

THE HINDU BusinessLine

'India needs a common transport ministry to coordinate investments'

Mamuni Das

But the proposal will face resistance for political reasons, says IMF's Rakesh Mohan

New Delhi, April 20:

While pitching for a nodal transport body in India, Rakesh Mohan, Executive Director, IMF, fears the proposal will face resistance for political reasons. Mohan recently submitted a report on national transport development wherein he pushes for a nodal transport body.

A common ministry of transport will ensure the much-needed coordination required at the macro level, Mohan told *Business Line*. For instance, if a rail track is being laid between two points, then there is no need to spend money on an expressway between the same points, he said.

"At present, there is almost no coordination on investment. Suppose you are doing a dedicated freight corridor from A to B, then you need to examine if there is a need to invest in an expressway at the same time. Maybe you can do that when you get richer," said Mohan, a former RBI Deputy Governor.

"Everything is project-centric now," Mohan said, adding that the National Highways Development Programme was probably an exception where a country-wide view was taken. Roads were drawn connecting the four corners of the country, followed by its diagonals connecting the main cities and so on, he said.

Usually, different Ministries are under tremendous pressure to prioritise and route investments in roads, ports and rail links and rail-based factories to areas served by key politicians.

In fact, Mohan also drew an analogy to the RBI which is led by a Governor and multiple Deputy Governors. "I don't know how the RBI works now. But when we were there, we used to have weekly meetings of all Deputy Governors, who would thrash out issues that are stuck due to the lack of coordination," he added.

Difficult to implement

That said, Mohan admitted that the implementation of such a proposal would face issues of "political economy." To get around that, Mohan suggested the setting up of an office of transport in the short run.

"This is a medium-term agenda which India must aim for. It may take five to ten years. We can easily set up an office for transport strategy which does all the coordination at a technical level," said Mohan.

Mohan's caveat: It should be independent, perhaps attached to the Planning Commission, but staffed with "technically competent people, who, by the way, do not exist today."

Mohan added that globally, none of the countries has such multiple ministries. "We surveyed the whole world. There is no other country with separate ministries for road and highways, shipping and ports, urban transport, railways and aviation," he said.

Communist nations

"This model of having separate ministries is from the Socialist and Communist countries — Russia, China and others. Part of the reason was that everything was done under government enterprise. We had the same reason. But, now, every other country has done it. Even China has done it. There's no reason why we should not do it," he added.

(This article was published on April 20, 2014)

Printable version | Apr 25, 2014 3:29:29 AM | <http://www.thehindubusinessline.com/economy/india-needs-a-common-transport-ministry-to-coordinate-investments/article5931154.ece> © The Hindu Business Line