

# RGICS



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# RGICS LEGISLATIVE BRIEF

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## **The Central Road Fund (Amendment) Bill, 2017**

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## The Central Road Fund (Amendment) Bill, 2017

### KEY MESSAGES

The Central Road Fund (Amendment) Bill 2017 introduced by the Centre aims to create a funding agency for the implementation of the nationalized waterways projects which will serve as a cost –effective and environment friendly means of transport to boost the Indian economy.

However, while drafting of the National Waterways Act 2016 and the Central Road Fund (Amendment) Bill 2017, the government seems to have failed to take into consideration the views and issues raised by the environmentalists, the experts and the local communities who are concerned about the negative impact on the river’s ecosystem, the lack of a robust cost-benefit analysis and the displacement of people.

The gaps that need immediate attention are:

- **The need for preservation and protection of River Ganga:** The poor administration in terms of under utilization of funds sanctioned for the cleaning of the river is to be considered as one of the biggest failures that led to the conversion of river Ganga into a “stagnant pond”. The environmentalists fear that the dredging activities that will need to be undertaken to create NW 1, will destroy its self-purification capacity. They believe that, the absence of Environment Clearance sanctioned at the initial stage for the ambitious projects like NW-1, can result into an irreversible ecological disaster.
- **Stakeholder Consultation:** According to a recent report published by the Manthan Adhyayan Kendra and SRUTI, the lack of awareness amongst and lack of consultation with the local people, will lead to the further delay of the implementation of the projects.
- **Diluting federalism:** Moving the power to administer the funds and the river to the Centre may have a huge impact on the lives of local communities whose livelihood may get impacted, and will also dilute federalism by reducing the powers of the States.
- **Creation of Interstate resentment over Water-Sharing arrangement:** Creation of these waterways could create conflicts between riparian states that should be obviated by a clear set of rules and regulations that define river linkages and water sharing arrangements.

## The Central Road Fund (Amendment) Bill, 2017

### **PART I. INTRODUCTION**

*\*The Legislative Brief is based on the recent amendment introduced by the Cabinet under the Central Road Fund Act 2000\**

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 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.

India is estimated to have nearly 14,500 km of navigable inland waterways but the share of water as a means of transport in India, is a paltry 3 per cent as compared to China, whose inland waterways transportation makes up to 47 per cent of the total transport and the European Union where the share of water transport stands at 44 per cent. In India the share of cargo transport by waterways remains abysmally low: 0.4% compared to 42% in Netherlands, 8.7% in China and 8% in the US. As a step towards changing these poor metrics, the government passed the National Waterways Bill 2016 paving way for 101 nationalized waterways. The Central Road Fund (Amendment) Bill 2017 has been proposed in support of the National Waterways Act 2016 and it allows transferring of funds for the development and maintenance of Waterways in India. It also aims to offer incentives for the private sector to invest in inland waterways transport sector.

As per Mr. Gadkari, “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 and the initiative will open up business opportunities and generate employment in the area of dredging, barge construction and operation and terminal construction” .

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 kilometers) as NW-2, West Coast Canal (Kottapuram-Kollam) along with Udyogmandal and Champakara Canals- 250 kilometers 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).

## The Central Road Fund (Amendment) Bill, 2017

### **PART II: THE POLITICS**

- The 2014 BJP Manifesto clearly stated the cultural & religious significance of River Ganga and the need to preserve its purity for spiritual and physical well being of India.
- Bihar Chief Minister Nitish Kumar, the head of the newly elected government under JDU-BJP had made a strong demand earlier this year 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 to the Allahabad-Haldia National waterways number I.
- The Gram Sabha members of Chicalim, Goa have cautioned the State Government against nationalising the state's rivers. The Gram Sabha also advised the Panchayat to write to the Central 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. Manohar Parrikar, the CM Goa has said, "Centre has assured that powers of operational decision will remain with Goa government." However, this statement is in contrast with the amendments proposed under the Bill under which, the rights to administer the funds and rivers will rest with the Centre.
- It remains to be seen how the Union government will address these concerns raised by BJP or alliance governments in the states and address its commitment to keeping the Ganga pure, when the dredging involved in creating waterways is likely to be counter-productive as far as this objective is concerned.

