARIOUS WAYS TO MOBILIZE ADDITIONAL FUNDS

- 1 ENHANCING REVENUE FROM EXISTING SOURCES WHERE RELEVANT
- 2 NOVEL STRATEGIES

| FISCAL MEASURES | USER CHARGES | DEVELOP-METNT OF GOVT. LAND | PRIVATE FUNDS |
|---|---|------------------------------------|---------------------------------------|
| <p>1. Union Govt. Taxes & Funds</p> <p>2. State Govt. Taxes Paybill</p> <p>Passenger Cess</p> <p>Terminal Cess</p> <p>Terminal tax Or Surcharge</p> <p>3. Municipal Taxes</p> <p>Pvt. Veh Taxes</p> <p>Development Charge</p> <p>Wheel Tax</p> <p>Transport Development levy</p> <p>Property Sales Levy</p> | <p>1 Road user charges Direct & Indirect</p> <p>2 Tolls</p> <p>3 Suppl. Licenses</p> <p>4 Car parking charges</p> <p>5 Parking</p> <p>6 Public Transport passenger</p> <p>7 Rail fares</p> <p>8 Surcharge</p> | | <p>Examples and 1 to 6 Incentives</p> |