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| RGICS  LEGISLATIVE BRIEF |
| (July 31, 2017)  Central Road Fund (Amendment) Bill, 2017 |

# **KEY MESSAGES**

* River activist and economist Dr. Bharat Jhunjhunwala has claimed that the dredging activities undertaken will destroy the self-purification capacity unique to the Ganga. Despite this, the government is supporting massive work is under way on the Ganges, be it for cruise tourism or cargo transport, to take the nirmal and aviral Ganga' will towards the path of development.
* Wildlife researchers have claimed that navigation of heavy ships on the Ganga would be a potential threat to the survival of dolphins in the sanctuary as well as on the entire Bihar and Jharkhand stretch. The stretch in Jharkhand has 50-60 dolphins.
* Scientists , water experts and Ganga devotees have raised concerns over central government’s ambitious plans that could destroy freshwater habitats that are extraordinarily biodiversity rich and, surface freshwater constitutes 0.01% of all water on earth. Rivers are a major source to it and, must be conserved.
* No accountability on anybody’s part as far as Ganga cleanup plans are concerned on behalf of the government and have also failed to adhere to court judgments and hold accountable officials who have been part of Government programs.
* China, 47 per cent of goods and passenger traffic is on water while in Korea and Japan, 43 and 44 per cent of goods and passenger traffic respectively is on water. In European countries, 40 per cent of goods and passenger traffic is on water whereas India accounts only for just 3.5 per cent goods and passenger traffic through inland waterway.
* Possibility of a Centre- State clash over jurisdiction of water and administration of funds.
* As per the Bill, the Centre will have full control of the rivers, leaving the local communities who are the real decision makers and the care takers, at a state of loss of ownership especially the fishermen, who are mostly dependent on it.
* Marianne Manuel, who works extensively on law and fisheries in Tamil Nadu, says “Issues facing women don’t always get addressed. Even basic facilities such as toilets at fish markets need to be lobbied for, since they are not automatically created.”
* Modernization is pushing many traditional occupations dependent on water to the brink of extinction.
* Land acquisition and law and order are some of the current problems faced by contractors, local communities and hooligans fighting for jobs and levy demands.

# **PART I. INTRODUCTION**

***\*The Legislative Brief is based on the amendments of the bill approved by the Cabinet with inputs from the news reporting on the latest amendments that have been approved by the Cabinet\****

The Central Road Fund was established by the Parliament by law (Central Road Fund Act 2000) in order to fund the development and maintenance of National highways, State highways and rural roads. In order to promote the Interstate connectivity scheme and in order to assist states in economic development through better connectivity, the Central government provides a 100 % grant for interstate connectivity projects and a 50 % grant for the projects of economic importance. The fund under the scheme will be financed through the Central Road Fund. Presently, CRF is made up of cess on petrol and high speed diesel. The cess at present is Rs 6 per litre.

The enactment of the National Waterways Act, 2016 paves the way for better regulation and development of the national waterways in the country. In order to suitably develop national waterways, sustainable source of funding is highly necessary as budgetary support and funds from multilateral institutions were inadequate. Thus amendment proposed calls for allocation of various percentages of the cess on high speed diesel and petrol to be rationalized by amending the said Act so as to provide two and one-half per cent of the cess on high speed diesel and petrol for the development and maintenance of national waterways which could accelerate the development of national waterways by utilizing the fund generated by way of cess. It also aims to offer incentives and certainty for private sector to invest in inland waterways transport sector.

‘An allocation of 2.5 per cent of CRF proceeds would provide approximately Rs 2,000 crore per annum for the development and maintenance of NWs. The amendment will give a big boost to our waterways as cargo transportation through water is a much cheaper and cleaner way of transportation. It will bring down logistics cost that is very high” – Nitin Gadkari said.

Up till now five waterways have been declared as National Waterways. These include Ganga -Bhagirathi-Hooghly river system ( Allahabad-Haldia- 1620 kilometers) as NW-1, River Brahmaputra (Dhubri-Sadiya- 891 kilometeres) as NW-2, West Coast Canal (Kottapuram-Kollam) along with Udyogmandal and Champakara Canals- 250 kilometeres as NW-3, Kakinada-Puducherry canals along with Godavari and Krishna rivers (1078 kilometers) as NW-4. The NW-5 consists of East Coast Canal integrated with Brahmani River and Mahanadi delta Rivers (588 km).

# **PART II: THE POLITICS**

* Bihar Chief Minister Nitish Kumar made a strong demand to the Centre for the decommissioning of the Farakka barrage, saying it has no utility and causes floods in the state every year. "I have made the demand against Farraka barrage at every platform as it’s a leading cause for deposit of silt in Ganga river and also hampering flow of the mighty river," he said after a "Lok Samvad" (public dialogue) programme. Mr Kumar also protested the proposed construction of reservoir at Buxar enroute Allahabad-Haldia national waterways number I.
* The Gram Sabha members of Chicalim,Goa have cautioned the State government against nationalising the rivers in Goa. The Gram Sabha also advised the panchayat to write to the government to go slow on signing the Memorandum of Understanding (MoU) for the river nationalization project as the same would have severe implications for local residents, traditional fishing community and farmers.