## The Central Road Fund (Amendment) Bill, 2017

### PART III: KEY ISSUES

- The Union Cabinet 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 the Central Road Fund Act, 2000 to allocate 2.5 per cent of the proceeds of the 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 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 over the next 5 years 1.8 lakh jobs are expected to be created for operation, management of fairway, terminals, barges and training aids to navigation.
- The scope of the plans is much beyond these 106 NWW (5 earlier ones and 101 new ones). First, there is a plan to link many of the national waterways to each other, to roads and railways and to major ports. This scheme is being called the Integrated National Waterways Transportation Grid.
- Second, the government has initiated two equally ambitious projects of Dedicated (Rail) Freight Corridors. Along with railway lines exclusively for freight, these corridors will also have multi-modal logistics parks. The corridors will have two components – the Eastern Corridor, running 1839 kms from Ludhiana to Dankuni in West Bengal, and the western one running 1483 kms from Jawaharlal Nehru Port Trust(JNPT) in Maharashtra to Dadri in UP. The Western Corridor will also form the heart of the controversial Delhi Mumbai Industrial Corridor (DMIC).

## The Central Road Fund (Amendment) Bill, 2017

### **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 India Act, 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.

## The Central Road Fund (Amendment) Bill, 2017

### 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 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. As per the study done by NEERI, a Government of India funded research institution; the river Ganga is unique in its sediment content thus is more radioactive in nature 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. He further claims that the Inland Waterways Authority of India (IWAI) is dredging Ganga and making her waters flow into a small channel so that large ships can sail to Patna and Varanasi. Dredging further disturbs the natural flow of sediments. He claims that, the project involves large scale dredging that will disturb the sediment carrying the wide spectrum coliphages, habitat of the remaining fish and disturb the spiritual charges of the waters of Ganga. IWAI is also considering building of a number of barrages between Allahabad and Buxar to raise the level of water so that large ships can ply. The government must put a stop to the steps that harm free flow of Ganga.
- **Threat to River's Ecosystem:** Wildlife researchers have claimed that the navigation of heavy ships on the Ganga would be a potential threat to the survival of dolphins in the Vikramshila Gangetic Dolphin 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. According to Shashank Shekhar, Assistant Professor, DU Dept of Geology, "the transfer of enormous amounts of water will inundate forests and land for reservoirs and the weight of billions of litres of water has the potential to cause earthquakes in the Himalayan region".
- **Slow Growth:** With just 0.6% of India's freight being transported through the inland waterway route despite a vast network of rivers across the geographical corner that forms about 20,000 Km of navigable waterways, the need for developing additional National Waterway is essential. The biggest impediments for the development of inland waterways in India that the poor development of special economic zones along Ganga and Brahmaputra rivers, has created a situation where there are hardly any industries that require large scale cargo movement.
- **Environmental 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, the projects are facing a delay over the question of environmental clearance (EC) for dredging river Ganga and building jetties. There have been no techno-economic feasibility studies so far, let alone environmental and social impact assessments, of the 101 waterways included in the Bill.
- **Absence of 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 have been informed about the projects and its impact on their lives before any such activities were taken up. Nearly three million fish workers along India's coastline depend on fishing for their livelihood and many more are engaged in inland fishing in rivers across the country. 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." The original Sagarmala plan articulated under former

## The Central Road Fund (Amendment) Bill, 2017

PM Mr. A.B Vajpayee has been modified with large scale land and ocean grabbing, displacing the people and their right to life, livelihood and dignity. Dangerous levels of ecological devastation has also been accelerated which is being sidelined in this massive push for development.

## The Central Road Fund (Amendment) Bill, 2017

### **PART VI. CONCLUSION**

Given the fact that the amendment under the Central Road Fund was proposed to develop the Inland Waterways in India, the government should address the gaps in the existing draft and address the issues that could lead to displacement of marginalized communities, destruction and loss of lives due to natural disasters.

In addition to nationalizing the rivers, the government should incorporate the views and the demands of the stakeholders who will face a direct impact with the implementation of such projects. The government needs to be focus on the potential consequences due to changes in the ecosystem, the biodiversity and level of purity of the rivers. The government should formulate guidelines for the usage and maintenance of the particular rivers according to international standards after analyzing the nature of each river.

## The Central Road Fund (Amendment) Bill, 2017

10

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

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