



Innovative Funding

Institutional Strengthening & Financing of Road Safety

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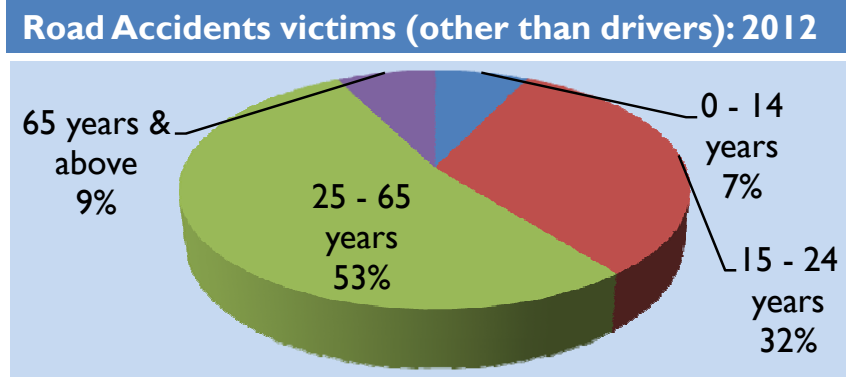
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In spite of alarming number of accidents, high fatalities and huge economic impact, Road Safety has not created the public urge

Undeniable statistics of Indian Roads (2012)	
490,383	Number of road accidents
509,667	Number of persons injured in road accidents
138,258	Number of fatalities
Plus	
Significant number of unreported accidents	

Source: 'Road Accidents in India 2012' by MoRTH - Transport Research Wing



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Lack of road safety costs India around USD 20 Billion every year

- Almost 85% of **fatalities in the productive age leading to loss of income** for the survivors of victim's family
- Infrastructural repair cost, Govt. administrative expenses and Vehicle damage
- Health care: First-aid to victims, post-crash emergency support and rehabilitation

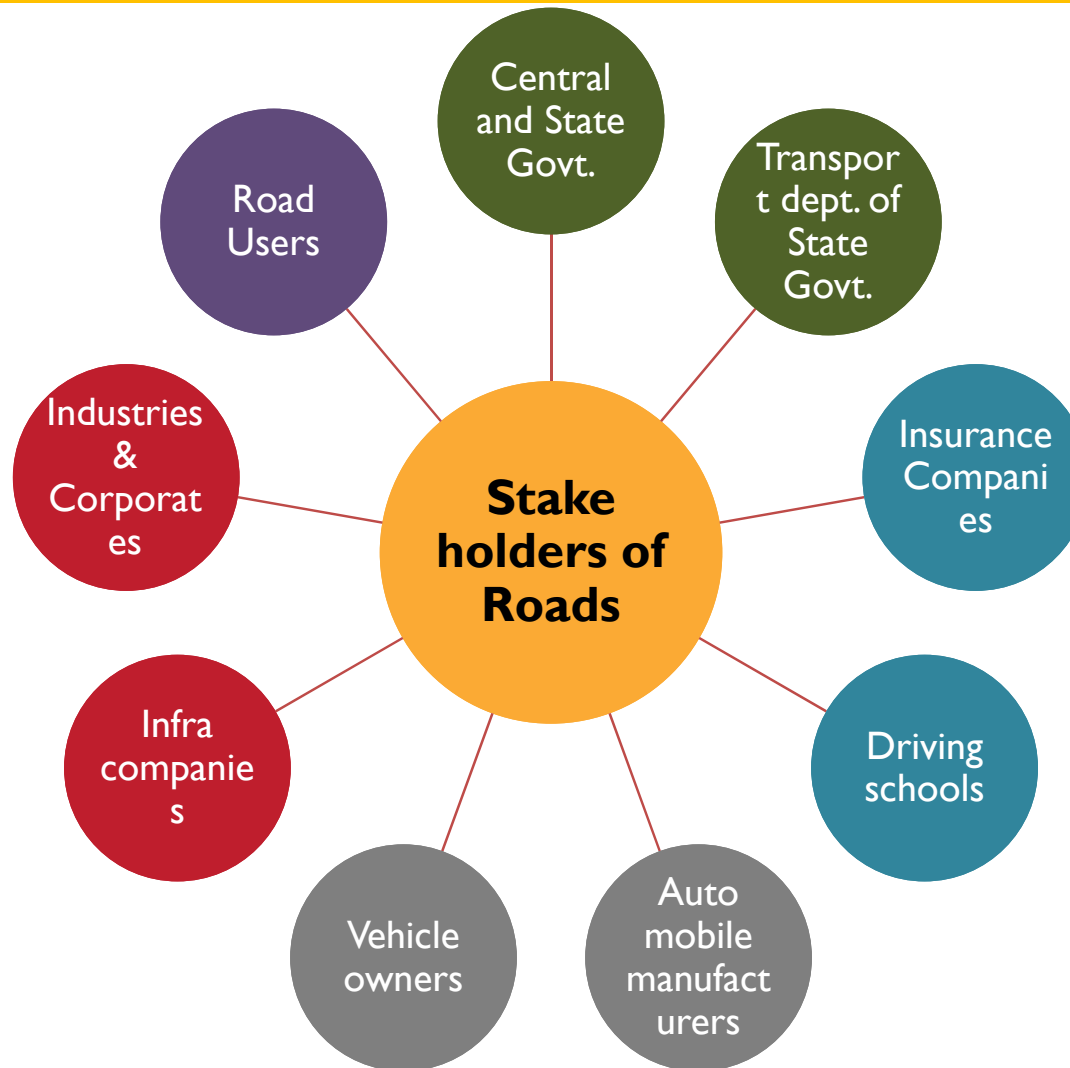
Accident prevention is not simple but involves multiple parties and huge funding is required to create mass awareness

