

Final Report

ROAD USER TAXES IN INDIA

Issues in Tax Policy and Governance

Mahesh C Purohit
Vishnu Kanta Purohit



**Foundation for Public Economics and Policy Research
New Delhi-110052**

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(Study Sponsored by Planning Commission, Government of India)

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Preface

The Foundation for Public Economics and Policy Research is an autonomous, non-profit organization whose major functions are to carry out research, undertake consultancy work, and conduct training in the areas of public economics and policy.

The Foundation undertook this study with financial support from the Planning Commission, Government of India. The authors are grateful to the Socio Economic Research Division of the Planning Commission for sanctioning this study. However, the Planning Commission is not responsible for the findings or opinions expressed in the study.

The main objectives of this study are to evaluate the structure of all transport taxes levied by the Centre, State and local governments and to recommend a rational system of taxation to achieve higher overall growth in the road transport sector. This will, in turn, lead to growth in trade and industry in the country.

This study is the result of the collective effort of the project team of the Institute under the guidance of Dr. Mahesh C. Purohit, who prepared the final draft of the study. We acknowledge the valuable contributions made by the other members of the team, especially Dr. (Mrs) Vishnu Kanta Purohit who contributed to the study tremendously and provided unstinting support, including the preparation of the draft of the chapters.

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Last but not least, the competent secretarial assistance provided by the administrative staff, especially Mr. Rakesh Kumar, is gratefully acknowledged.

The Governing Body of the *Foundation* does not bear any responsibility for the contents or views expressed in the report. The responsibility rests with the authors, in particular, the leader of the team.

New Delhi
October 15, 2010

Mahesh C Purohit
Director

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Executive Summary

Road transport is a basic mode of transport for people to travel and to carry goods. Its capacity needs to be enhanced and road quality has to be improved to cope with the increasing pressure of road traffic. Over time, the number of personalized vehicles has increased significantly, causing concentration of vehicles in cosmopolitan towns and increase in air pollution.

Revenue from taxation of motor vehicles is one of the increasing sources of revenue for the States. Levied primarily as a regulatory measure, it has over the years attained importance as an elastic source of revenue for the Government. With a growth rate of 13.3% and a 1.08 buoyancy during 1993-94 to 2007-08, taxes on motor vehicles has contributed 7.7% to the States' own tax revenue.

Road user taxes play an important role in achieving a desired level of growth in the number of vehicles and investment in roads. The existing structure of taxes on motor vehicles, however, is uneven with no regard for its economic effects.

Both Central and State Governments impose taxes on vehicles. These are levied at the time of purchase, or for having ownership and when the vehicle is used. The major taxes levied include customs duty, CenVAT, and central sales tax levied by the Central Government; motor vehicles tax, passengers and goods tax, state VAT, and toll taxes levied by the State governments.

The existing structure of road user taxes is characterized by its multiplicity. It shows wide variations in tax rates. First, there are differing schemes for classification of vehicles. Second, there is no uniformity in the bases of various levies. Third, the tax is at times specific while in some cases it is ad valorem. Finally, in some States there is a one time levy and in others, there is an ad valorem levy payable every year. In fact, it is difficult to make comparisons of rates levied on different types of vehicles in different States.

It is, therefore, recommended that uniformity be introduced in the tax system in all the States. Implementation of a one-time road tax in all the States would be useful. However, keeping in view the issues of pollution emission through vehicles, the one time tax should be limited to the first ten years of the life of the vehicle. Thereafter, based on the emission of the vehicle and its age, the charge should be graduated over time. The vehicle should be condemned after 20 years

of life. Both the motor vehicle and passengers & goods tax must be levied through one tax. The rate of the tax must be ad valorem. The tax should be based on cost of purchase of vehicles with additional factors of (i) occupancy and (ii) length of routes or goods carried. The purchase price, which automatically flows in from the manufacturers, would take away the discretion of the administrative assistant or the officer dealing with assessment of tax liability of vehicles. The tax liability should be indicated through a ready reckoner.

Some incentives could be built into the tax system to motivate States to use road taxes as an instrument to achieve certain policy objectives. First, these taxes could be introduced in such a way that they encourage the use of multi-axle vehicles. This is important in the context of over-loading of two-axle vehicles and their consequent damage to the roads. Transportation of heavy loads without causing excessive damage to pavement can be best achieved by using multi-axle vehicles. Second, the tax concession should be used to bring about noise-reduction and high value vehicles. That is, the tax rate could be inversely related to noise pollution and positively to the value of vehicles. Third, for abatement of pollution, it is recommended that a presumptive tax be levied for restricting the use of private vehicles and a well designed purchase and circulation tax levied to encourage cleaner car technologies and fuels to reduce vehicle emissions. Fuel duties can be used to reduce traffic as well as pursue other environmental policy goals related to transport.

There has to be uniformity in the administrative organization as well in operations. A review of documentations required for administration of vehicle taxes suggests that there exists a plethora of Forms. These could be rationalized. A committee to look into all the 58 Forms should be appointed. A single window system for providing all services must be introduced. At the same time, use of management information system (MIS) with a proper information flow for traffic flows, resource cost of transport services, and operational data of transport is the need of the hour.

Introduction

The efficiency and economy of motorized road transport operations are, to a great extent, affected by the road system. Almost all consumer and industrial goods are transported by road. Road transport is, therefore, a basic mode of transport for people to travel and for carrying goods.

Trends and Composition of Vehicles in India

In India, over 87 percent of passengers and over 65 percent of freight travel on roads. This is expected to increase further in the future. To cope with the increasing pressure of road traffic it is necessary to improve the quality and enhance the capacity of the roads.

The Government is, however, finding it increasingly difficult to maintain the existing road system, besides providing for enhanced road capacity. This is mainly due to the inadequacy of resources to meet the growing requirements of the road transport system.

Another issue for efficient motorised transport operations is the adequacy of the present system to handle increasing traffic and to maintain the existing road net work. That is, the number of transport vehicles should be consistent with the increased load of goods and passengers.

Over the years, the number of registered vehicles has recorded a spectacular increase, for private as well as commercial vehicles. The upward trend in the registration of vehicles indicates that while in 1971 the total number of vehicles was 18.65 lakh, the number has gone up to 53.91 lakh in 1981 and to 337.86 lakh in 1996; this further increased by more than two and a half times by the year 2006 (896.18 lakh). The growth over the period 1970-71 to 2006-07 has been 12.37 percent per annum (Table 1.1).

The breakup of the overall increase in the number of vehicles suggests that there has been a significant increase in the number of

Table 1.1 Registered Motor Vehicles in India

In thousands

Year	All vehicles	Two-wheelers	Cars & Jeeps	Buses	Goods Vehicles	Other Vehicles*
1971	1865	576	682	94	343	170
1972	2045	656	740	100	364	185
1973	2109	734	709	95	308	263
1974	2327	838	768	105	323	293
1975	2472	946	766	114	335	311
1976	2700	1057	779	115	351	398
1977	3260	1415	878	119	383	465
1978	3614	1618	919	124	403	550
1979	4059	1888	996	133	444	598
1980	4521	2117	1059	140	473	732
1981	5391	2618	1160	162	554	897
1982	6055	3065	1243	173	613	961
1983	6973	3654	1385	185	675	1074
1984	7949	4351	1455	199	742	1202
1985	9170	5179	1607	223	822	1339
1986	10577	6245	1780	227	863	1462
1987	12618	7739	2007	245	984	1643
1988	14818	9300	2295	269	1114	1840
1989	16920	10965	2486	278	1179	2012
1990	19152	12611	2694	298	1238	2311
1991	21374	14200	2954	331	1356	2533
1992	23507	15661	3205	358	1514	2769
1993	25505	17183	3361	364	1603	2994
1994	27660	18899	3569	392	1691	3109
1995	30295	20837	3841	423	1794	3406
1996	33786	23252	4204	449	2031	3850
1997	37332	25729	4672	484	2343	4104
1998	41368	28642	5138	538	2536	4514
1999	44875	31328	5556	540	2554	4897
2000	48857	34118	6143	562	2715	5319
2001	54991	38556	7058	634@	2948	5795
2002	58924	41581	7613	635@	2974	6121
2003	67007	47519	8599	721@	3492	6676
2004	72718	51922	9451	768@	3749	6828
2005	81501	58799	10320	892@	4031	7457
2006 (P)	89618	64743	11526	992@	4436	7921
Gr. Rate	12.37	15.00	8.76	6.99	8.44	11.31

Notes: *: Others include tractors, trailers, three wheelers (passenger vehicles)/ LMV and other miscellaneous vehicles which are not separately classified.

@: includes omni buses; (P): Provisional

Source: Government of India (2009), *Road Transport Year Book, 2006-07*, Ministry of Shipping, Road Transport & Highways, New Delhi.

personalized modes of vehicles, viz. cars, jeeps, two-wheelers etc. With rising income and an inadequate urban public transport system, personalized mode of transport is likely to grow faster in the coming years. These vehicles increased from 12.58 lakh in 1971 to 37.78 lakh in 1981 and further to 274.56 lakh in 1996; in the year 2006, the number stood at 762.69 lakh recording a growth rate of 13.19 percent during 1971 to 2006.

The growth in the number of commercial vehicles (goods vehicles and passenger buses) has, however, been moderate (8.14 percent per annum). While the number of such vehicles was 4.37 lakh in 1971, it had gone up to 7.16 lakh in 1981 and to 24.80 lakh in 1996. The number increased to 54.28 lakh in 2006. Thus, while the growth in the number of all vehicles during the period 1970-71 to 2006-07 has been 12.37 percent, the growth in the number of passenger buses and goods vehicles has been only 6.99 percent and 8.44 percent, respectively.

The distribution of vehicles amongst the States indicates unequal dispersion. As on 31st March 2006, Maharashtra registered the highest number of vehicles (109.66 lakh), followed by Tamil Nadu (100.54 lakh) and Gujarat (86.22 lakh) (Table 1.2). The number of registered vehicles was 79.8 lakh and 72.2 lakh in Uttar Pradesh and Andhra Pradesh, respectively. In the other States, the number was between 10 and 30 lakh. Among the Union territories, Delhi had the highest number of vehicles (44.9 lakh). Category-wise number of registered motor vehicles in the States are given in Table 1.3.

While the increase in the number of registered vehicles causes concentration of vehicles and also puts stress on the available meagre infrastructure of highways and other motorable routes, it is important to note that the trend of increase in registration of vehicles in a State does not necessarily indicate that all the vehicles registered in the State ply in that particular State only. As a matter of fact, registration of a vehicle is affected by the tax policy of that State. A lower tax rate in a State *vis-a-vis* the other States, especially the neighbouring States, encourages registration of vehicles in the State with the low tax rate. Thus, the taxation of transport vehicles plays an important role in achieving a desired level of growth in the number of such vehicles. This has earlier been highlighted in the Report of the Keskar Committee¹ as well in the reports of the Jha Committee² and the Pandey Committee³. However, the complexities of the structure of road taxation and the related issues have not been given due emphasis in recent years.

¹ Government of India (1967), *Interim Report of the Road Transport Taxation Inquiry Committee on Inter-State Transport*, Ministry of Transport and Shipping, New Delhi.

² Government of India (1978), *Report of the Indirect Taxation Inquiry Committee*, Ministry of Finance, New Delhi.

