

## Not just odd-even plan, a combination of incentives, subsidies needed

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A combination of incentives and subsidies to speed up the transition to engines using ultra low sulphur fuels is worth thinking about. (HT Photo)

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I found out just how much the Indian elites love equality only when Delhi chief minister Arvind Kejriwal came out with his odd-even plan. I cannot tell you how many times I was told that it was regressive, because the rich have many cars and the poor only one.

Except of course the really poor can only dream of owning cars while inhaling the fumes from the cars driving past their street side stall. And that within the privileged group that does own a car, the poorer you are, the longer, for the most part, is your commute, which tends make your driving that much more expensive and time-consuming.

I wonder why we don't see the same passion while discussing Delhi's regressive building rules, which make high-rises in central city all but impossible and therefore banishes everyone except the really wealthy to live in distant suburbs. Or about our regressive system of higher education, which discouraged entry by

private players for so long and so effectively that now demand for affordable quality education vastly outstretches supply.

As a result, the competition to get into them is fierce, and favours those who went to the best high schools and the finest coaching classes. Which means in large part that the whole system ends up subsidising exactly those who can afford to pay more.

It is perhaps redundant to point out that I have rarely heard our elites demanding higher wealth taxation to counter our exploding wealth inequality.

My guess is that while the elites would like cleaner air, they are not willing to give up the convenience of being able to use their cars at will to get it, perhaps because they believe (I suspect incorrectly) that they can protect themselves from the consequences of vehicular pollution by investing in air-conditioners and air purifiers. The sudden interest in fairness came out of a need to come up with an argument against a plan that appeared to make some amount of sense.

That is not to say that there are no challenges in getting the odd-even plan to work or that there could not be better plans or that this is all that we need to do. One obvious challenge is enforcement: What happens if people just ignore the law? Just how many drivers can the police stop?

The trick is to make the penalty relatively high (say, Rs 10,000), which is not unreasonable since people have the choice of not taking out the car with a wrong number-plate. And to let the policeman who is handing out the challan keep a sizeable chunk of that money (say, Rs 1,000). This will both energise the police and protect against the system being undermined by corruption — no police will obviously accept a bribe of less than a thousand since that is his legal take. So the fine will always be pretty steep; moreover bribing one policeman does not stop the next one down the road from handing out a challan or asking for a bribe.

However, given how ingenious we Indians can be, something will have to be done to control the counterfeiting of number plates. One idea is to embed a chip in every valid number-plate, which sends out a signal that any passing policeman can pick up on a simple device, so that the absence of the signal can trip an immediate investigation and confiscation of the car.

Having alternative checking methods would also help. Having cameras on roads that scan the number plates is not too difficult; and software can be written to identify those that had violated the rule and automatically send a challan to the registered address of the car. Citizens could be encouraged to take photos of cars driving on the road with the wrong plates and send them in to some number by MMS.

The other major concern is that this will encourage people to buy more cars. This is what happened in Mexico City, which implemented a similar plan; to make matters worse, people actually bought cheaper

older cars, which were more polluting. To prevent a flood of cheap old clunkers into Delhi, it would be important to ban the registration of vehicles that are not BS IV-compliant.

To discourage people from buying new cars, the road tax needs to be raised a lot, ideally just on second and third (and fourth and fifth) cars. Alternatively, make overnight street parking exorbitantly expensive; each apartment can have one inexpensive parking place, but all other cars will cost several thousand rupees a night. If none of this is possible, maybe Delhi should follow Paris and restrict driving only when the pollution levels are sufficiently high (like now). If the restrictions are not too frequent, maybe people will not find worthwhile buying the second car.

In terms of alternatives to the odd-even rule, it is clear that one important downside of the proposed scheme is that it does not discriminate between those who just drive round the corner and those who drive hundreds of kilometres a day. A gasoline tax comes closer to the economist's ideal of a user fee for the roads and the atmosphere, but it is not something a state government can implement.

Charging a fee for miles travelled is another way to get at this — especially if the fee can vary, based on the make (and year) of the car to punish the gas-guzzlers — and the technology of implanting a device on the car to keep track of distance travelled is presumably available. The real challenge is to make it tamper-proof — since we have many talented entrepreneurs who will no doubt be happy to 'fix' the device for a price — but this is clearly something to work towards.

In terms of other things to do, using a combination of incentives and subsidies to speed up the transition to car and truck engines that use ultra low sulphur fuels is worth thinking about. And to get people to use more public transportation, the last mile(s) problem needs to be solved. The problem of getting from home to the metro, BRT or bus stop makes many people take their cars to work. Why not start a fleet of electric buses that just circle through neighbourhoods connecting them to the various public transport hubs? Call them aap ke liye; people of Delhi won't mind.

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