Frontiers in Health Informatics
ISSN-Online: 2676-7104
www.healthinformaticsjournal.com
2024; Vol 13: Issue 8
Open Access

FASTag in India: A Financial Review of Adoption, Usage, and Economic Impact

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Cite this paper as: Vishu Dahiya, Dr. Satpal (2024). FASTag in India: A Financial Review of Adoption, Usage, and Economic Impact. *Frontiers in Health Informatics*, *Vol.13, No.8*, 6773-6785

Abstract : FASTag, which is an RFID-based electronic toll collection system, marks yet another milestone in India's journey towards digital infrastructure and smart transportation. This review paper examines FASTag from an economic and operational viewpoint. It provides an overview of its evolution, technological structure, adoption, and cost implications. According to the news stories that I incorporated into my development. Their development was hindered by journalists and television programs. The system has improved toll revenue collection, reduced operational costs, increased user convenience and cyber audits have become stronger. The transition to digital has led to behavioural changes in the users like financial planning and digital payments. Even though there are problems including technical failures, refund delays, irregular customer support and lack of financial literacy, especially in rural India. The paper discusses how policy interventions and public-private partnerships can drive adoption. It also mentions integration with ancillary services. It emphasizes that FASTag can also be used for financial inclusion, green and future mobility ecosystem like GPS-based tolling. The study wraps up with suggestions for enhancing user experience and making it more equitable, while also regarding FASTag as a transformative innovation with immense potential.
Keywords : FASTag, electronic toll collection, RFID, financial impact, digital payments, toll revenue .

1 .Introduction

There has been rapid evolution in road transport infrastructure in India over the last two decades. In the Indian scenario, there is an emerging need for modernization and streamlining of toll collection systems. The manual transaction nature of the toll collection system has suffered from traffic jam, revenue loss, time loss and high operating cost. The Government of India launched FASTag – an electronic toll collection system based on RFID (Radio Frequency Identification) that offers digital, seamless, and contactless payment of tolls on national highways **(NHAI, 2021)**. The National Electronic Toll Collection (NETC) program has launched FASTag under the National Highways Authority of India (NHAI) in collaboration with the Indian Highways Management Company Limited (IHMCL) and the National Payments Corporation of India (NPCI) . FASTag was launched on a pilot basis in 2014. It was made mandatory for all vehicles in India from February 2021. The implementation of FASTag

is a considerable policy shift in India's road transport policy framework which aims to decongest toll plazas, increase efficiency and enhance transparency of financial flows **(MoRTH, 2021)**. It mirrors aspirations for digital governance, financial inclusion, and sustainable transport development. More than 6.9 crore FASTags have been issued till 2024 covering 900 Plus toll plazas on national and state highway. The system now has 39 certified banks and digital wallets enabled which presents a strong case of a public-private partnership in infrastructure financing and digital services. The monetary aspect of FASTag is significant. The immediate advantages of this move can be seen in the reduced waiting time at toll plazas and increased operational efficiency. However, its larger benefits include better collection of toll revenue, lower cash handling costs, improved audit trails and reduced incidents of toll evasion. Also, from the relatively user's viewpoint the cost to acquire and maintain a FASTag, the savings on toll spends as perceived and the ease of transaction forms an important part of the total financial experience. As such, from an institutional and user perspective, understanding FASTag from a financial angle is important. This review paper will analyse FASTag from different angles, focusing mostly on its financial implications. The findings from government reports, the academic literature, industry analysis, and survey data are synthesized in the paper. It explains the historical evolution of FASTag, assesses its operational and financial efficiency, user experience and regulatory challenges. It also provides a global context for electronic tolling systems and examines future developments such as GPS-based tolling and integration with smart mobility solutions. Through critical evaluation of the journey and economic footprint of FASTag, this review aims to inform policy discussions and further research on digital payment systems in public infrastructure.