³ Government of India (1980), *Report of the National Transport Policy Committee*, Planning Commission, New Delhi

Table 1.2: Total Registered Motor Vehicles in India (State-wise) from 1998 to 2006 (as on 31st March)

(In thousands)

STATES / UTs	1998	1999	2000	2001	2002	2003 (R)	2004(P)	2005	2006	Gr. Rate
STATES										
Andhra Pradesh	3100	3301	3636	3966	4389	5002	5720	6458	7218	11.50
Arunachal Pradesh	21 *	21 *	21 *	21 *	21 *	21 *	21 *	22	22	0.54
Assam	409	406	453	542	596	657	727	815	914	11.34
Bihar	1505	1599	871 #	949	1024	1121	751	1352	1432	-1.38
Chhattisgarh	-	-	-	857	948	1076	1216	1375	1541	12.66
Goa	268	292	319	341	366	397	436	482	529	8.69
Gujarat	4206	4680	5189	5576	6008	6508	7087	7817	8622	9.03
Haryana	1224	1410	1733	1949	2122	2279	2548	2854	3087	11.89
Himachal Pradesh	150	150 **	193	217	244	269	289	301	334	11.10
Jammu & Kashmir	217 *	217 *	299	330	364	399	439	478	524	12.10
Jharkhand	-	-	-	909	984	1101	1217	1357	1505	10.79
Karnataka	2804	3067	3393	3537	3636	3738	3977	5436	6220	9.19
Kerala	1508	1508 **	1782	2112	2315	2552	2792	3122	3559	11.82
Madhya Pradesh	2832	3124	3457	3095	3173	3459	3804	4188	4609	5.36
Maharashtra	5040	5518	6114	6760	7414	8134	8969	9936	10966	10.20
Manipur	65	72	77	77 \$	90	97	106	114	124	8.39
Meghalaya	51	54	58	62	67	73	73 ^	92	104	8.82
Mizoram	20 *	20 *	27	31	34	37	42	47	52	13.21
Nagaland	117	130	145	160	177	162	172	172	184	5.14
Orissa	810	876	982	1096	1215	1359	1525	1715	1932	11.61
Punjab	2296	2296 **	2296 **	2910	3103	3308	3529	3876	4035	8.35
Rajasthan	2200	2444	2712	2943	3197	3487	3834	4261	4754	9.80
Sikkim	10	11	12	12	13	15	17	20	22	10.27
Tamil Nadu	3614	4074	4611	5162	5658	8005	8575	9257	10054	14.71
Tripura	43	43	45	50	57	66	76	73	106	11.48
Uttarakhand	-	-	-	364	406	457	516	573	643	12.11
Uttar Pradesh	3775	4027	4627	4921	5171	5928	6460	7344	7989	9.88
West Bengal	1485	1604	1690	1690 \$	1690 \$	2366	2548	2681	2872	9.30
TOTAL STATES	37770	40944	44742	50639	54482	62073	67466	76218	83953	10.67
UTs										
A & N Islands	16 *	16 *	23	25	28	28 +	28 +	37	41	11.97
Chandigarh	386	386 **	386 **	386 **	386 **	562	586	617	647	8.12
D & N Haveli	13 *	13 *	13 *	13 *	13 *	31	35	40	45	20.50
Daman & Diu	27	30	34	37	41	44	48	51	55	9.24
Delhi	3033	3277	3424	3635	3699	3971	4237	4187	4487	4.81
Lakshadweep	3	3	4	4	5	5	5	5	6	8.64
Puducherry	119	206	231	252	270	293	313	347	384	12.39
TOTAL UTs	3597	3931	4115	4352	4442	4934	5252	5283	5665	5.68
GRAND TOTAL	41367	44875	48857	54991	58924	67007	72718	81502	89618	10.29

Notes: *: Data relates to 1996-97; **: Data relates to 1997-98; †: Data relates to 2002-03; +: Data relates to 2001-02; \$: Data relates to 1999-00; #: Figures for Bihar only, excluding Jharkhand; (P): Provisional; (R): Revised. Consequent to the formation of three States (Chattisgarh, Jharkhand and Uttarakhand), separate data is available only from 2000-01
 Source: Government of India (2009), *Road Transport Year Book, 2006-07*, Ministry of Shipping, Road Transport & Highways, New Delhi.

Table 1.3: Total Registered Motor Vehicles (Category-wise) in the States/ UTs of India (as on 31st March, 2006 - Provisional)

STATES/ UTs	TRANSPORT						NON-TRANSPORT							Total Number of Vehicles	
	Multi-axled/Articulated Vehicles/ Trucks & Lorries	Light Motor Vehicles (Goods)	Buses	Taxis	Light Motor Vehicles (Passengers)	Total Transport	Two Wheelers	Cars	Jeeps	Omni Buses	Tractors	Trailers	Others		Total Non- Tpt.
Andhra Pradesh	181832 (2.52)	85112 (1.18)	18368 (0.25)	113693 (1.58)	299776 (4.15)	698781 (9.68)	5707383 (79.07)	576329 (7.98)	65377 (0.91)	45214 (0.63)	66613 (0.92)	51881 (0.72)	6617 (0.09)	6519414 (90.32)	7218195
Arunachal Pradesh*	2355 (10.66)	601 (2.72)	682 (3.09)	343 (1.55)	1449 (6.56)	5430 (24.57)	11112 (50.28)	2595 (11.74)	2284 (10.33)	0 (0.00)	345 (1.56)	155 (0.70)	180 (0.81)	16671 (75.43)	22101
Assam	91801 (10.04)	19371 (2.12)	11378 (1.24)	12671 (1.39)	34906 (3.82)	170127 (18.61)	541275 (59.22)	145029 (15.87)	15080 (1.65)	0 (0.00)	11270 (1.23)	9050 (0.99)	22192 (2.43)	743896 (81.39)	914023
Bihar	50016 (3.49)	0 (0.00)	16271 (1.14)	22698 (1.58)	45365 (3.17)	134350 (9.38)	964594 (67.34)	76896 (5.37)	41863 (2.92)	0 (0.00)	130477 (9.11)	75594 (5.28)	8569 (0.60)	1297993 (90.62)	1432343
Chhattisgarh	51716 (3.36)	21858 (1.42)	24955 (1.62)	5036 (0.33)	9194 (0.60)	112759 (7.32)	1247658 (80.97)	59591 (3.87)	8575 (0.56)	0 (0.00)	58733 (3.81)	50684 (3.29)	2849 (0.18)	1428090 (92.68)	1540849
Goa(c)	34043 (6.44)	\$	5689 (1.08)	9361 (1.77)	10035 (1.90)	59128 (11.18)	375571 (70.99)	89547 (16.93)	@	0 (0.00)	0 (0.00)	0 (0.00)	4773 (0.90)	469891 (88.82)	529019
Gujarat	204362 (2.37)	253340 (2.94)	54446 (0.63)	47914 (0.56)	336695 (3.90)	896757 (10.40)	6352109 (73.67)	703968 (8.16)	122864 (1.42)	0 (0.00)	311385 (3.61)	217790 (2.53)	17417 (0.20)	7725533 (89.60)	8622290
Haryana	176046 (5.70)	74494 (2.41)	19986 (0.65)	16344 (0.53)	45858 (1.49)	332728 (10.78)	1881174 (60.94)	373659 (12.10)	95450 (3.09)	0 (0.00)	382581 (12.39)	0 (0.00)	21434 (0.69)	2754298 (89.22)	3087026
Himachal Pradesh	31803 (9.54)	20623 (6.18)	6859 (2.06)	14542 (4.36)	2825 (0.85)	76652 (22.98)	187883 (56.33)	58005 (17.39)	9544 (2.86)	402 (0.12)	0 (0.00)	0 (0.00)	1042 (0.31)	256876 (77.02)	333528
Jammu & Kashmir	33174 (6.34)	16843 (3.22)	21435 (4.09)	13656 (2.61)	15919 (3.04)	101027 (19.30)	297656 (56.85)	98309 (18.78)	11058 (2.11)	219 (0.04)	12818 (2.45)	587 (0.11)	1869 (0.36)	422516 (80.70)	523543
Jharkhand	68915 (4.58)	\$	10238 (0.68)	24693 (1.64)	46834 (3.11)	150680 (10.01)	1164854 (77.40)	113500 (7.54)	30962 (2.06)	0 (0.00)	20968 (1.39)	16819 (1.12)	7268 (0.48)	1354371 (89.99)	1505051
Karnataka	210432 (3.38)	65581 (1.05)	40819 (0.66)	67385 (1.08)	213721 (3.44)	597938 (9.61)	4512910 (72.55)	635205 (10.21)	41989 (0.68)	54808 (0.88)	166685 (2.68)	167622 (2.69)	43213 (0.69)	5622432 (90.39)	6220370
Kerala	264262 (7.43)	\$	127574§ (3.58)	119753 (3.37)	342527 (9.63)	854116 (24.00)	2099652 (59.00)	498472 (14.01)	73158 (2.06)	0 (0.00)	15162 (0.43)	2264 (0.06)	15880 (0.45)	2704588 (76.00)	3558704
Madhya Pradesh	83293 (1.81)	39943 (0.87)	27997 (0.61)	72760 (1.58)	51049 (1.11)	275042 (5.97)	3526416 (76.52)	185700 (4.03)	38291 (0.83)	0 (0.00)	376771 (8.18)	192742 (4.18)	13665 (0.30)	4333585 (94.03)	4608627
Maharashtra	287230 (2.62)	334741 (3.05)	66754 (0.61)	122389 (1.12)	534535 (4.87)	1345649 (12.27)	7691856 (70.14)	1165365 (10.63)	300023 (2.74)	0 (0.00)	229362 (2.09)	204733 (1.87)	29446 (0.27)	9620785 (87.73)	10966434
Manipur	6746 (5.43)	1854 (1.49)	2570 (2.07)	377 (0.30)	2721 (2.19)	14268 (11.49)	86931 (70.03)	11233 (9.05)	8568 (6.90)	801 (0.65)	1446 (1.16)	612 (0.49)	270 (0.22)	109861 (88.51)	124129
Meghalaya	17060 (16.39)	2565 (2.46)	3497 (3.36)	8432 (8.10)	3569 (3.43)	35123 (33.73)	31008 (29.78)	22351 (21.47)	11300 (10.85)	0 (0.00)	487 (0.47)	2607 (2.50)	1240 (1.19)	68993 (66.27)	104116
Mizoram	4475 (8.63)	5 (0.01)	704 (1.36)	4988 (9.62)	1534 (2.96)	11706 (22.57)	24737 (47.68)	6286 (12.12)	3712 (7.16)	0 (0.00)	246 (0.47)	264 (0.51)	4925 (9.49)	40170 (77.43)	51876

