

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE
LOK SABHA**

**UNSTARRED QUESTION NO. 617.
TO BE ANSWERED ON TUESDAY, THE 03RD FEBRUARY, 2026.**

FREIGHT EQUALIZATION POLICY

617. SHRI ARUN BHARTI:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:
वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has ever conducted a formal assessment of the long-term negative economic impact of the Freight Equalization Policy (1952-1993) on States like Bihar;
- (b) whether the policy led to a flight of capital and the de-industrialization of the mineral-rich eastern region by eliminating its geographical advantage, if so, the details thereof;
- (c) the total estimated financial and industrial production loss incurred by Bihar during the four decades the policy was operational;
- (d) whether the Government is considering any compensatory industrial package or special incentives for Bihar to address this historical disadvantage, if so, the details thereof; and
- (e) the steps being taken to ensure that new industrial policies, like the PM Gati Shakti, actively promote industrialization in backward regions like Jamui?

ANSWER

**वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI JITIN PRASADA)**

- (a) to (d):** The Freight Equalization Policy (1952–1993) was a Government of India policy aimed at removing regional disadvantages in industrial development by equalizing the transport (freight) cost of essential raw materials across the country. The Freight Equalisation Policy was reviewed from time to time to assess the impact of the same vis-a-vis its objectives. The review was done by the National Transport Policy Committee (Pande Committee, 1980). The Committee recommended the following:-
- i. It was not the only instrument for achieving balanced regional development. Other measures such as licensing policy, appropriate fiscal and credit policy and provision of essential infrastructural facilities are equally important.

- ii. The beneficial effect in terms of regional dispersal as a result of freight equalisation was more than offset by the increase in real transport costs.
- iii. Freight equalisation had little impact on generating employment activity in backward regions. There is a case for phasing out the existing freight equalization scheme.
- iv. Freight equalisation for commodities of mass consumption will not make a significant difference in the final prices paid by the consumer. This can better be achieved through a comprehensive distribution system.

The Government accepted the recommendation of the Pande Committee. For cement, the scheme was gradually phased out with the decontrol of cement w.e.f 28.2.1989. In the case of Iron and Steel the Government as a part of the liberalisation package, abolished the price control on Iron and Steel w.e.f. 17.1.1992 while retaining partial distribution control in respect of some sensitive sectors alike small scale sector exporters of engineering goods for North Eastern Region and for Railways and Defence. Thus, the freight equalisation scheme was totally abolished. The Government had also decided not to extend the freight equalization scheme to any new item.

- (e):** PM GatiShakti — National Master Plan (NMP) is a Government of India initiative launched in October 2021 to improve the country's infrastructure planning and execution. It is a Geospatial data based integrated digital platform that brings together all sectors (infrastructure, social and economic) for development of multimodal infrastructure. The plan uses a GIS-based platform with more than 1700 data layers of Central Ministry and States/UTs to enable data-driven decision-making.

An institutional mechanism of Network Planning Group (NPG) under PM GatiShakti National Master Plan (NMP) evaluates infrastructure projects on the basis of PM GatiShakti principles such as integrated planning, multi-modality, inter-modality, whole of Government approach, and last-mile connectivity.

So far, 34 infrastructure Projects, of total cost of about Rs. 1.73 Lakh Crore, falling in the State of Bihar, including adjoining regions of Jamui, have been evaluated through NPG mechanism under the PM GatiShakti. Details are given at **Annexure-I**.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PART (e) OF THE LOK SABHA UNSTARRED QUESTION NO. 617 FOR ANSWER ON 03.02.2026.

