



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](#)

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