Nagaland	47089 (25.63)	11804 (6.43)	4060 (2.21)	5004 (2.72)	9548 (5.20)	77505 (42.19)	42851 (23.32)	37513 (20.42)	22481 (12.24)	350 (0.19)	1891 (1.03)	772 (0.42)	353 (0.19)	106211 (57.81)	183716
Orissa	74432 (3.85)	47843 (2.48)	15996 (0.83)	30426 (1.57)	34360 (1.78)	203057 (10.51)	1530295 (79.21)	82686 (4.28)	30547 (1.58)	2567 (0.13)	42189 (2.18)	34679 (1.79)	5975 (0.31)	1728938 (89.49)	1931995
Punjab	68154 (1.69)	59566 (1.48)	21136 (0.52)	9937 (0.25)	43280 (1.07)	202073 (5.01)	2975198 (73.73)	335284 (8.31)	41670 (1.03)	0 (0.00)	472873 (11.72)	481 (0.01)	7581 (0.19)	3833087 (94.99)	4035160
Rajasthan	206381 (4.34)	22966 (0.48)	60979 (1.28)	42679 (0.90)	79576 (1.67)	412581 (8.68)	3393916 (71.39)	269861 (5.68)	147840 (3.11)	0 (0.00)	464443 (9.77)	59564 (1.25)	5822 (0.12)	4341446 (91.32)	4754027
Sikkim	1915 (8.70)	489 (2.22)	365 (1.66)	6052 (27.49)	0 (0.00)	8821 (40.06)	5282 (23.99)	3053 (13.87)	3769 (17.12)	1070 (4.86)	24 (0.11)	0 (0.00)	0 (0.00)	13198 (59.94)	22019
Tamil Nadu	315564 (3.14)	231491 (2.30)	89991 (0.90)	134580 (1.34)	174646 (1.74)	946272 (9.41)	7936778 (78.94)	840433 (8.36)	55673 (0.55)	19957 (0.20)	102744 (1.02)	44015 (0.44)	108041 (1.07)	9107641 (90.59)	10053913
Tripura	8138 (7.69)	2535 (2.40)	1961 (1.85)	1316 (1.24)	13237 (12.52)	27187 (25.70)	61968 (58.59)	6656 (6.29)	4358 (4.12)	13 (0.01)	89 (0.08)	100 (0.09)	5397 (5.10)	78581 (74.30)	105768
Uttarakhand	12092 (1.88)	8336 (1.30)	5949 (0.92)	16069 (2.50)	7906 (1.23)	50352 (7.83)	486734 (75.65)	59368 (9.23)	6944 (1.08)	1629 (0.25)	34155 (5.31)	1401 (0.22)	2802 (0.44)	593033 (92.17)	643385
Uttar Pradesh	106760 (1.34)	77668 (0.97)	26549 (0.33)	28443 (0.36)	91346 (1.14)	330766 (4.14)	6083655 (76.15)	615739 (7.71)	112837 (1.41)	19015 (0.24)	791411 (9.91)	14579 (0.18)	21132 (0.26)	7658368 (95.86)	7989134
West Bengal	235269 (8.19)	\$	43599 (1.52)	68926 (2.40)	40315 (1.40)	388109 (13.51)	1833820 (63.86)	556230 (19.37)	@	0 (0.00)	58828 (2.05)	#	34812 1.21	2483690 86.49	2871799
TOTAL STATES (P)	2875355 (3.42)	1399629 (1.67)	730807 (0.87)	1020467 (1.22)	2492726 (2.97)	8518984 (10.15)	61055276 (72.73)	7628863 (9.09)	1306217 (1.56)	146045 (0.17)	3753996 (4.47)	1148995 (1.37)	394764 (0.47)	75434156 (89.85)	83953140
A & N Islands	1716 (4.20)	76 (0.19)	658 (1.61)	246 (0.60)	2997 (7.34)	5693 (13.95)	23079 (56.55)	2441 (5.98)	779 (1.91)	335 (0.82)	229 (0.56)	22 (0.05)	8237 (20.18)	35122 (86.05)	40815
Chandigarh	1766 (0.27)	8039 (1.24)	2307 (0.36)	1771 (0.27)	2000 (0.31)	15883 (2.46)	454308 (70.26)	176387 (27.28)	0 (0.00)	51 (0.01)	0 (0.00)	0 (0.00)	0 (0.00)	630746 (97.54)	646629
D & N Haveli	6072 (13.60)	1750 (3.92)	176 (0.39)	123 (0.28)	539 (1.21)	8660 (19.39)	23607 (52.86)	11820 (26.47)	460 (1.03)	6 (0.01)	57 (0.13)	46 (0.10)	0 (0.00)	35996 (80.61)	44656
Daman & Diu	2223 (4.03)	2316 (4.20)	420 (0.76)	43 (0.08)	976 (1.77)	5978 (10.85)	33379 (60.58)	15007 (27.23)	307 (0.56)	38 (0.07)	224 (0.41)	138 (0.25)	31 (0.06)	49124 (89.15)	55102
Delhi	57682 (1.29)	67144 (1.50)	25963 (0.58)	15569 (0.35)	96149 (2.14)	262507 (5.85)	2851920 (63.55)	1222706 (27.25)	65028 (1.45)	80277 (1.79)	4706 (0.10)	99 (0.00)	169 (0.00)	4224905 (94.15)	4487412
Lakshadweep	0 (0.00)	347 (5.54)	13 (0.21)	0 (0.00)	273 (4.36)	633 (10.11)	4822 (76.99)	38 (0.61)	88 (1.41)	73 (1.17)	63 (1.01)	0 (0.00)	546 (8.72)	5630 (89.89)	6263
Puducherry	6965 (1.81)	4903 (1.28)	1997 (0.52)	1626 (0.42)	4665 (1.21)	20156 (5.25)	296735 (77.22)	52593 (13.69)	3865 (1.01)	2918 (0.76)	478 (0.12)	1655 (0.43)	5850 (1.52)	364094 (94.75)	384250
TOTAL UTs (P)	76424 (1.35)	84575 (1.49)	31534 (0.56)	19378 (0.34)	107599 (1.90)	319510 (5.64)	3687850 (65.10)	1480992 (26.14)	70527 (1.24)	83698 (1.48)	5757 (0.10)	1960 (0.03)	14833 (0.26)	5345617 (94.36)	5665127
GRAND TOTAL (P)	2951779 (3.29)	1484204 (1.66)	762341 (0.85)	1039845 (1.16)	2600325 (2.90)	8838494 (9.86)	64743126 (72.24)	9109855 (10.17)	1376744 (1.54)	229743 (0.26)	3759753 (4.20)	1150955 (1.28)	409597 (0.46)	8077973 (90.14)	89618267

Notes: *:Totals have been arrived at by adding data of 1996-97 to the data on newly registered vehicles; \$: Included in Multi-axled/Articulated Vehicles/Trucks & Lorries; (c): LMV (passengers) also includes 6538 Motorcycles on hire
: (P):= Provisional; §:Includes Omni Buses. Figures in parentheses indicate the share of the particular category of motor vehicles in the total registered motor vehicles in each respective State.

Source: Government of India (2009), *Road Transport Year Book, 2006-07*, Ministry of Shipping, Road Transport & Highways, New Delhi.

Given the increasing trend in the number of vehicles in India, as in other countries, the Central as well as the State Governments in India are finding it difficult to maintain their road system and also provide for road expansion.

The Policy Issues

The transport system in India has serious deficiencies. Road transport services, in particular, are highly inefficient. Excessive time and too much money is spent on moving people and goods. The economic losses from congestion and poor roads are estimated to be as high as Rs 120 to 300 billion a year⁴. Inefficient and unreliable transport and logistics systems have made India's exports less competitive. In fact, the inefficiencies of the transport sector have become a hindrance to business. In addition, it causes a range of negative social and environmental consequences such as social isolation, road accidents and motor vehicle emissions for the low income groups, both in rural and urban areas.

In recent years numerous policy initiatives have been taken by the Government to improve the transport system in the country. First, National Highway Authority has become functional to act as an infrastructure procurer rather than a provider. Second, private participation has been allowed in the construction of highways. Third, a Road Fund has been created by introducing a one rupee a litre cess on diesel and petrol. The revenue from this cess is used for the development and maintenance of national, states, and rural roads.

These reforms represent an important paradigm shift- from treating transport as a social service to an economic sector. However, much more has to be done for the reform of the transport sector to facilitate faster economic growth.

Objectives and Scope of the Study

Given the status of roads and road transport system in India, the increase in the number of registered vehicles causes congestion and stress on the available meagre infrastructure of highways and other motorable routes. Also, given that the taxes on road use levied by different States is uneven and levied mainly for mobilizing resources with no regard for its economic effects, this study aims at:

- Analysing fiscal importance of taxes on motor vehicles.
- Evaluating the structure of all transport taxes levied by the Central, State and local governments
 - on purchase and use of vehicles in terms of
 - cost for users, especially for trade and industry to have least cost and efficiency in national and international trade and commerce;
- Presenting an estimation of combined incidence of all the taxes on road transport for a few select categories of vehicles; and
- Recommending a rational system of taxation for the transport industry and putting forth reforms for

⁴ Government of India (1996), *The India Infrastructure Report: Policy Improvement for Growth and Welfare* (Rakesh Mohan Committee), New Delhi.

- rational and efficient user charges and
 - modalities of governance of taxes
- to achieve overall higher growth in the road transport sector and thereby facilitate growth in trade and industry in the country.

The study hypothesizes that the road user taxes should mainly be an instrument to regulate and control the vehicles; these are not necessarily meant for only mobilizing resources. However, with the rational and regularized growth of vehicles, the revenue will automatically grow in all the States.

Also, it hypothesizes that the combined incidence of all taxes on road transport, levied by the different tiers of governments on different facets of owning a vehicle, is substantial. These taxes affect the (i) purchase of vehicles, (ii) ownership of vehicles, and (iii) the operation of vehicles. This excessive burden of all types of taxes on vehicles hinders the growth of different types of vehicles in the country. In addition, the taxes on the road transport sector lead to a cascading effect due to the tax levied at earlier stages. The study, therefore, attempts to estimate total burden of taxes on different types of vehicles.

The study also tests the hypothesis that the governance of these taxes, presently based on a large number of check-posts for passengers and goods tax, interferes with the free flow of trade and traffic within a State and causes harassment to a large body of dealers. Also, it examines the procedures of assessment and collection, and recommends policy imperatives to have reforms in the structure and governance of motor vehicles tax and the other taxes on goods and passenger vehicles.

Structure of the Report

The scheme of presentation of the Report is as follows: Chapter 2 presents an analysis of the fiscal importance of road user taxes in India, levied by both the Centre and the States. Chapter 3 delves into the theory of road pricing. It presents a review of literature related to road pricing. Chapter 4 presents a detailed analysis of the rate structure of all the taxes related to road users levied by the Centre, States or local bodies and encompasses all the taxes pertaining to purchase of vehicles, ownership of vehicles, and operations of the vehicles. These include central excise (cenVAT), state VAT, motor vehicle tax, passengers and goods tax, entry tax, and toll tax. The analysis also includes fee for license, and permit for intra-state as well as interstate movement of vehicles. Chapter 5 deals with the issues related to toll taxes and their management for highways. The environmental issues in the production and use of motor vehicles and consequent recommendations to have eco-taxes are given in Chapter 6. Chapters 7 and 8 present areas of reforms in the structure and governance, respectively. Management Information System for the governance of road user taxes is presented in Chapter 9. This chapter also gives recommendations for a scientific MIS for the taxes. Finally, the executive summary of the study is given at the beginning of the Report.

Fiscal Significance of Road User Taxes

Various taxes on vehicles levied by the different tiers of Government have raised increasing resources for the States¹. Revenue from taxation of motor vehicles is one of the key sources of revenue for States. This tax was initially levied as a regulatory tax but over the years it has emerged as an important source of revenue for the Government. In this context, this chapter focuses on the trends in revenue from motor vehicles tax (MVT), and passengers and goods tax (P>). This study makes use of revenue data from various sources, viz. *State Finances Documents (RBI)*, *State Budget Documents*, *Central Statistical Organization* etc. The period undertaken for the analysis at the all States' level is 1980-81 to 2007-08, while for the State-wise analysis it is 1993-94 to 2007-08.