The most common problem of drunken driving involves the attention of various parties to address it -

SI	Task	Parties involved
1	Zero Blood Alcohol Concentration Tolerance	Public acceptance and Govt. resolve
2	Increased Vigilance	Govt. – Increased police force
3	Drug Recognition Expert Program	R&D and technology
4	Administrative Sanctions - Roadside Suspensions and Vehicle Impoundment	Public acceptance and Govt. resolve
5	Mandatory Ignition Interlock Devices	Vehicle manufacturers
6	Rehabilitation	NGOs, Dedicated groups
7	Responsible Serving of Alcohol	Commercial establishments
8	Targeted Education	NGOs, Dedicated groups

To create awareness among different stakeholders, huge funding is required

Road Safety is not a desire but a citizen's right. All the stakeholders must contribute to make Indian roads more safer



Central and State Governments have the duty to ensure the roads are safe for the commuters

Central Govt.

- To substantially increase the budgetary provisions towards road safety measures
- To include 'road safety' as a CSR activity in the new company law which mandates CSR spending of at least 2% of profit
- To earmark portion of revenue from below sources towards road safety
 - Taxes and Duties collected from Fuel sales (Petrol, Diesel)
 - Duties levied on Automobiles

State Govt.

- To increase the budget provisions
- To facilitate safety awareness activities
- To earmark portion of revenue from
 - Traffic violation fines
 - Tax on vehicle sales

- **Western Australia:** One-third of red light and speed control camera fines are paid into the Road Trauma Trust Fund
- **UK:** Speed camera revenues earmarked to provide additional speed cameras at hazardous locations
- Many states in **USA:** Use traffic fines to part-fund training in law enforcement
- **Mississippi:** Surcharges imposed on hazardous moving violations are used to support emergency medical services
- **New Mexico:** This surcharge is donated to a Traffic Safety Education and Enforcement Fund

RTO's to fund Road Safety measures to ensure continued safety of roads even after the award of license/ registration

**RTO's /
Transport
dept.**

- To earmark portion of revenue from the following streams -
 - Road tax
 - Driving License
 - Vehicle registration
 - Permits

Insurance companies are directly benefited by safe roads and should actively participate in related activities

Insurance Companies

- Insurance companies are immensely benefitted by safe roads – directly increasing their bottom line
 - To contribute a portion of their revenue towards Road Safety measures
- IRDA/ Govt., to add levy or surcharge to compulsory insurance premiums to help fund road safety activities. In the long run, this will only reduce the insurance premium cost unlike increasing it
 - Insurance premiums are related to road crash costs and insurance companies therefore have an incentive to reduce crash costs to help reduce the premiums charged

- Road safety levy is added to all vehicle insurance premiums in the **State of Victoria in Australia, Finland** and the **Province of Quebec in Canada**
- In **Poland**, a special fund derived from 1% of insurance revenue, has been set up to finance road safety projects
- Insurance premiums are used to support the **Korea** Traffic Safety Association
- In **Bahrain**, insurance companies pay for the **Bahrain** Traffic Safety Improvement Study developing the comprehensive data collection and analysis system

Safe and well-connected road infrastructure forms the back-bone for Industries and Corporates

- The existence of direct benefits in the form of easier access and improved productivity, private sector to engage in sponsoring of road safety initiatives
 - Road safety education and knowledge transfer
 - Publicity and awareness campaigns addressing drunken driving, child safety, traffic speed, seat belt wearing, etc.
 - Driver training
- Opportunities exist for the private sector to assist these publicity campaigns in a number of ways, by funding the publicity through television, radio, newspapers and magazines, and posters

- **Germany:** Shell has funded road safety education for primary school
- **UK:** BP developed a teaching resource pack in the UK, 'Living with Traffic', which was produced to help with primary school road safety education
- Alcohol manufacturers such as Diageo, have long established track records of supporting driver education initiatives and road safety improvements seeking to reduce the number of alcohol related driving accidents.
- **Bangalore:** 3M, Volvo, Getit Yellow Pages, Coca Cola, Infosys, Koshy Holdings PVY Ltd, Tata, Synergy work together with government and NGOs as part of the Road Safety Drive 2000 project led by the Bangalore Agenda Task Force (BATF)

Spending on Road Safety is not an expenditure but only an investment yielding high social and economic return

Driving Schools

- Driver Training institutes have the moral responsibility towards safe roads and should immensely contribute to road safety requirements

Automobile Companies

- Considering the direct dependence, should contribute portion of revenue
- Additionally, the entire CSR spending to focus on Road Safety measures

Vehicle owners

- Along with Vehicle manufactures, to ensure all road safety accessories are available in basic variants and pay that additional rupee towards that

Toll Road companies

- Entire CSR spending to focus on Road Safety measures

Road EPC Players

- Entire CSR spending to focus on Road Safety measures
- To include some road safety cess as part of EPC package

Beyond the first step of fund raising...

- To sustain the interest of non- Government sources of funding, the following are pre-requisites -
 - ✓ Credible fund utilization plans
 - ✓ Quantifiable milestones and measurable progress
 - ✓ Results in both short term and long term

- This man-made road-accident epidemic cannot be cured by one-time vaccine but only by sustained effort for many decades.
- Huge fund that is being targeted can at best be a 'seed fund' to initiate. To ensure longevity, part of road safety programs should be made **self-sustaining business models** capable of meeting their operational requirements.



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