Fast Tracking Freight in India: NITI Aayog

Why in News

NITI Aayog**, Rocky Mountain Institute (RMI)** and **RMI India's new report,** Fast Tracking Freight in India: A Roadmap for Clean and Cost-Effective Goods Transport, **present key opportunities for India to reduce its logistics costs.**

- **RMI** is **an independent nonprofit organization** founded in 1982.

NITI Aayog

- It is a **public policy think tank of the Government of India,** established with the aim to **achieve sustainable development goals with cooperative federalism** by fostering the involvement of State Governments of India in the economic policy-making process using a bottom-up approach.
- It was established **to replace the Planning Commission.** The **Prime Minister** is its **ex-officio chairman.**

Key Points

- **Growing Freight Transport Demand:**
    - Due to the rising demand for goods and services, **freight transport demand is expected to grow rapidly in the future.**
    - While freight transport is essential to economic development, it is **plagued by high logistics costs and contributes to rising carbon dioxide emissions and air pollution in cities.**
- **India's Potential:** It has the potential to:
    - Reduce its logistics cost by 4% of **Gross Domestic Product (GDP).**
    - Achieve **10 gigatonnes of cumulative carbon dioxide emissions savings** between 2020 and 2050.
    - Reduce Nitrogen Oxide (NOx) and **Particulate Matter (PM)** emissions by 35% and 28%, respectively, until 2050.
- **Accommodating More Urban Citizens:**
    - As India's freight activity grows five-fold **by 2050 and about 400 million citizens move to cities,** a whole system transformation can help uplift the freight sector.
    - This transformation will be defined by **tapping into opportunities** such as:
        - Efficient rail-based transport.
        - Optimisation of logistics and supply chains.
        - Shift to electric and other clean-fuel vehicles.
    - These solutions **can help India save Rs. 311 lakh crore** cumulatively over the next

three decades.

- **Need to Make Freight Transportation Cost Effective:**
    - Freight transportation is a **critical backbone of India's growing economy,** and now more than ever, **it's important to make this transport system more cost-effective, efficient, and cleaner.**
    - Efficient freight transport will also **play an essential role in realising the benefits of existing government initiatives** such as **Make in India**, **Atma Nirbhar Bharat**, and **Digital India.**
- **Recommendations:**
    - Increasing the rail network's capacity, promoting intermodal transport, improving warehousing and trucking practices, policy measures and pilot projects for clean technology adoption, and stricter fuel economy standards.
    - When successfully deployed at scale, **the proposed solutions can help India establish itself as a leader** in logistics innovation and efficiency **in the Asia–Pacific region and beyond.**
- **Recent Initiatives:**
    - **Dedicated Freight Corridor (DFC):**
        - It is a **high speed and high capacity railway corridor** that is exclusively meant for the transportation of freight, or in other words, goods and commodities.
    - **E-Way Bill Integration with FASTag, RFID:**
        - It will **enable tax officers to undertake live vigilance** in respect of **E-Way Bill** compliances by businesses, stop revenue leakage and will facilitate movement of large goods vehicles.
    - **FAME Scheme:**
        - The Indian government has created momentum through its Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles schemes that encourage, and in some segments mandates the **adoption of electric vehicles (EV), with a goal of reaching 30% EV penetration by 2030.**
    - Bharat Stage VI norms:
        - It includes a **wide list of technology modifications,** the most significant being making OBD (On-board diagnostics) mandatory for all vehicles.
    - **Corporate Average Fuel Efficiency (CAFE) Regulations:**
        - The CAFÉ standards were first **notified in 2017** by the Union Ministry of Power (MoP) **under Energy Conservation Act, 2001.**
        - The regulation is in accordance with the fuel consumption standards of 2015 that aim **to increase fuel efficiency of vehicles on the road by 35% by 2030.**

Source: PIB