Revenue of Motor Vehicle Tax

Revenue from MVT for all States in the fifties and the sixties was inconsequential. However, during recent years, the revenue from MVT has increased considerably from Rs. 415 crore in 1980-81 to Rs. 1,566 crore in 1990-91, and further to Rs. 6,666 crore in 2000-01. By the year 2006-07, the yield increased to a whopping Rs. 13,238 crore, which further increased to Rs. 15,143 crore in 2007-08 (Table 2.1). The revenue from the MVT has increased at an annual growth rate of 14.6 percent and exhibited a buoyancy value of 1.05 during the period 1980-81 to 2007-08.

¹ The taxes levied by the Central Act also are assigned to the States. Hence, the revenue from motor vehicle taxes accrue to the States under the regulations of the Central Act.

Table 2.1: Revenue significance of Taxes on Vehicles: All States

(Rs. Crore)

	MVT	PGT	Total tax on vehicles	Own Tax Revenue
1980-81	415 (6.27)	272 (4.11)	687 (10.38)	6,616
1981-82	454 (5.51)	313 (3.80)	767 (9.32)	8,234
1982-83	531 (5.60)	452 (4.76)	983 (10.36)	9,486
1983-84	623 (5.79)	460 (4.28)	1,083 (10.07)	10,753
1984-85	700 (5.71)	493 (4.02)	1,193 (9.73)	12,260
1985-86	826 (5.68)	552 (3.79)	1,378 (9.47)	14,551
1986-87	998 (5.97)	602 (3.60)	1,600 (9.57)	16,712
1987-88	1,175 (6.08)	715 (3.70)	1,890 (9.78)	19,322
1988-89	1,290 (5.76)	869 (3.88)	2,159 (9.64)	22,401
1989-90	1,415 (5.44)	905 (3.48)	2,320 (8.92)	25,995
1990-91	1,566 (5.16)	1,062 (3.50)	2,628 (8.66)	30,345
1991-92	1,837 (5.14)	1,136 (3.18)	2,973 (8.31)	35,756
1992-93	2,194 (5.50)	1,278 (3.21)	3,473 (8.71)	39,868
1993-94	2,583 (5.56)	1,480 (3.19)	4,062 (8.75)	46,424
1994-95	3,081 (5.53)	1,483 (2.66)	4,565 (8.19)	55,735
1995-96	3,726 (5.83)	1,508 (2.36)	5,234 (8.20)	63,865
1996-97	4,117 (5.79)	1,663 (2.34)	5,780 (8.13)	71,102
1997-98	4,854 (5.98)	2,004 (2.47)	6,858 (8.44)	81,229
1998-99	5,024 (5.65)	1,979 (2.22)	7,003 (7.87)	88,995
1999-00	6,153 (6.00)	2,099 (2.05)	8,252 (8.04)	102,582
2000-01	6,666 (5.65)	2,075 (1.76)	8,740 (7.41)	117,981
2001-02	7,644 (5.97)	3,671 (2.87)	11,316 (8.83)	128,097
2002-03	8,441 (5.94)	3,569 (2.51)	12,010 (8.45)	142,143
2003-04	10,138 (6.34)	4,190 (2.62)	14,328 (8.96)	159,921
2004-05	10,811 (5.72)	5,206 (2.75)	16,017 (8.47)	189,133
2005-06	11,964 (5.64)	6,450 (3.04)	18,414 (8.67)	212,307
2006-07	13,238 (5.24)	6,808 (2.70)	20,047 (7.94)	252,548
2007-08	15,143 (5.28)	6,808 (2.38)	21,951 (7.66)	286,546
Gr. Rate*	14.6	12.0	13.7	14.7
Gr. Rate**	13.0	13.6	13.2	13.3
Buoyancy#	1.05	0.86	0.98	1.05
Buoyancy†	1.06	1.09	1.07	1.08

Note: The figures in parentheses indicate receipts from a particular tax as a percent of States' Own Tax Revenue.

*Growth Rate is calculated for the period 1980-81 to 2007-08

**Growth Rate is calculated for the period 1993-94 to 2007-08

Buoyancy is calculated for the period 1980-81 to 2007-08

† Buoyancy is calculated for the period 1993-94 to 2007-08

Source: Various issues of State Finances, RBI.

However, its share in the State's Own Tax Revenue (SOTR) has remained less than 6 percent over the years, except for a few years (Table 2.1).

Revenue growth has fallen in the year 1998-99 in relation to the preceding year in the States of Assam, Bihar, Goa, Karnataka, and Maharashtra. Among the States, the highest yield from this tax in 2007-08 was in the State of Maharashtra (Rs. 214,311 lakh), followed by Andhra Pradesh (Rs. 160,380 lakh) and Tamil Nadu (Rs. 148,321 lakh). The yield from this tax has been rising throughout 1993-94 to 2007-08 in a majority of the States. The new States formed in the year 2001-02, such as the Chhattisgarh and Uttaranchal, recorded quite a high revenue from motor vehicles tax, which rose at a steady rate of 13.49 percent and 15.98 percent, respectively, from 2001-02 to 2007-08 (Table 2.2). In the State of Karnataka, there has been a spurt in revenue from this tax in 1995-96 when a major category of taxpayers was shifted from annual to lifetime taxation². The system of lifetime taxation was initiated in Karnataka in 1986. Starting with two-wheelers, it now applies to other categories of vehicles too like tractor-trailers, motor cars and jeeps etc. Thus, the revenue from motor vehicles tax has shot up from Rs. 29,098 lakh in 1994-95 to Rs. 45,603 lakh in 1995-96 (Table 2.2).

The growth rate of revenue from the motor vehicles tax in a majority of non-special category States was within the range of 10 to 17 percent; Goa exhibited the highest growth rate of 16.88 percent followed by Gujarat (15.22 percent) and West Bengal (15.13 percent). In the bifurcated States of Bihar, Madhya Pradesh and Uttar Pradesh, the growth rate of revenue from motor vehicles tax, during the period 2001-02 to 2007-08, stood at 8.86 percent, 10.22 percent and 14.61 percent, respectively. In the newly formed States of Chhattisgarh, Jharkhand and Uttaranchal, the growth rate (during 2001-02 to 2007-08) turned out to be 13.49 percent, 11.98 percent and 15.98 percent, respectively. The revenue from tax on motor vehicles in the special category States recorded growth rates as high as 25.17 percent in Tripura, 20.61 percent in Himachal Pradesh and 18.03 percent in Mizoram during the period 1993-94 to 2007-08 (Table 2.2).

² Government of Karnataka. 2001 b *First Report of the Tax Reforms Commission*, pp. 225, Department of Finance, Government of Karnataka.

Table 2.2: Trends in Motor Vehicles Tax in different States

(Rs. lakh)

States	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	GR	Buoyancy
Andhra Pradesh	30,048.6 (7.84)	35,520.9 (8.40)	46,142.8 (11.20)	55,383.0 (11.34)	63,660.0 (8.95)	69,448.2 (8.72)	73,359.7 (8.14)	83,396.8 (7.90)	93,918.0 (7.48)	92,946.9 (7.37)	106,776.0 (7.73)	116,863.8 (7.19)	135,573.8 (7.06)	136,473.6 (5.70)	160,379.9 (5.57)	11.5	1.0
Arunachal Pradesh	66.4 (18.29)	81.1 (14.49)	99.1 (12.92)	108.9 (12.77)	97.2 (9.89)	101.5 (8.99)	111.7 (8.05)	112.1 (5.42)	160.5 (4.70)	174.9 (4.79)	202.4 (4.69)	220.6 (4.46)	298.9 (4.84)	293.1 (3.75)	642.0 (6.55)	13.6	1.2
Assam	2,921.5 (4.77)	3,788.0 (5.99)	3,998.5 (5.69)	5,198.1 (6.78)	4,326.2 (4.91)	4,083.3 (4.16)	6,869.3 (5.61)	7,377.1 (5.22)	9,359.3 (5.98)	11,628.0 (6.01)	12,399.3 (5.99)	13,471.7 (4.97)	15,591.5 (4.82)	15,114.7 (4.34)	13,861.9 (4.13)	13.5	1.4
Bihar	10,265.8 (5.87)	15,382.6 (8.38)	15,779.6 (8.00)	16,083.5 (7.15)	17,407.5 (7.28)	16,495.6 (6.17)	17,847.1 (4.91)	22,397.4 (7.63)	14,153.5 (5.79)	17,798.4 (6.44)	20,950.4 (6.23)	21,278.4 (6.37)	30,244.1 (8.49)	18,137.7 (4.50)	27,320.7 (5.37)	8.9	0.7
Chhattisgarh									12,488.1 (6.27)	15,781.1 (6.78)	16,706.6 (6.45)	19,179.9 (5.94)	20,596.6 (5.08)	25,305.3 (5.02)	27,693.9 (4.93)	13.5	0.8
Goa	853.5 (4.55)	1,040.1 (4.60)	1,253.2 (4.61)	1,502.7 (4.96)	3,122.6 (8.55)	2,445.3 (6.85)	2,832.0 (6.18)	2,992.0 (5.81)	3,283.5 (5.77)	3,678.3 (6.11)	5,076.4 (7.15)	5,878.2 (6.86)	6,384.4 (5.82)	7,456.3 (5.77)	8,196.1 (6.03)	16.9	1.2
Gujarat	17,469.3 (4.43)	20,816.7 (4.39)	30,568.8 (5.74)	33,394.2 (5.51)	39,598.9 (6.01)	46,021.3 (6.04)	60,170.7 (7.37)	62,727.8 (6.93)	67,663.0 (7.32)	80,811.0 (8.49)	93,639.4 (8.38)	106,092.5 (8.19)	115,397.4 (7.35)	119,115.2 6.45	131,009.1 (5.99)	15.2	1.2
Haryana	5,216.4 (3.28)	4,558.0 (2.41)	5,282.2 (2.44)	6,158.9 (2.87)	6,711.3 (2.83)	7,137.3 (2.29)	8,477.4 (2.41)	8,568.8 (1.99)	10,362.3 (2.08)	11,439.2 (2.06)	13,239.2 (2.09)	14,041.1 (1.89)	17,212.5 (1.90)	22,366.1 (2.05)	23,379.1 (2.01)	12.3	0.9
Himachal Pradesh	1,156.1 (4.52)	1,117.0 (3.73)	1,231.5 (3.61)	1,446.5 (3.51)	1,582.7 (3.32)	1,747.7 (3.06)	2,836.9 (4.57)	6,104.1 (8.38)	13,270.0 (14.49)	8,197.8 (9.24)	7,837.4 (7.96)	10,782.4 (8.61)	10,150.7 (6.78)	10,634.6 (6.42)	11,372.0 (5.81)	20.6	1.6
Jammu & Kashmir	676.3 (3.01)	889.6 (3.65)	1,222.3 (4.29)	1,165.0 (4.03)	1,478.7 (4.02)	1,813.8 (4.15)	2,190.9 (3.79)	2,332.2 (3.12)	2,817.6 (3.29)	3,366.1 (3.45)	3,843.4 (3.34)	4,167.6 (2.98)	4,916.8 (2.91)	6,396.4 (3.36)	7,260.4 (3.16)	17.4	1.5
Jharkhand									8,610.2 (4.15)	10,491.1 (4.61)	9,866.0 (4.33)	13,023.9 (5.42)	13,831.5 (4.79)	21,827.0 (6.98)	13,566.5 (3.82)	12.0	1.0
Karnataka	25,978.1 (6.81)	29,098.8 (6.78)	45,603.2 (8.65)	32,575.0 (5.65)	44,430.7 (6.93)	38,679.4 (5.57)	44,881.7 (5.80)	50,182.2 (5.55)	71,236.8 (7.23)	67,570.0 (6.47)	80,006.3 (6.36)	98,299.0 (6.12)	110,544.9 (5.93)	137,449.7 (5.90)	83,733.5 (3.22)	11.2	0.9
Kerala	15,106.0 (6.44)	18,390.2 (6.57)	22,286.7 (6.59)	24,759.0 (6.35)	30,163.3 (6.70)	32,330.7 (6.95)	38,083.0 (7.33)	39,485.0 (6.73)	45,218.0 (7.63)	51,320.1 (7.03)	58,577.5 (7.24)	61,047.5 (6.81)	62,850.5 (6.43)	70,774.4 (5.93)	85,317.2 (6.24)	12.1	1.0
Madhya Pradesh	21,008.1 (7.85)	23,172.5 (8.07)	30,870.7 (8.77)	33,815.9 (8.24)	37,138.0 (8.14)	38,225.2 (7.48)	40,200.9 (6.94)	40,589.3 (7.20)	39,332.7 (8.36)	42,863.8 (6.95)	45,491.8 (6.70)	48,865.4 (6.29)	55,602.1 (6.10)	63,429.7 (6.06)	70,262.1 (5.85)	10.2	1.1
Maharashtra	27,047.7 (3.51)	34,452.3 (3.64)	42,319.2 (3.87)	61,374.2 (5.24)	75,207.3 (5.48)	63,695.2 (4.48)	70,830.3 (4.10)	78,584.1 (3.98)	94,778.7 (4.45)	94,123.0 (4.13)	120,596.8 (4.79)	117,714.5 (3.85)	130,910.6 (3.90)	184,106.2 (4.59)	214,310.5 (4.51)	13.4	1.3
Manipur	129.5 (6.99)	252.3 (10.60)	134.0 (4.80)	134.3 (9.46)	137.7 (3.86)	110.9 (3.61)	233.3 (5.84)	280.1 (5.71)	277.4 (5.34)	343.6 (5.27)	337.8 (4.88)	334.6 (4.12)	334.1 (3.52)	319.2 (2.63)	357.1 (2.42)	8.1	0.8
Meghalaya	251.6 (5.25)	245.3 (4.36)	314.0 (4.74)	295.3 (3.82)	295.9 (4.02)	289.6 (3.28)	379.2 (3.68)	466.3 (3.93)	472.1 (3.47)	461.7 (3.19)	551.9 (3.11)	745.3 (3.59)	873.3 (3.46)	934.3 (3.07)	1,134.9 (3.56)	11.5	1.0