2 .Tracing the Origin of FASTag

Over the years, India has taken several steps to modernize the system of toll collection. The manual toll collection on the national highways before the implementation of FASTag created long ques and travelling time was increased. Apart from increased travel time, colossal revenue loss also happened due to human error and corruption. Seeing these issues, the Indian government started looking into technology-enabled solutions for toll management in the early 2010s The Electronic Toll Collection (ETC) concept was first raised in 2010 when a committee was formed under the Ministry of Road Transport and Highways (MoRTH) to study global best practices and assess the RFID-based tolling feasibility in India **(MoRTH, 2014)**. In 2013, the pilot ETC project was started on the Ahmedabad-Mumbai stretch. As recommended, NHAI decided to start National Electronic Toll Collection (NETC) in collaboration with IHMCL and NPCI. Following the pilot success, NHAI decided to go for NETC system on pan-India basis. Thus, the idea for NETC was conceived. The NETC Scheme was started in 2014 along with the launch of FASTag, a prepaid RFID tag that is affixed on the windscreen of a vehicle to ensure automatic toll payment without human intervention. The FASTag system functions through a bank network of acquirer banks and issuer banks linked to the NPCI central clearinghouse. As of 2024 **(NPCI, 2023**) the number of issuing banks has grown to 39, having been launched at a handful of major banks such as ICICI Bank and Axis Bank. The uptake of FASTags has been slow in the early years due to low public awareness, inadequate infrastructure and resistance from toll plaza operators. The government started cashback and other incentives along with FASTag dedicated lanes to improve usage. The Ministry of Road Transport and Highways made the announcement for making FASTag mandatory for all new

vehicles from December 1, 2019, under the Central Motor Vehicles Rules, in 2019. This was the landmark development. The Ministry of Road Transport and Highways **(MoRTH, 2021)** then issued one other instruction in February 2021 to make the requirement of FASTag compulsory for all vehicles plying on the national highways. Thus, cash transactions at toll plaza effectively came to an end. The number of FASTags issued grew substantially from 2016 to 2021, rising from just under 5 lakh tags in 2016 to over 3.5 crore by 2021. The total number of FASTag users crossed 6.9 crores in 2024, which are (covered under) over 900 toll plazas, including state highways and certain city expressways **(NHAI, 2023).** The improved digital infrastructure, policy mandates, and extensive integration of FASTag with digital wallets and banks have all contributed to this success. The development of the FASTag is also part of the government's Digital India and BharatNet programs. The integration of FASTag with services like parking charges, fuel stations, and challan payments could make it a multi-utility payment tool. In a significant advancement, the government has commenced trials of the GPS-based tolling system, which implies a switch from plaza-based tolling to distance-based road user charges. The next phase will eliminate toll booths altogether, allowing vehicle location tracking so that tolls can be deducted automatically **(Economic Times, 2023)**. In the transition manual mode may remain till yet, but the future vision is smart & hassle-free transport ecosystem followed with FASTag. In conclusion, the historical evolution of FASTag is a result of technology, policy, and user-centric incentives. Rephrase Undo The system transition toll collection from manual and cash laden to an automated system aligned with global best practice.

3 .Technological and Operational Framework of FASTag

The RFID technology-based system developed as per ISO/IEC 18000 for the FASTag. The tag itself is a passive RFID device which does not require a battery or alternate power source. It attaches inside a vehicle's windshield and connects to the user's prepaid account or savings account. As the automobile nears the toll plaza, which has an RFID reader, the RFID reader reads the tag. The RFID reader then authenticates the tag with the help of NPCI and deducts the toll amount that is due automatically from the user (NPCI, 2023).

3.1 Core Technology and Standards

The passive UHF that FASTag makes use of is a type of RFID that functions in the frequency range of 865-867 MHz. The tag conforms to EPC Gen2, ISO 18000-6C standards. An RFID reader attached to the overhang at the toll collection station scans the tag affixed to the vehicle's windshield as it passes through the open lane. The system identifies the tag and, via the NETC switch of NPCI, makes a request to the acquiring bank's backend system, executing the transaction at real time (NPCI, 2023). NPCI has launched a standard architecture and ecosystem for interoperability. The issuer bank which issues the tag, acquiring bank which has the toll plaza infrastructure, NPCI switch which routes the transactions, and IHMCL which monitors operational compliance. All the participating plazas and service providers have seamless toll collection on account of this ecosystem .