Details of 34 Projects evaluated by NPG, falling in the State of Bihar

S. No.	Project Title	Ministry / Department	Project Cost (in Crore of Rs.)	State(s)
1.	New 6-Lane H.L./Extra Dosed Cable Bridge on River Ganga Parallel to Western Side of Existing Digha-Sonepur Rail- Cum Road Bridge at Patna in Bihar on EPC mode	Ministry of Road Transport & Highways	2,860.05	Bihar
2	Doubling of Katihar – Kumedpur section and Katihar -Mukuria section on North East Frontier Railway (64.14 km)	Ministry of Railways	942.64	Bihar, West Bengal
3	Doubling between Gorakhpur Cantt.- Valmikinagar on North Eastern Railway (95.95Km)	Ministry of Railways	1,120.00	Uttar Pradesh, Bihar
4	Construction of Four Lane Highway from Gazipur-Ballia- UP/Bihar State Border (Greenfield) section of NH-31 1. Package I [from Hridaipur (km 0.000) to Shahapur (km 42.500)] 2. Package II [from Shahapur (km 42.500) to Pindari (km 78.150)] 3. Package III [from Pindari (km 78.150) to Rawalganj Bypass (km 117.120)] 4. Package IV [Buxar Spur of length 17.270 km]	Ministry of Road Transport & Highways	3,554.28	Uttar Pradesh, Bihar
5	Gorakhpur-Siliguri Corridor	Ministry of Road Transport & Highways	27,545.00	Uttar Pradesh, Bihar, West Bengal
6	Indo Nepal Border – Haldia Corridor	Ministry of Road Transport & Highways	30,233.00	Bihar, Jharkhand, West Bengal
7	Provision of Automatic Signaling with CTC in New Jalpaiguri – Guwahati (via Rangiya) & Katihar – Mukuria sections under HDN route of NF Railway	Ministry of Railways	542.43	Bihar, West Bengal and Assam
8	Sonnagar - Andal 3rd & 4th Railway line	Ministry of Railways	12,333.57	Bihar, West Bengal
9	New Line Between Bikramshila – Katareah (Pirpainthi – Naugachia) (26.22 km) of East Central Railway	Ministry of Railways	2,171.33	Bihar
10	Sasaram Arrah Patna	Ministry of Road Transport & Highways	3,364.00	Bihar
11	4-Lane Greenfield Highway for Parsarma to Araria NH- 327E	Ministry of Road Transport & Highways	4,890.47	Bihar
12	Construction of bulb line at Nabinagar (Ankorha) (17.49 km)	Ministry of Railways	611.73	Bihar
13	Anishabad - Aurangabad - Hariharganj Road	Ministry of Road Transport & Highways	1,210.00	Bihar

14	Doubling of Narkatiaganj- Raxaul- Sitamarhi- Darbhanga&Sitamarhi- Muzaffarpur Section (255.5 Km)	Ministry of Railways	4,080.00	Bihar
15	Development of Integrated Manufacturing Cluster (IMC) at Gaya in Bihar under Amritsar Kolkata Industrial Corridor (AKIC) Project	NICDC, Department for Promotion of Industry and Internal Trade	1,862.00	Bihar
16	Bihta Airport	Ministry of Civil Aviation	1,413.00	Bihar
17	Bakarpur-Manikpur- Sahebgunj- Areraj-Bettiah	Ministry of Road Transport & Highways	5,644.22	Bihar
18	Aluabari - New Jalpaiguri Quadrupling	Ministry of Railways	1,633.22	West Bengal & Bihar
19	4 lanes + PS of Kishanganj - Bahadurganj from Km 0+000 to Km 23.649	Ministry of Road Transport & Highways	1,117.01	Bihar
20	New BG Line (52.810 Km) from Bhagalpur to Jamalpur	Ministry of Railways	1,094.60	Bihar
21	Rampurhat - Bhagalpur Doubling	Ministry of Railways	2,999.57	West Bengal, Jharkhand, Bihar
22	MMLP Patna	Ministry of Road Transport & Highways	1,008.18	Bihar
23	Bhaktiyarpur Tilaiya doubling	Ministry of Railways	2,017.39	Bihar
24	Mukama -Munger	Ministry of Road Transport & Highways	2,010.34	Bihar
25	Development of Patna-Punia 6 Lane expressway	Ministry of Road Transport & Highways	28,415.63	Bihar
26	3rd and 4th Line Between Bhaktiyarpur to Fatuha Station	Ministry of Railways	875.72	Bihar
27	Construction of 4-Lane Divided Carriageway from Khagaria to Purnia	Ministry of Road Transport & Highways	3,975.02	Bihar
28	Construction of a six-lane elevated road along with Six lanes at Grade with a service road in Anisabad- Deedargunj.	Ministry of Road Transport & Highways	4,063.38	Bihar
29	4-Laning of Muzaffarpur- Sitamarhi-Sonbarsa	Ministry of Road Transport & Highways	3,590.73	Bihar
30	3rd and 4th line from kiul to Punrakh	Ministry of Railways	2,513.92	Bihar
31	Jamalpur Munger Sabdalpur Double line including bridge over Ganga including Jamalpur avoiding line	Ministry of Railways	1,797.09	Bihar
32	3rd & 4th line Barharwa- Bhagalpur	Ministry of Railways	3,885.42	Jharkhand & Bihar
33	3rd and 4th line between Danapur (DNR) to Pt. Deen Dayal Upadhyaya (DDU) station	Ministry of Railways	7,406.28	Bihar & UP
34	3rd line between Kiul to Jhajha station	Ministry of Railways	902.56	Bihar
		Total Cost	173,683.78	