Mizoram	56.2 (12.09)	62.7 (13.70)	78.9 (13.65)	92.5 (13.87)	133.3 (16.93)	153.0 (16.63)	183.5 (17.10)	201.8 (13.99)	209.9 (10.98)	256.1 (9.16)	338.2 (9.99)	379.8 (9.60)	435.0 (7.90)	501.5 (7.42)	536.6 (6.92)	18.0	1.6
Nagaland	270.0 (14.79)	231.6 (12.00)	291.6 (14.02)	387.9 (12.37)	386.2 (11.53)	437.0 (12.37)	458.8 (10.63)	528.6 (9.40)	534.8 (10.20)	474.3 (7.66)	599.5 (8.75)	729.9 (9.32)	871.4 (8.26)	1,226.0 (10.30)	1,230.0 (9.36)	11.4	0.9
Orissa	8,643.6 (10.05)	9,512.1 (10.31)	10,750.4 (9.54)	12,825.2 (9.56)	14,178.0 (9.97)	14,318.1 (9.63)	15,552.9 (9.13)	17,817.2 (8.16)	21,636.8 (8.77)	2,573.47 (8.96)	28,002.9 (8.48)	33,810.6 (8.10)	40,585.5 (8.11)	42,653.6 (7.03)	45,942.1 (6.70)	13.2	1.1
Punjab	14,127.9 (6.57)	17,805.0 (6.85)	19,065.1 (7.19)	19,522.1 (7.14)	21,568.1 (7.08)	26,671.9 (8.18)	32,136.8 (8.14)	33,831.6 (6.91)	31,844.3 (6.61)	44,387.6 (7.77)	38,879.4 (6.33)	40,393.2 (5.82)	43,119.2 (4.80)	46,804.8 (5.19)	49,945.0 (5.05)	9.1	0.9
Rajasthan	18,063.1 (9.26)	23,219.7 (10.06)	24,650.7 (9.03)	27,694.4 (8.87)	34,720.0 (9.62)	36,435.7 (9.25)	45,547.8 (10.05)	51,130.4 (9.65)	56,632.5 (9.99)	64,613.9 (10.33)	90,430.7 (12.48)	81,720.7 (9.71)	90,818.2 (9.19)	102,360.7 (8.82)	116,439.8 (8.77)	14.1	1.3
Sikkim	52.1 (3.64)	62.1 (4.52)	125.1 (6.04)	121.7 (5.61)	154.4 (5.63)	151.4 (5.32)	169.0 (5.41)	154.4 (2.35)	196.7 (2.45)	234.7 (2.22)	273.9 (2.54)	324.3 (2.77)	424.4 (2.88)	594.8 (3.43)	622.2 (3.14)	16.9	1.3
Tamil Nadu	31,369.7 (6.53)	37,244.6 (6.38)	39,220.7 (5.48)	42,542.4 (5.33)	46,968.5 (5.41)	51,814.3 (5.38)	57,798.1 (5.29)	59,043.8 (4.81)	64,843.2 (4.98)	74,562.0 (5.20)	93,429.2 (5.86)	101,474.8 (5.24)	112,493.2 (4.82)	126,088.4 (4.54)	148,321.4 (5.01)	11.2	1.0
Tripura	126.0 (3.40)	155.5 (3.58)	136.2 (2.84)	139.8 (2.31)	182.5 (2.55)	350.5 (4.17)	359.6 (3.53)	425.8 (3.39)	527.8 (3.33)	528.7 (2.89)	801.4 (3.62)	1,045.5 (4.36)	1,742.9 (5.89)	2,251.3 (6.59)	2,320.2 (6.26)	25.2	1.7
Uttar Pradesh	9,849.4 (2.38)	10,805.8 (2.22)	12,545.8 (2.29)	13,953.6 (2.21)	16,660.1 (2.38)	21,130.0 (2.67)	51,210.2 (5.45)	54,308.4 (4.95)	50,303.7 (4.87)	61,884.2 (4.85)	67,696.0 (4.98)	77,583.9 (4.94)	96,520.4 (5.12)	101,759.7 (4.42)	114,584.3 (4.59)	14.6	1.1
Uttaranchal									6,740.6 (7.53)	7,167.9 (7.02)	8,612.1 (7.02)	9,890.8 (6.85)	11,484.6 (6.44)	14,146.5 (5.63)	15,526.2 (5.67)	16.0	1.2
West Bengal	8,869.3 (3.04)	11,342.1 (3.04)	11,913.1 (2.88)	13,426.7 (3.15)	14,791.7 (3.27)	15,806.6 (3.31)	18,556.2 (3.64)	28,252.7 (4.77)	20,865.2 (3.21)	24,939.9 (3.54)	53,536.6 (6.11)	52,766.5 (5.32)	53,756.4 (5.17)	50,896.8 (4.35)	53,206.7 (4.05)	15.1	1.3
All States*	258,253 (5.56)	308,144 (5.53)	372,633 (5.83)	411,734 (5.79)	485,387 (5.98)	502,400 (5.65)	615,313 (6.00)	666,555 (5.65)	764,437 (5.97)	844,102 (5.94)	1,013,816 (6.34)	1,081,091 (5.72)	1,196,410 (5.64)	1,323,825 (5.24)	1,514,300 (5.28)	13.0	1.06

Note: The figures in parentheses indicate the percentage share of motor vehicles tax in the State's Own Tax Revenue.

For the bifurcated States of Bihar, Madhya Pradesh, Uttar Pradesh and the newly formed States of Jharkhand, Chhattisgarh and Uttaranchal, the growth rates and buoyancies are calculated for the relevant period i.e. 2001-02 to 2007-08.

Source: Various issues of Finance Accounts of different State Governments

* The figures for all States are taken from various issues of State Finances, RBI

The buoyancy of revenue from the motor vehicles tax measures the responsiveness of the tax to a percentage change in its base. The buoyancy figure indicates that the tax is buoyant³ during 1993-94 to 2007-08 for all States. In the case of State-wise revenue also most of the States exhibited buoyant revenue. The States where the buoyancy is greater than unity are Goa (1.18), Gujarat (1.20), Kerala (1.02), Maharashtra (1.26), Orissa (1.15), Rajasthan (1.30), Tamil Nadu (1.02), West Bengal (1.29), Arunachal Pradesh (1.24), Assam (1.35), Himachal Pradesh (1.55), Jammu and Kashmir (1.48), Mizoram (1.61), Sikkim (1.30) and Tripura (1.67) (Table 2.2). In the remaining States, the buoyancy of motor vehicles tax (computed for the period 1993-94 to 2007-08) remains close to unity. In the newly formed States of Chhattisgarh, Jharkhand and Uttaranchal, the buoyancy figures for the period 2001-02 to 2007-08 are 0.77, 0.97 and 1.18, respectively. Similarly, in the bifurcated States of Bihar, Madhya Pradesh and Uttar Pradesh, the buoyancy measure for the period 2001-02 to 2007-08 is 0.67, 1.08 and 1.15, respectively (Table 2.2). These results show that the growth in the tax revenue from the motor vehicles tax is quite responsive to changes in the State's income in the different States. The results indicate that given the potential for further growth in revenue from MVT as well as the buoyancy of the tax, the States could raise further resources from this tax.

Revenue from Passenger and Goods Tax

The collection of revenue from P> has been fluctuating. Though the absolute revenue from P> has increased over the years, its share as a percent of SOTR has declined to almost half from 4.11 percent in 1980-81 to a mere 2.38 percent in 2007-08. The yield from the P> initially increased at a slow pace in the nineties; from Rs.1,480 crore in 1993-94 to Rs. 1,508 crore in 1995-96 and further to Rs. 1,979 crore in 1998-99. It reached Rs. 2,075 crore in 2000-01 and Rs. 6,808 crore in

³ Symbolically, buoyancy coefficient (b) could be expressed as $\Delta R/R \div \Delta Y/Y$, where R stands for revenue and Y stands for GDP (or GSDP). The functional form used to measure buoyancy is of the type:

$$R = aY^b \quad (1)$$

When this exponential form is transformed into a logarithmic form, it changes to:

$$\log R = \log a + b \log Y \quad (2)$$

Where R is the revenue from Motor Vehicle Tax and Y is the GDP, and b is the buoyancy coefficient. This relationship shows the percentage change in revenue with respect to a percentage change in GDP.

2007-08 (Table 2.1). Accordingly, the growth rate and buoyancy of this tax was higher for the period 1993-94 to 2007-08 than it was during 1980-81 to 1993-94 (Table 2.1).