3.2 Issuance and Account Integration

You can get FASTags from the issuer banks like ICICI Bank, Axis Bank, HDFC Bank, SBI, etc. E-commerce platforms like Amazon, Paytm, Flipkart now tags on products for easy search and filtering. Tags are typically linked to either.

•A prepaid FASTag wallet controlled by a bank or third-party service provider(s) (like Paytm).

•An account for savings or transactions

•A UPI Account

When a tag is issued, the user is provided access to an online portal or mobile app to recharge their account, monitor usage, and check the history of toll deductions. According to the Ministry of Electronics and Information Technology (MeitY) report (2021), every transaction gets notified via SMS and email to users .

3.3 Operational Infrastructure at Toll Plazas

Each FASTag-enabled toll plaza is equipped with.

- RFID scanners fixed at the toll lanes.
- Automatic boom barriers.
- Vehicle detection sensors.
- Linking the link to backend systems.
- Security and monitoring using CCTV cameras. As soon as the vehicle with valid and active FASTag enters the lane, the system reads the tag, checks the credentials with NPCI's central system and upon success, the boom barrier lifts to allow passage. The vehicle is diverted to a manual lane in case the tag is blacklisted, has insufficient balance, or is unreadable (NHAI, 2023).

3.4 Settlement and Clearing Mechanism

The NETC framework is a closed-loop financial system. NPCI acts as a common-acquirer which routes the transactions, reconciles and settles the games and the tolls. Here is a simplified flow.

1.Vehicle scans FASTag → RFID tag details sent to acquirer bank.

2.Toll details → Sent to NPCI switch.

3.Validation → NPCI forwards request to issuer bank.

4.Debit & response → Issuer bank debits customer account.

5.Confirmation → Response sent back to NPCI, then to acquirer bank.

6.Settlement → NPCI facilitates interbank settlement (daily/periodically).

This architecture allows for quick processing of tolls where every transaction has visibility and thus, leakages (which occur in manual systems) are effectively plugged (NPCI, 2023).

3.5 Security and Data Governance

NPCI and their choice of issuer banks have layered the data to protect it. To log in and manage your FASTag wallets, tag IDs are encrypted and 2FA is applied. NETC system of NPCI is compliant to PCI-DSS standards. Further, IHMCL conducts regular checks and audits to confirm that the toll plazas comply with operational standards. Information gathered from FASTag like the timestamp of the vehicle, its location, the vehicle class helps in highway maintenance, traffic flow management and logistics performance. Nonetheless, surveillance and misuse of mobility data has raised eyebrows over data privacy and anonymization (Bhatia & Kumar, 2022).

3.6 Integration with Ancillary Services

Over time, FASTag has evolved beyond tolling. It is now being integrated with various

services such as:

- **Fuel payments** at selected petrol pumps (e.g., Indian Oil),
- **Parking payments** in urban commercial zones and malls,
- **Challan payments** for traffic violations,
- **Entry/exit management** at gated colonies, corporate campuses, and airports.

These integrations position FASTag as a multi-use RFID-based financial instrument within India's growing digital economy (Economic Times, 2023)

4. Adoption Trends and Demographics

Since its inception, the FASTag programme has gained significant traction in view of its usability. This became all the more so after the Government of India made it compulsory for all vehicles plying through the national highway toll plazas, effective February 2021 (MoRTH, 2021). Over 7.4 crore FASTags were issued by mid-2023 and more than 96% of toll revenue on the national highways was collected electronically (NPCI, 2023). Key adoption drivers included.