# **PART III: KEY ISSUES**

* The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has accorded its approval earlier this year to a proposal jointly mooted by the Ministry of Shipping and the Ministry of Road Transport & Highways (MoRTH) for amendment of Central Road Fund Act, 2000 to allocate 2.5 per cent of the proceeds of Central Road Fund (CRF) for development and maintenance of National Waterways (NWs) and a reduction in the share provided for development of National Highways.
* The proposed amendment aims to prioritize the need for development and maintenance of National Waterways as cost effective, logistically efficient and environment friendly mode of transport along with National Highways.
* Allocation of two and a half percent of the cess levied and collected on high speed diesel and petrol to accelerate the development and maintenance of national waterways by the amount.
* Under the provisions of the Central Road Fund Act 2000-

The Central Government shall have the power to administer the Fund and shall—

(a) take such decisions regarding investment on projects of national highways and expressways as it considers necessary;

(b) take such measures as may be necessary to raise funds for the development and maintenance of the national highways and for the development of rural roads;

* The bill also offers incentives and certainty for private sector to invest in inland waterways transport sector and government funding may be used only if private investment is not forthcoming for any component.
* The government has said that 1.8 lakh persons would be provided employment as jobs are expected to be created for operation, management of fairway, terminals, barges and training aids to navigation, over the next five years

# **PART IV. THE [PROPOSED] BILL**

The Bill seeks to achieve the following objectives:

Allocation of various percentages of the cess on high speed diesel and petrol is thus proposed to be rationalized by amending the said Act so as to provide two and one-half per cent of the cess on high speed diesel and petrol for the development and maintenance of national waterways.

* In the Central Road Fund Act, 2000 (hereinafter referred to as the principal Act), in the long title, for the words "national highways", the words "national highways, national waterways" shall be substituted.
* In section 2 of the principle Act,-

(i) after clause (a), the following clause shall be inserted, namely-

‘(aa)’”Authority” means the Inland Waterways Authority of India constituted under section 3 of the Inland Waterways Authority of IndiaAct, 1985;’;

(ii) after clause (e), the following clause shall be inserted namely,:-

‘(ea)’ “national waterway” means an inland waterway declared by section 2 of the National Waterways Act, 2016, to be a national waterway;’.

* In section 7 of the of the principle act, after clause (i), the following clause shall be inserted, namely :-

“(ia) development and maintenance of national waterways;”.

The administration of the amount of cess collected will also involve some expenditure. However, the expenditure involved for this purpose would be met out of the budgetary provision of each year by the Ministry of Shipping as approved by the Parliament.

**PART V. CRITIQUE OF THE BILL**

* **Preservation and Conservation of River Ganga:** Cleaning the Ganga was one of the cornerstones of Mr. Modi’s campaign in the 2014 elections. . The Ministry of Shipping projects that the NW-1 will carry mostly bulk goods. Cargo like cement, iron ore, coal and coal combustion products, crude oil and petroleum products, rock phosphate, timber stone chips, manganese ore and agricultural produce. A study done by NEERI a government of India funded research institution shows that the river Ganga is unique in its sediment content that is more radioactive compared to any other river and lake water sediments. According to the River activist and economist Dr. Bharat Jhunjhunwala , the dredging activities undertaken will destroy the self-purification capacity unique to the Ganga. Despite this, the government is supporting massive work is under way on the Ganges, be it for cruise tourism or cargo transport, to take the nirmal and aviral Ganga' will towards the path of development.
* **Threat to River’s Ecosystem:** Wildlife researchers have claimed that navigation of heavy ships on the Ganga would be a potential threat to the survival of dolphins in the sanctuary as well as on the entire Bihar and Jharkhand stretch. National Waterway 1 (NW1) involves the construction of more barrages along the river, and heavy dredging of silt, so that a width of 45 metres and a depth of 3 metres can be maintained throughout. This would enable passage for barges carrying 1,500-2,000 tonnes of cargo which will adversely affect the river’s ecosystem and the endangered Gangetic River Dolphin or the other life in water.
* **Slow Growth**: The usage had only increased to 0.5% by 2016, according to an FAQ released by the Inland Waterways Authority of India. The biggest impediment for the development of IW inland waterways in India is due to less or no development of special economic zones along the Ganga and Brahmaputra rivers, as there is hardly any presence of industries resulting in no cargo commitments by the private players.
* **Land, Law and Employment issues**: The NW-1 project that is expected to enable commercial navigation of 1,500-2,000 tonne vessels from Haldia to Varansai would see three multi-modal terminals (MMT) come up at Varanasi, Sahibganj and Haldia at an estimated cost of Rs 1,154 crore. However, officials are facing land acquisition and law and order problems in construction. The contractors working there are facing problems from locals such as levy demand and jobs.
* **Stakeholder Consultation:** What is most significant and serious however is the lack of awareness amongst and lack of consultation with the local people, who should be informed and taken into confidence before any such activities are taken up.

# **PART VI. BACKGROUND INFORMATION/REFERENCE DOCUMENTS**

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