The yield from the passengers and goods tax in 2007-08 was highest in the State of Tamil Nadu (Rs.148,321 lakh), followed by Bihar (Rs. 93,787 lakh), Madhya Pradesh (Rs. 91,644 lakh) and Karnataka (Rs. 83,734 lakh). Karnataka is the only State showing growth in the revenue consistently since 1994-95. In Orissa, the yield from the passengers and goods tax showed a sharp decline in the nineties. Initially, during 1993-94, the revenue from this tax was quite low at Rs. 1.1 lakh. This fell to Rs. 0.4 lakh in 1997-98. The revenue increased to Rs. 3,418 lakh in 1999-2000. Since then the revenue has increased at a steady rate and was Rs.38,493 lakh in 2004-05 and Rs. 57,400 lakh in 2006-07; in 2007-08, the revenue stood at Rs. 62,690 lakh (Table 2.3). A similar picture prevails in Rajasthan where the yield was decelerating in the nineties but increased gradually to reach quite a large figure in 2006-07. The yield from passengers and goods tax in Rajasthan, in 1993-94, was only Rs. 0.1 lakh in 1993-94; it fell to Rs. 0.03 lakh in 1996-97 and further to Rs. 0.02 lakh in 1998-99. However, the scenario was different in the next decade. The revenue increased to Rs. 845 lakh in 1999-00; this further increased at a steady rate to Rs. 2,310 lakh in 2001-02 and to Rs. 23,671 lakh in 2005-06. In 2006-07, this tax revenue stood at Rs. 24,760 lakh though it declined to Rs. 16,061 lakh in the next year, *i.e.* 2007-08.

The Government of Punjab had enacted the Punjab Passenger and Goods Tax Act, 1952. Under this Act, a tax was levied on the passengers who travelled in a passenger transport vehicle. However, the State Government faced multifarious problems in the collection of the Passenger Tax. This reduced the revenue from this tax for this State. Therefore, this tax was repealed in 1993 and a “Special Road Tax” was levied in its place. This resulted in a fall in the yield from the P> from Rs. 2,507 lakh in 1993-94 to Rs. 5.3 lakh in 1994-95 and further to Rs. 0.1 lakh in 1997-98. In 1998-99, it was reduced to Rs. 0.01 lakh. In both Maharashtra and Madhya Pradesh, in 1993-94, the revenue from passengers and goods tax was quite high, viz. Rs. 25,165 lakh and Rs. 21,797 lakh, respectively. However, in both the States, the revenue from this tax has shown a very fluctuating trend during 1993-94 to 2007-08 (Table 2.3).

The yield from this tax has been quite low throughout the period in the special category States of Manipur, Mizoram and Uttaranchal, and in the non-special category States of Gujarat, Kerala and Orissa. In Nagaland, no tax was levied on passengers and goods until 2002-03. In 2002-03, the State started earning revenue from this tax. Revenue from this tax was Rs. 81 lakh and this increased to Rs. 110 lakh in 2004-05 and further to Rs. 219 lakh in 2007-08. In West Bengal, the yield from this tax exhibited an irregular trend from around Rs. 18,468 lakh in 1993-94 to Rs. 777 lakh in 1995-96 and become negative in the following year, i.e. 1996-97. The yield increased slightly to Rs. 0.2 lakh in 1997-98 and gradually increased to 106 lakh in 2001-02, but again fell to Rs. 81 lakh in 2002-03. The decline in the yield continued till 2005-06 when it stood at Rs. 63 lakh. In 2006-07, the yield from this tax has shown a slight improvement to Rs. 103 lakh and it further increased to Rs. 107 lakh in 2007-08.

The revenue from P> exhibited a very high growth rate in the States of Rajasthan, Orissa, Andhra Pradesh, West Bengal, Jammu and Kashmir, and Goa. In the bifurcated State of Bihar, the growth rate for the relevant period, *i.e.* 2001-02 to 2007-08 was as high as 34.56 percent, whereas in Madhya Pradesh and Uttar Pradesh (which were bifurcated in the same period) the growth rate was 22.34 percent and 7.51 percent, respectively. In the State of Kerala, the yield from passengers and goods tax has been declining at a steady rate in the nineties from Rs. 6 lakh in 1993-94 to Rs. 0.01 lakh in 1997-98. In 1999-2000, the yield increased to Rs. 1.2 lakh but it fell to Rs. 0.1 lakh in 2002-03. In 2003-04, the yield picked up slightly and reached Rs. 5 lakh but thereafter the revenue from this source has been of a negligible amount. Accordingly, the growth rate calculated for the period 1993-94 to 2003-04 turned out to be negative (– 0.19 percent) in Kerala. The tax revenue exhibited negative growth rates in the States of Uttaranchal, Punjab, Gujarat, Himachal Pradesh and Kerala (Table 2.3).

In many States, however, the growth rate during 1993-94 to 2007-08 was between 20 to 40 percent. These States were Tamil Nadu (22.02 percent), Goa (38.06 percent), and Jammu and Kashmir (41.08 percent). In both Orissa and Rajasthan, the yield from passengers and goods tax was found to be declining in the nineties. However, in the next decade, the revenue from this tax improved significantly, exhibiting a high growth rate

Table 2.3: Trends in Passengers and Goods Tax in Different States

(Rs. lakh)

States	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	GR	Buoyancy
Andhra Pradesh	18.7 (0.005)	11.7 (0.003)	1.8 (0.0004)	151.3 (0.031)	49.9 (0.007)	77.0 (0.01)	62.1 (0.007)	40.8 (0.004)	529.1 (0.042)	2,087.8 (0.165)	4,454.6 (0.323)	6,558.6 (0.403)	5,035.2 (0.262)	4,125.1 (0.172)	8029.0 (0.28)	73.7	4.9
Assam	1,603.0 (2.62)	1,672.8 (2.65)	1,607.8 (2.29)	2,054.0 (2.68)	2,242.5 (2.54)	2,027.0 (2.06)	2,110.7 (1.72)	1,023.3 (0.72)	971.2 (0.62)	1,330.2 (0.69)	1,699.4 (0.82)	1,587.7 (0.59)	6,151.8 (1.90)	7,015.2 (2.01)	1,239.3 (0.37)	3.6	0.4
Bihar	159.2 (0.09)	9.2 (0.01)	610.7 (0.31)	2,894.1 (1.29)	8,689.3 (3.64)	5,978.4 (2.24)	9,391.6 (2.58)	12,483.7 (4.25)	15,332.4 (6.28)	26,290.9 (9.51)	30,582.9 (9.10)	47,287.8 (14.15)	61,338.1 (17.23)	78,300.9 (19.41)	93,786.7 (18.44)	34.6	2.8
Chhattisgarh									19,627.0 (9.85)	25,154.9 (10.81)	23,007.7 (8.89)	28,713.2 (8.90)	39,532.9 (9.76)	30,181.3 (5.98)	51,071.6 (9.09)	14.4	0.8
Goa	250.0 (1.33)	325.6 (1.44)	468.6 (1.72)	475.7 (1.57)	586.5 (1.61)	382.9 (1.07)	394.7 (0.86)	1,307.3 (2.54)	3,619.3 (6.36)	3,046.9 (5.06)	4,114.2 (5.79)	10,310.0 (12.04)	13,079.7 (11.93)	13,802.1 (10.69)	11,272.2 (8.29)	38.1	2.4
Gujarat	11,743.8 (2.98)	6,540.5 (1.38)	10,729.7 (2.02)	9,618.8 (1.59)	3,826.3 (0.58)	6,213.9 (0.82)	8,887.5 (1.09)	2,603.4 (0.29)	9,911.1 (1.07)	1,109.0 (0.12)	17,178.7 (1.54)	16,011.1 (1.24)	15,630.0 (1.00)	595.9 (0.03)	15,162.0 (0.69)	-2.6	-0.2
Haryana	16,152.0 (10.17)	19,480.1 (10.32)	20,116.4 (9.27)	25,964.0 (12.12)	33,121.0 (13.98)	31,581.3 (10.12)	32,385.1 (9.21)	36,666.6 (8.50)	49,856.2 (10.03)	65,274.9 (11.76)	66,035.8 (10.40)	70,515.8 (9.48)	75,759.9 (8.34)	73,840.9 (6.76)	37,939.2 (3.27)	10.7	0.8
Himachal Pradesh	3,521.9 (13.77)	3,976.8 (13.28)	4,580.4 (13.41)	6,526.0 (15.84)	9,680.0 (20.33)	11,510.7 (20.12)	10,483.0 (16.90)	4,304.6 (5.91)	3,426.5 (3.74)	3,145.2 (3.54)	3,396.3 (3.45)	3,832.1 (3.06)	4,261.0 (2.85)	5,021.7 (3.03)	5,512.1 (2.81)	-1.7	-0.1
Jammu & Kashmir	378.6 (1.69)	461.8 (1.90)	796.7 (2.80)	1,207.4 (4.17)	2,380.3 (6.48)	494.7 (1.13)	746.0 (1.29)	1,427.2 (1.91)	14,723.9 (17.17)	18,288.9 (18.75)	18,262.6 (15.85)	13,261.8 (9.47)	23,627.3 (13.99)	24,316.1 (12.78)	26,459.1 (11.51)	41.1	3.1
Jharkhand									2,223.1 (1.07)	3,865.4 (1.70)	5,377.5 (2.36)	7,818.7 (3.26)	9,666.0 (3.35)	7,419.2 (2.37)	7,107.0 (2.00)	21.2	1.6
Karnataka	13,268.0 (3.48)	11,699.6 (2.73)	16,834.3 (3.19)	19,943.6 (3.46)	23,438.0 (3.66)	27,313.1 (3.93)	33,759.8 (4.36)	47,302.2 (5.23)	49,811.3 (5.06)	51,653.2 (4.95)	67,346.2 (5.36)	79,171.6 (4.93)	104,144.9 (5.59)	114,720.0 (4.92)	83,733.5 (3.22)	17.9	1.5
Kerala	5.6 (0.0024)	0.8 (0.0003)	0.2 (0.00006)	0.1 (0.00003)	0.0 (0.000002)	0.8 (0.00016)	1.2 (0.00024)	1.3 (0.00023)	0.1 (0.00002)	0.1 (0.00001)	4.9 (0.00061)	0 (0)	0.2 (0.000018)	0 (0)	0 (0)	-0.2	-0.4
Madhya Pradesh	21,797.1 (8.14)	17,127.0 (5.97)	24,532.6 (6.97)	29,717.2 (7.24)	31,863.4 (6.98)	41,300.9 (8.08)	42,835.8 (7.39)	33,385.3 (5.92)	26,240.3 (5.58)	35,119.9 (5.69)	39,099.4 (5.76)	46,807.2 (6.02)	57,857.9 (6.35)	74,459.9 (7.11)	91,643.5 (7.63)	22.3	2.3
Maharashtra	25,164.8 (3.27)	27,910.6 (2.95)	24,834.8 (2.27)	20,087.3 (1.71)	34,103.0 (2.49)	28,101.9 (1.98)	33,193.7 (1.92)	10,022.6 (0.51)	102,738.9 (4.83)	24,502.6 (1.07)	23,191.2 (0.92)	42,774.9 (1.40)	50,463.4 (1.50)	22,448.3 (0.56)	38,827.0 (0.82)	2.9	0.3
Manipur	38.1 (2.06)	36.4 (1.53)	38.2 (1.37)	37.8 (2.66)	38.0 (1.06)	32.3 (1.05)	48.7 (1.22)	48.5 (0.99)	43.7 (0.84)	67.2 (1.03)	61.9 (0.89)	70.6 (0.87)	67.8 (0.71)	60.4 (0.50)	75.8 (0.51)	5.9	0.6
Meghalaya	119.0 (2.48)	135.1 (2.40)	146.0 (2.20)	571.2 (7.38)	129.6 (1.76)	138.9 (1.57)	139.7 (1.36)	141.9 (1.20)	160.9 (1.18)	163.5 (1.13)	202.3 (1.14)	266.3 (1.28)	276.4 (1.09)	278.9 (0.92)	358.5 (1.12)	5.1	0.4
Mizoram	29.3 (6.30)	28.6 (6.24)	31.3 (5.42)	30.6 (4.59)	33.1 (4.20)	34.4 (3.74)	38.6 (3.60)	51.4 (3.56)	52.9 (2.76)	56.6 (2.02)	61.0 (1.80)	68.7 (1.74)	99.4 (1.81)	98.3 (1.45)	107.1 (1.38)	10.8	1.0