- The government requires non-FASTag lanes to be penalized. • Collaboration with banks and mobile wallets.
- Available easily through physical and online shops.
- Toll fees discount for cashless payments. According to demographic analysis, urban, tech-savvy drivers of four-wheelers and commercial vehicles have a higher adoption rate.

1. According to the 2022 survey by The Indian Institute of Management (IIM) Lucknow, most of the respondents (more than 80%) from the metropolitan cities used FASTag compared to tier-3 and rural towns whose tag was only 45% (IIM Lucknow, 2022).

2. The procedure to activate and recharge. The first-time user experience with FASTag will largely depend on the manner in which users obtain their tag and activate it. Banks typically ask KYC documents and activate tags within 24 to 72 hours of submission. Mobile-based activation of wallets that are pre-linked at the time of purchase is offered by third-party platforms like Paytm as well as Amazon. The options to recharge are flexible like UPI, net banking, mobile wallets, and auto-recharge. Users of mobile wallet-linked FASTags are more satisfied compared to users of bank-linked FASTags (Bharadwaj & Singh, 2022). In a survey as part of this review (n=42), over seventy per cent reported that acquiring and activation of FASTag was "Easy or "Very Easy. About 82 per cent reported by them recharges their tag in a month with an average recharge value of ₹400-600.

3. Financial Behavior and Perceived Cost-Effectiveness. The major financial argument of FASTag is expected cost and time savings. Depending on the size and frequency of your vehicle use, it can be deductible from your income tax returns. Survey reveals approximately 60% of respondents feel that FASTag has lowered their total toll expenses. Users found it useful to manage expenses by tracking spending, getting notified instantly, and generating reports accessed digitally. According to KPMG, 2021; these features improve predictability of the budget, especially for fleet owners. But, a minority (~15%) of the respondents feel that FASTag is expensive because of the penalty costs, the maintenance cost to recharge, and the cases of double deductions.

This indicates a need to communicate better about charges and disputes.

4. Challenges Faced by Users. Despite having so many advantages, it is a faulty system. Based on feedback contained in national and regional surveys plus data from our own questionnaire (n=42), most respondents reported the following challenges. a. Technical Glitches. In our survey, nearly 25% of users said they experienced problems where their tag was not being read at toll plazas even though there was enough balance. Others cited wrong placements and defective readers as reasons. b. Delayed Refunds and Payment Failures. Wrongful toll deductions and delays in refunds have hurt user faith in the service. In some instances, users were billed even though they took a free route or got off prior to the toll. c. Lack of Awareness. This platform has made it easy to pay, but it' s not entirely a cakewalk. Recharge process, penalty for low balance, blacklisting all caused first-time uses to question and fumble around. The challenge was more prevalent in tier b cities and rural belts (Bhatia and Kumar, 2022). d. Customer Service Issues. Many users have mentioned that resolution of disputes or transaction errors involves long wait times, no response from helplines and lack of clear escalation protocols. The banks and the wallet providers' quality of service varied. e. Language and Interface Barriers. Some of the issuers provided mobile applications that were not in regional languages and were not user-friendly, making it difficult for users who do not understand English. Moreover, these mobile applications are also not suitable for the elderly.

5. Behavioural Shifts Post-FASTag

Though there are many constraints faced, the FASTag initiative has greatly changed the behaviour of people in terms of digital transformation and financial planning. According to the National Highways Authority of India's (NHAI) 2023 audit report, more than 60% of commercial vehicle drivers have adopted FASTag-based toll payments and digital transaction records for reimbursements and tax filing (NHAI, 2023). In addition, the psychological barrier for digital payments is becoming weaker. A majority of respondent states that FASTag served as an entryway into another fintech ecosystem, for example, UPI apps, mobile wallets. 6. Recommendations for Improving User Experience. According to user feedback, government reports, and academic reviews, various recommendations can strengthen FASTag ecosystem

. • The grievance redressal process is improving due to an integrated, multilingual helpdesk with faster turnaround time.

• In other words, issuer banks must ensure that all the recharge fees, penalties and other related clauses refunding policies are disclosed clearly when the tag is issued. • Specifically, campaigns to create awareness in rural and semi-urban areas for informed and confident usage.

• Regular maintenance and recalibration of RFID infrastructure to reduce read errors and blacklisting events.

• Incentive Schemes: To promote wider adoption among hesitant users, cashback, referral bonuses, and tax rebates could be introduced.

1. Boost in Toll Revenue Collection. The implementation of FASTag has led to a remarkable increase in toll revenue in India. As of mid-2023, the National Highways Authority of India (NHAI) reported that FASTag is used for 96% of total

tolls on the national highways. This is a vast increase from only 30% back in 2018. Thus, nearly five-fold.

- Improved precision in toll fee payments.
- It didn't leak or get stolen.
- Enhanced revenue assurance for concessionaires and government agencies. Toll collections have increased almost 20 per cent on year after the implementation of FASTag across the country, NHAI revenue data suggests. As the National Payments Corporation of India (NPCI) reports, the monthly toll revenue through FASTag breached ₹4,200 crore in March 2023 and the month achieved a new record of 28.6 crore transactions.

2. Reduction in Operational Costs. The system to FASTag has also helped in reducing operational costs of the toll plaza operators. Key cost reductions include.
   - Fewer employees needed at toll plaza booths.
   - Decreased cash handling costs.
   - Faster transaction times, with an average reduction of 6–8 seconds per vehicle. Due to this, the throughput improves more, especially at congestion toll plazas. Lower queue lengths and stoppage time will reduce fuel consumption and vehicular emissions which will enable environmental and economic benefit indirectly (Mishra & Ghosh 2022).
3. Policy Interventions Driving Adoption. The Government of India's targeted policies had a great impact on the success of FASTag. These include.
   - Starting February 15, 2021, Ministry of Road Transport and Highways (MoRTH) has taken mandatory FASTag for all vehicles plying on National Highways making non-FASTag lanes practically useless (MoRTH, 2021).
   - Non-FASTag users are tolled twice, which enforced a strong behavioral nudge for adoption.
   - Partnership agreement and authorization with banks: More than '35' banks are certified to issue FASTags like State Bank of India, HDFC Bank, ICICI Bank, and so on. Hence it is a great distribution partnership which is going to be competitive and easily adopted by consumers. By implementing these policies, an effective public-private infrastructure was created that helped in building the digital tolling framework.
4. Revenue Leakage and Corruption Control. Before introduction of FASTag, the manual tolling system faced under-reporting, bribery and revenue mismanagement. FASTag addresses these issues through.
   - The toll pass automatically records transactions on a digital ledger. • Every device comes with geo-tagging and timestamps to avoid fraud and repetitions.
   - Centralized dashboards (NHAI/NPCIs): For reconciliation and audit in real-time As per the study conducted by Transport Research Wing (2022), introduction of FASTag has resulted in leakage reduction of more than ₹400 crore per year. By digitizing across the board, it is difficult to feign revenue numbers.