Nagaland										80.6 (1.30)	103.1 (1.50)	110.2 (1.41)	134.5 (1.27)	169.0 (1.42)	219.0 (1.67)	21.0	2.3
Orissa	1.1 (0.0012)	0.5 (0.0006)	0.6 (0.0005)	0.5 (0.0004)	0.4 (0.0003)	0.6 (0.0004)	3,418.1 (2.01)	19,404.3 (8.88)	25,204.2 (10.22)	31,307.0 (10.90)	37,719.4 (11.42)	38,493.2 (9.22)	46,334.0 (9.26)	57,400.1 (9.46)	62,689.9 (9.14)	198.1	9.6
Punjab	2,507.7 (1.17)	5.3 (0.0020)	0.3 (0.00012)	0.8 (0.00029)	0.1 (0.000033)	0.0 (0)	0 (0)	0.0 (0)	0.0 (0)	0.0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	-87.6	-17.2
Rajasthan	0.1 (0.00055)	0.1 (0.0006)	0.0 (0)	0.0 (0)	0.1 (0.00029)	0.0 (0)	844.6 (1.85)	1,954.5 (3.82)	2,309.9 (4.08)	13,043.7 (20.19)	15,050.3 (16.64)	14,401.4 (17.62)	23671.1 (26.06)	24,759.7 (24.19)	16,060.6 (1.21)	250.6	11.7
Tamil Nadu	7,187.9 (1.50)	11,002.7 (1.89)	16,198.5 (2.27)	18,726.4 (2.35)	21,495.7 (2.47)	18,275.5 (1.90)	22,264.4 (2.04)	24,150.6 (1.97)	28,265.2 (2.17)	48,951.8 (3.41)	61,094.4 (3.83)	76,387.1 (3.95)	98,494.2 (4.22)	124,349.6 (4.48)	148,321.4 (5.01)	22.0	1.9
Uttar Pradesh	19,455.4 (4.71)	19,479.4 (3.99)	22,837.2 (4.18)	22,143.5 (3.51)	22,236.0 (3.18)	23,818.0 (3.01)	10,025.7 (1.07)	8,581.3 (0.78)	7,665.2 (0.74)	7,733.3 (0.61)	8,020.9 (0.59)	8,173.9 (0.52)	10,519.3 (0.56)	10,870.7 (0.47)	10,965.2 (0.44)	7.5	0.7
Uttaranchal									0.3 (0.00031)	0.7 (0.00067)	0.1 (0.00005)	0.01 (0.00001)	0.01 (0.00001)	0 (0)	0.04 (0)	-66.3	-8.5
West Bengal	18,468.4 (6.34)	21,629.0 (5.80)	777.1 (0.19)	-6.4 (-0.0015)	0.2 (0.0001)	1.1 (0.0002)	0.8 (0.0002)	2.4 (0.0004)	106.4 (0.0164)	80.5 (0.011)	79.6 (0.0091)	55.4 (0.0056)	62.8 (0.0060)	103.1 (0.0088)	107.1 (0.01)	85.5	6.9
All States*	147,971 (3.19)	148,332 (2.66)	150,766 (2.36)	166,262 (2.34)	200,393 (2.47)	197,915 (2.22)	209,867 (2.05)	207,474 (1.76)	367,135 (2.87)	356,931 (2.51)	418,992 (2.62)	520,602 (2.75)	644,957 (3.04)	680,831 (2.70)	680,800 (2.38)	13.6	1.1

Note: The figures in parentheses indicate the percentage share of passengers and goods tax in the State's Own Tax Revenue.

For the bifurcated States of Bihar, Madhya Pradesh, Uttar Pradesh and the newly formed States of Jharkhand, Chhattisgarh and Uttaranchal, the growth rates and buoyancies are calculated for the relevant period i.e. 2001-02 to 2007-08.

For Punjab, the growth rate and buoyancy for passengers and goods tax is calculated for 1993-94 to 1998-99. For Nagaland, the growth rate and buoyancy for passengers and goods tax is calculated for 2002-03 to 2007-08. For West Bengal, the growth rate and buoyancy for passengers and goods tax is calculated for 1997-98 to 2007-08. In Kerala, the growth rate and buoyancy of passengers and goods tax is calculated for 1993-94 to 2003-04.

No Data is available for the States of Arunachal Pradesh, Sikkim and Tripura.

Source: Various issues of Finance Accounts of different State Governments.

* The figures for P & G Tax for all States are taken various issues of State Finances, RBI

Exhibit 2.1: Total Tax on Vehicles and its Components as a percent of SOTR

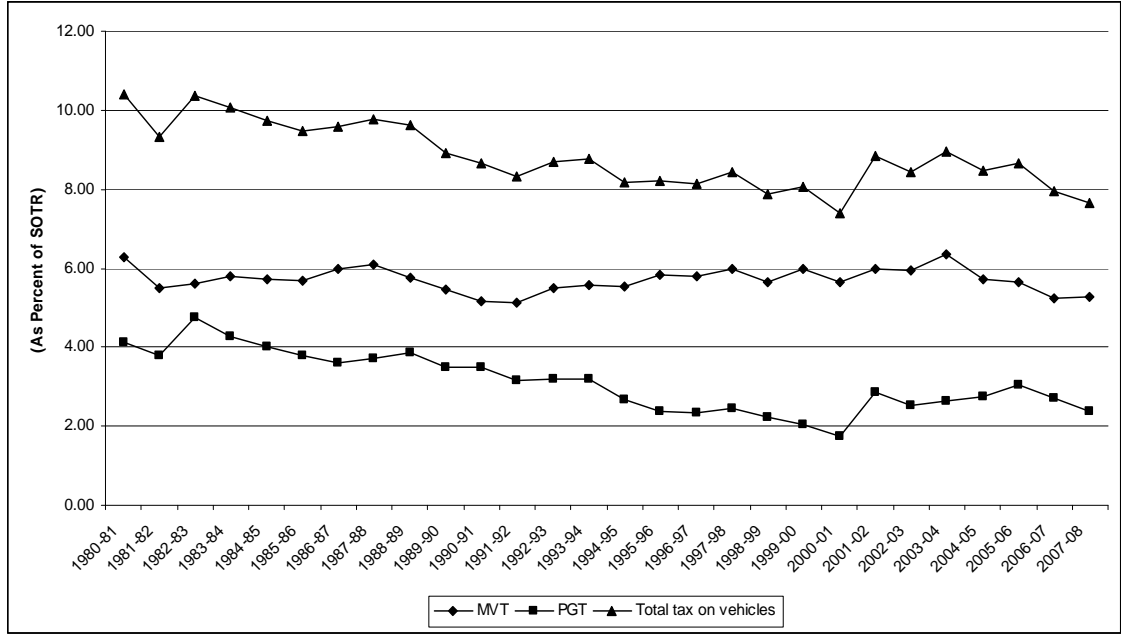
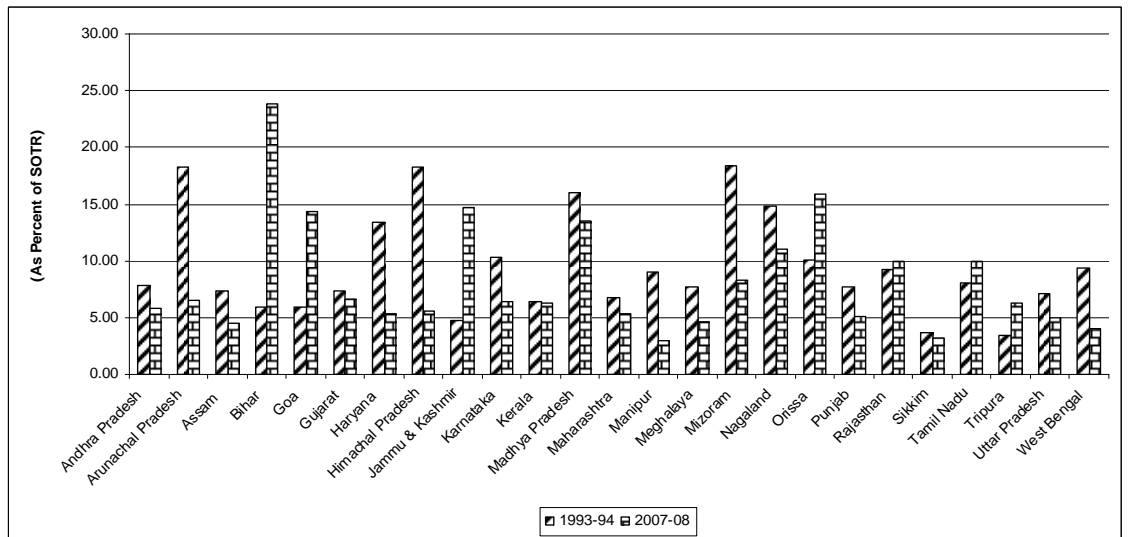


Exhibit 2.2: State-wise Total Tax on Vehicles as a Percent of SOTR



in Orissa and Rajasthan of 198 percent and 251 percent, respectively (Table 2.3).

The buoyancy of the passengers and goods tax for all States, computed for the period 1993-94 to 2007-08, turns out to be 1.26 though it varies widely across the States (Table 2.3). In some States, this tax revenue turned out to be highly buoyant whereas in some other States the buoyancy was quite low and even negative. The buoyancy of the passengers and goods tax, computed for the period 1993-94 to 2007-08, was quite high particularly in the two States of Rajasthan and Orissa indicating that the tax was highly buoyant in these two States. The other States where this tax fared well and the buoyancy was greater than unity were Andhra Pradesh (4.89), Goa (2.35), Jammu and Kashmir (3.14), Karnataka (1.49) and Tamil Nadu (1.91). The buoyancy is computed for the period 2001-02 to 2007-08 for the bifurcated States of Bihar (2.81), Madhya Pradesh (2.26) and Uttar Pradesh (0.72) and also for the newly formed States of Jharkhand (1.62), Chhattisgarh (0.82), and Uttaranchal (-8.52). The buoyancy coefficient of passengers and goods tax for the period 1993-94 to 2007-08 turned out to be much less than unity and even negative in some States such as Gujarat (-0.19) and Himachal Pradesh (-0.10) due to the high level of fluctuations. In Nagaland, the passengers and goods tax began to be levied from 2002-03 only and thus, the buoyancy of this tax in the State (computed for the period 2002-03 to 2007-08) turns out to be 2.28. In Punjab, the yield from the passengers and goods tax declined steadily from 1993-94 till 1998-99 and slowly became insignificant as it became almost a nil amount in the following years. Thus, the buoyancy of this tax in Punjab (computed for the period 1993-94 to 1998-99) is negative (-17.19) implying that the revenue from passengers and goods tax in Punjab was not at all responsive to the growth in the State's income. In Kerala, it is observed that the yield was very low since 1993-94 and in 2004-05, no revenue was realized from passengers and goods tax. In the next year, the yield continued to be very insignificant. Thus, the buoyancy of this tax in Kerala, computed from 1993-94 to 2003-04, turned out to be negative (-0.41) (Table 2.3).