5. Data-Driven Planning and Decision Making. The FASTag generates extensive real-time data that helps drive critical policy and infrastructure decisions. Applications include.
   • Identifying high-congestion toll points.
   • Creating Models for Dynamic Congestion Pricing. • Optimizing Maintenance Schedules as Per Traffic Flow.
   • Prediction of Earnings from Fresh Toll Roads In addition, the insights gleaned from the use of FASTag help public-private partnerships (PPP) by giving investors greater confidence in traffic forecasts of tolls (Bansal & Taneja, 2022).
6. **Concerns over Monopolization and Privacy**.
   Some scepticism has emerged including policy and economic ecosystem issues despite the success of FASTag.
   • Risks of Monopolization of Market – Some wallets and banks are trying to monopolize the issuance of FASTag.
   • Chakravarty (2021) argues that constant monitoring by RFID and location allows for real time tracking, which compromises user data privacy. MoRTH has issued data protection guidelines, but further enhancements are needed in regulatory oversight for using consent-driven data.
7. **Interstate and Multi-agency Integration**.
   FASTag is integrated with all Indian states to ensure seamless tolling.
   . • State-run expressways (e.g., Yamuna Expressway, Mumbai-Pune Expressway).
   • City-level infrastructure projects.
   • Parking lots and fuel stations (pilot projects).
   The Indian Highways Management Company Ltd. (IHMCL) and National Payments Corporation of India (NPCI) provide a single framework for the coordination of this work. Nevertheless, some legacy systems and state barriers still cause disruptions. For instance, a number of private toll roads don't have any or poor implementation of FASTag lanes, causing bottlenecks. (TRAI, 2023)
8. **Role in Future Mobility and Digital Finance**.
   FASTag fits in with the larger schemes of Digital India and Make in India. Future integration opportunities include.
   • Toll-as-you-go (distance-based pricing).
   • Insurance and vehicle maintenance alerts linked to FASTag.
   • Integrating toll systems with neighbouring countries. The government is also mulling over the GPS-based tolling mechanism that will replace toll plazas. As NITI Aayog visualises it, FASTag will take us closer to it.

6 . Technological Infrastructure and Interoperability of FASTag

At the heart of FASTag RFID technology is a contactless system. This enables the effortless detection and processing of transactions involving vehicles in real-time. Each FASTag consists of.

- A passive RFID chip.
- A distinctive tag ID associated with the vehicle registration number.
- Dedicated readers compatible to one's implementation at toll booths. These devices, forming the backbone of the Electronic Toll Collection (ETC) system, interact with the tag to

recognize the vehicle and deduct the toll accordingly. The backend switching infrastructure that handles transaction and payment processing is managed by the National Payments Corporation of India (NPCI). Further, settlements between the issuing banks as well as toll operators are done by NPCI (NPCI, 2022). You can buy FASTags from over 35 banks and payment service providers. This includes Paytm, PhonePe and HDFC Bank. The tag is attached to the windshield of the vehicle when linked to a prepaid account or savings account. Each transaction flows through a secure network involving.

- Tag issuer bank.
- NPCI as a transaction switching platform.
- Bank of the toll plaza operator
- NETC Mapper verifies the connection between vehicle number and bank that issued it.

As per the framework of interoperability governed by NETC guidelines, a vehicle with a FASTag issued by any bank would be able to pay tolls at any toll plaza across the country. The technological structure of FASTag is engineered for high transaction volume. Key components include.

- A system that keeps the account balance and debits toll charges.
- The acquirer host system controls the toll plaza terminal and starts the toll transaction.
- The NPCI Switch serves as a settlement and clearing agency.
- The NETC Mapper compares the relevant tag details with the vehicle and Bank details.

The T+1 or T+2 cycles allow for reconciliation, while failed/double deduction dispute resolutions are internally managed (IHMCL, 2023). Many mobile applications have been developed for better user experience.

- MyFASTag App that can recharge, check transaction history, and raise complaints.
- Apps at Issuer Banks: These make it possible to recharge and have an integrated wallet.
- NHAI FASTag Portal assists vehicle owners and fleet operators in monitoring toll usage and downloading e-statements. NHAI and toll operators use real-time monitoring dashboards to ensure high uptime availability of the system and collect the anomaly in the toll collection. FASTag's design ensures interoperability, meaning.
- Any FASTag authorised banks tag can work at any FASTag enabled toll plaza
- . • NPCI backend integrates transaction data from various banks and payment systems.
- The settlement happens using NPCI's UPI and IMPS protocols. FASTtag is moving into multi-utility platforms to enable use for
- Our project includes fuel payment mechanism at station partner petrol pumps (pilot projects in Maharashtra and Delhi).
- Parking places at airports, malls and metro stations.
- Quick-service restaurants can do drive-through payments at quick-service restaurants and logistic parks. The construction of the FASTag infrastructure uses highly secure protocols.
- User identity and transaction data are protected via SSL encryption and tokenization.
- Secure RFID readers with encrypted tag-reading methods.
- We perform daily audit log monitoring, as well as event exception reports, for anomalies and fraud detection. NPCI and banks also keep a record of failed attempts for transactions which help to check the system for possible hacking and failure (Mishra & Yadav, 2021). Despite technological advancements, some issues persist.
- Reasons for tag-read failures could arise due to the tag placement, dirty windshield, or

faulty readers.

- Network latency at rural toll plazas affecting speed of transactions.
- Frequent hardware repairs at toll plazas causing transaction delays.
- Payment Dispute grievance redressal is not real time. In IHMCL (2022), more than 6.7% of the total complaints during 2021–22 was related to tag readability or transaction errors. According to the Ministry of Road Transport and Highways, the pilot projects for GPS-based tolling are already involving charging toll for a vehicle based on the distance travelled and not on a booth charge basis. This system.
- Utilizes the GPS GPRS module presents in the vehicle.
- Interfaces with FASTag Data to Tax Tolls Automatically.
- Allows tolling without the use of a plaza. The transition relies greatly on FASTag, as it is the user identity linked to the vehicle and bank account. Ultimately, India would switch over to a hybrid model that uses both RFID and satellite-based tolling (NITI Aayog, 2023).

User Satisfaction and Ease of Use

One of the major benefits of FASTag implementation has been enhanced convenience for users at toll plazas. According to surveys and research findings, most users value the contactless payment process, the time saved and not having to carry the exact change (Gupta & Kumar, 2021). According to a mobile user survey of 2022 by the Indian Highways Management Company Ltd. (IHMCL), over 85 % rated recharge as satisfied, activation as easy and waiting time is reduced the recharge and transaction tracking of your FASTag has been made easy with the help of the MyFASTag App, mobile wallets (Paytm, PhonePe) as well as bank integrations, which can bring more transparency and better financial control. Small dissatisfaction exists in penalty deduction, transaction dispute and delay in recharge reflection (Mishra & Yadav, 2021).

2. Time and Cost Efficiency for Users. FASTag significantly reduces waiting time at toll booths. According to studies conducted by the National Highways Authority of India (NHAI), the average waiting time per vehicle at most toll plazas has declined from 8–10 minutes to less than 1.5 minutes. (2022) It has an economic benefit as well, especially for commercial vehicles, by reducing wasteful running of fuel and improving turnaround time in the logistics. In terms of cost, users need to pay for a tag upfront and recharge periodically, though many users receive cashback, fuel discounts and penalty waiver during the government promotional phase (NPCI, 2021). In summary, FASTag has a net positive financial impact, particularly when considering time savings and digital convenience.

3. Financial Literacy and Behavior Change. The launch of FASTag has nudged many vehicle owners, especially those from Tier II and III cities, towards the digital way of making payments. This includes.

- Consistent checking of toll expenses.
- Understanding Online Payments and Recharges.
- To control expenditure, avoid unnecessary travelling. Research by Singh et al. (2023), showed that 65% of FASTag customers started tracking their digital payments on a frequent basis.

4. Revenue Implications for Government and Toll Operators.

The central aim of the FASTag was to minimize toll leakage and enhance transparency. The results have been encouraging.

- Collection of toll revenue has gone up by more than 50% in 2019-2022 (MoRTH 2023)
- Reduced cash handling has resulted in a decrease in human error and pilferage.
- Transaction logs create a real-time audit trail of revenue generation and can help improve forecasting accuracy. The digitalized model coincides with the Digital India vision of Government of India and has also enhanced fiscal accountability in toll operation.

5. Impact on Logistics and Transport Sector.

Commercial vehicle drivers see numerous benefits from FASTag, which include.

- Shorter wait times are resulting in faster delivery schedules.
- Cutting down on fuel consumption during idling helps lower the cost per kilometre.
- Fewer frequency of toll fraud or disputes Logistics companies can now download detailed toll transaction logs for accounting and reimbursement purposes. Several firms have incorporated the FASTag API with their fleet management systems for real-time tracking, budgeting, and more.

6. Challenges in Financial Management for Users. Although there are several benefits, some financial problems remain.

- Poor visibility of the real-time charges leads to unclear deductions.
- Even if you recharge right before using the pay phone, there is a penalty for insufficient balance.
- Refunds and dispute resolutions may be inconsistent when double charged. Pandey and Verma (2022) carried out a study which noted that 12% of the users have faced one or the other issue of erroneous deduction or technical glitch. Moreover, the rural users or first-time digital adopters are often not clear about their recharge options, fee structures and grievance redressal.

7. Equity and Inclusion Considerations.

Civil society groups raised a major issue of the digital divide. While the requirements of FASTag have been made mandatory but the access to digital infrastructure like smartphones, mobile internet, bank accounts, etc. is limited in some rural or backward areas. This can cause.

- Exclusion of unbanked populations.
- Users who are not accustomed to digital systems may face higher fines or delays.
- Relying on middlemen-nearby toll plaza agents for issuance of tags and recharge. We will need targeted outreach; literacy drives and inclusion policies to reach the disadvantaged.

8. Policy Recommendations Based on Financial Impact. Considering the financial implications of FASTag, the following suggestions are provided.

- Clear communication regarding penalty fees and explanation of deduction logic.
- Automatically recharge if there are failed transactions (due to low balance)
- Encourage greater adoption and fairness by implementing a tiered discount policy to frequent users.
- Offline recharge options for regions with low network connectivity and smartphone usage.
- Faster dispute redressal: Resolution of complaints within a set timeframe to build trust.

Policy interventions can help enhance the financial robustness and user satisfaction of FASTag and strengthen its role in digital infrastructure.

Conclusion

The introduction of FASTag is a huge step in modernizing toll collection in India and also a part of Digital India campaign. The introduction of FASTag via RFID technology has made

payments seamless, facilitated faster movement of vehicles, and eliminated congestion at toll plazas while also ensuring transparency in transactions. Digital banking in Pakistan has various impacts. It has boosted efficiency, increased revenue, added convenience and helps to be financially included in the digital world. FASTag has changed the economy of tolls in a financial sense The efficiency of toll collection has improved as cash handling has been minimized. The tracking and audit of toll payment in real time by the system has led to an increase in government revenue and better resource planning. The perks are reduced waiting time, fuel cost savings, convenience of recharge, and easier tracking of expense for individual users especially commercial transporter. However, FASTag is not without its challenges. Problems like surprise deductions, recharge failures, penalty inconsistencies, and dispute settlement inefficiencies are still holding back some users from using the system fully. Additionally, poverty and a lack of access to digital technology in some regions can hinder universal access. To ensure that all users have a fair share of success, it is essential to close these gaps.

Scope for Future Research.

Although this study provides a comprehensive analysis of FASTag from a financial perspective, there are other areas which requires further research.

- A comparative study of India's FASTag with other global ETCs (for e.g.: EZ Pass of US, ETC of Japan) can give insights into the performance and innovations suitable for India.
- This study investigates how the usage of FASTag influences the digital payment behaviour, financial planning, and trust on fintech and the like in Indian motorists
- The predictive models designed in the research study were aimed at estimating toll revenues based on several traffic growth and policy conditions.
- Evaluating the economic returns to government, banks and users of FASTag investment.
- Environmental impact studies can help quantify emission reductions and fuel savings that contactless tolling enables through faster transitions.

Final Thoughts.

FASTag has moved beyond just a toll collection tool to now become the symbol of India's transformation to intelligent transport systems and digital financial systems. FASTag's Success Derives from the Triple Convergence of Technology, Finance, and Mobility. Going forward, refinement, dissemination, and fair adoption of the same shall decide its long-term sustainability and transformational potential in the country. FASTag could become a multi-faceted infrastructure service by overcoming its operational shortcomings and financial constraints, using data analytics to make efficient decisions, and focusing on user experience to smarten highways and digitise economy.

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