Revenue from Total Tax on Vehicles

The fiscal significance of the total tax on vehicles (*i.e.* motor vehicles tax and passengers and goods tax) shows that in 2007-08 these taxes contributed about 7.66 percent to the own tax revenue of the States.

The yield from this tax for all the States taken together increased from Rs. 687 crore in 1980-81 to Rs. 2,6283 crore in 1990-91 and further to Rs. 21,951 crore by 2007-08 (Table 2.1).

The share of these taxes, however, varies across the States. The lowest share of 2.94 percent was found in the State of Manipur (special category State) in 2007-08. Among the non-special category States, West Bengal recorded the lowest share of 4.06 percent. In the State of Bihar, its contribution was 23.81 percent, the highest amongst the States (Table 2.4). In most of the States, its proportion in the own tax revenue was less than 15 percent; the exceptions were States like Bihar (23.81 percent) and Orissa (15.84 percent). However, there were some States where the share was quite low, even less than 10 percent, viz. the States of West Bengal (4.06 percent), Uttar Pradesh (5.03 percent), Maharashtra (5.33 percent), Punjab (5.05 percent), Andhra Pradesh (5.85 percent), Uttarakhand (5.67 percent), Kerala (6.24 percent), Gujarat (6.68 percent), Haryana (5.28 percent), and Jharkhand (5.82 percent) (Table 2.4). In Uttar Pradesh, the share declined from around 7.09 percent in 1993-94 to 5.68 percent in 1998-99. In 2000-01, it slightly improved to 5.73 percent but since then decreased steadily to 5.46 percent in 2004-05 and further to 5.03 percent in 2007-08. A similar tax scenario prevails in the State of Punjab, where the share of total vehicles tax in revenue was 7.74 percent in 1993-94; this dropped down to 7.19 percent in 1995-96 and then slightly improved to 8.18 percent in 1998-99 but again fell to 5.82 percent in 2004-05 and further to 5.05 percent in 2007-08. The share of the total tax on vehicles has been particularly low in the State of West Bengal and it fell from 9.38 percent in 1993-94 to 3.31 percent in 1998-99. In 2000-01, the share rose slightly to 4.77 percent but declined to 4.06 percent by 2007-08 (Table 2.4).

In most of the special category States, the share of the tax on vehicles in State's own tax revenue remained below 10 percent in 2007-08 except for the States of Jammu and Kashmir, and Nagaland where it was 14.66 percent and 11.03 percent, respectively (Table 2.4).

From 1993-94 to 2007-08, the growth rate of revenue from tax on vehicles for all the States taken together was 13.33 percent. Revenue from total tax on vehicles showed a decline in the growth rates in the nineties. In the State of West Bengal, the revenue from tax on vehicles exhibited a decelerating growth rate and this was as low as -8.47 percent during the

period 1993-94 to 1999-2000. The growth rate of the revenue from tax on all vehicles during the above period was low in the States of Manipur (0.64 percent), Meghalaya (4.27 percent), Arunachal Pradesh (7.36 percent) and Assam (9.10 percent). However, the growth rate of the revenue from the tax on vehicles in West Bengal during 1993-94 to 2007-08 turns out to be positive at 9.30 percent, which is very much higher than its growth rate in the nineties.

The growth rate of this tax revenue during 1993-94 to 2007-08 was also found to be higher compared to the nineties in the States of Manipur (7.65 percent), Meghalaya (9.18 percent), Arunachal Pradesh (13.55 percent) and Assam (11.50 percent). The highest growth rate in the revenue from tax on vehicles was in the State of Jammu and Kashmir (31.05 percent), followed by Goa (24.92 percent), Tripura (25.17 percent) and Orissa (22.78 percent). In the bifurcated States of Bihar, Madhya Pradesh and Uttar Pradesh, the growth rate of revenue from this tax calculated for the relevant period, i.e. 2001-02 to 2007-08, stood at 25.58 percent, 15.96 percent and 13.83 percent, respectively. In the newly formed States of Jharkhand, Chhattisgarh and Uttaranchal, the growth rate of the revenue from tax on vehicles turned out to be 14.51 percent, 14.19 percent and 15.98 percent, respectively. Thus, in each of these six States, the growth rate of the tax on vehicles lies above 10 percent. The growth rate ranged between 15 and 16 percent during the period 1993-94 to 2007-08 in the States of Madhya Pradesh (15.96 percent), Rajasthan (16.14 percent), Mizoram (16.31 percent) and Sikkim (16.89 percent) (Table 2.4).

The buoyancy coefficient of the tax on vehicles for the period 1993-94 to 2007-08 for the States indicates the relationship between the tax on vehicles and the State's income (GSDP). The coefficient of buoyancy for all States taken together was greater than unity (1.21) (Table 2.1). A similar situation prevailed in most of the States with the highest buoyancy (2.48) recorded in the State of Jammu and Kashmir. The increase in revenue with respect to increase in GSDP was more than unity in the States of Andhra Pradesh (1.03), Goa (1.67), Gujarat (1.03), Karnataka (1.16), Kerala (1.02), Orissa (1.86), Rajasthan (1.46) and Tamil Nadu (1.33). Also, the tax on vehicles turned out to be highly buoyant in some of the special category States. These States were Arunachal Pradesh

Table 2.4: State-wise Total Tax on Vehicles

(Rs. lakh)

State	1993-94	1995-96	1998-99	2000-01	2004-05	2005-06	2006-07	2007-08	GR	B
Andhra Pradesh	30,067.3 (7.84)	46,144.6 (11.20)	69,525.2 (8.73)	83,437.6 (7.91)	123,422.4 (7.59)	140,609.0 (7.32)	140,598.7 (5.88)	168,408.8 (5.85)	12.0	1.0
Arunachal Pradesh	66.4 (18.29)	99.1 (12.92)	101.5 (8.99)	112.1 (5.42)	220.6 (4.46)	298.9 (4.84)	293.1 (3.75)	642.0 (6.55)	13.6	1.2
Assam	4,524.5 (7.38)	5,606.3 (7.98)	6,110.3 (6.22)	8,400.3 (5.95)	15,059.4 (5.55)	21,743.2 (6.73)	22,130.0 (6.35)	15,101.2 (4.50)	11.5	1.2
Bihar	10,425.0 (5.96)	16,390.4 (8.31)	22,474.0 (8.41)	34,881.2 (11.89)	68,566.2 (20.52)	91,582.2 (25.72)	96,438.6 (23.91)	121,107.4 (23.81)	25.6	2.1
Chhattisgarh	.....	.....	.....	.....	47,893.0 (14.84)	60,129.5 (14.84)	55,486.6 (11.00)	78,765.5 (14.02)	14.2	0.8
Goa	1,103.5 (5.88)	1,721.8 (6.34)	2,828.2 (7.92)	4,299.3 (8.35)	16,188.3 (18.90)	19,464.0 (17.75)	21,258.4 (16.46)	19,468.3 (14.33)	24.9	1.7
Gujarat	29,213.1 (7.41)	41,298.5 (7.76)	52,235.2 (6.86)	65,331.2 (7.22)	122,103.6 (9.42)	131,027.4 (8.35)	119,711.0 (6.48)	146,171.1 (6.68)	12.9	1.0
Haryana	21,368.4 (13.45)	25,398.5 (11.71)	38,718.6 (12.41)	45,235.4 (10.49)	84,556.9 (11.37)	92,972.4 (10.24)	96,207.0 (8.80)	613,180.3 (5.28)	11.3	0.8
Himachal Pradesh	4,678.0 (18.29)	5,812.0 (17.02)	13,258.5 (23.18)	10,408.7 (14.29)	14,614.4 (11.67)	14,411.6 (9.63)	15,656.3 (9.45)	11,024.3 (5.63)	7.3	0.6
Jammu & Kashmir	1,054.9 (4.70)	2,018.9 (7.09)	2,308.5 (5.29)	3,759.4 (5.03)	17,429.4 (12.45)	28,544.1 (16.90)	30,712.4 (16.14)	33,719.5 (14.66)	31.1	2.5
Jharkhand	.....	.....	.....	.....	20,842.6 (8.68)	23,497.5 (8.13)	29,246.2 (9.35)	20,673.5 (5.82)	14.5	1.2
Karnataka	39,246.1 (10.29)	62,437.5 (11.84)	65,992.5 (9.50)	97,484.3 (10.78)	177,470.6 (11.04)	214,689.7 (11.52)	252,169.7 (10.82)	167,467.0 (6.44)	13.7	1.2
Kerala	15,111.6 (6.44)	22,286.9 (6.59)	32,331.5 (6.95)	39,486.3 (6.73)	61,047.5 (6.81)	62,850.7 (6.43)	70,774.4 (5.93)	85,317.2 (6.24)	12.1	1.0
Madhya Pradesh	42,805.1 (15.99)	55,403.2 (15.75)	79,526.1 (15.57)	73,974.6 (13.12)	95,672.6 (12.31)	113,460.0 (12.45)	137,889.5 (13.17)	161,905.6 (13.47)	16.0	1.6
Maharashtra	52,212.5 (6.78)	67,154.0 (6.14)	91,797.0 (6.46)	88,606.7 (4.49)	160,489.4 (5.24)	181,373.9 (5.41)	206,554.5 (5.15)	253,137.5 (5.33)	10.5	1.0
Manipur	167.6 (9.05)	172.2 (6.17)	143.2 (4.66)	328.5 (6.69)	405.2 (4.99)	401.9 (4.23)	379.6 (3.12)	432.9 (2.94)	7.7	0.7
Meghalaya	370.6 (7.73)	459.9 (6.94)	428.4 (4.85)	608.2 (5.13)	1,011.6 (4.87)	1,149.7 (4.55)	1,213.2 (3.98)	1,493.4 (4.68)	9.2	0.8
Mizoram	85.6 (18.40)	110.2 (19.07)	187.4 (20.37)	253.2 (17.55)	448.5 (11.33)	534.4 (9.71)	599.8 (8.87)	643.7 (8.30)	16.3	1.5
Nagaland	270.0 (14.79)	291.6 (14.02)	437.0 (12.37)	528.6 (9.40)	840.1 (10.73)	1,005.9 (9.53)	1,395.0 (11.72)	1,449.0 (11.03)	13.0	1.1
Orissa	8,644.7 (10.05)	10,751.0 (9.54)	14,318.7 (9.63)	37,221.5 (17.04)	72,303.8 (17.31)	86,919.5 (17.38)	100,053.7 (16.50)	108,632.1 (15.84)	22.8	1.9
Punjab	16,635.6 (7.74)	19,065.4 (7.19)	26,671.9 (8.18)	33,831.6 (6.91)	40,393.2 (5.82)	43,119.2 (4.80)	46,804.8 (5.19)	49,945.0 (5.05)	8.7	0.9
Rajasthan	18,063.2 (9.26)	24,650.7 (9.03)	36,435.8 (9.25)	53,085.0 (10.02)	96,122.1 (11.42)	114,489.3 (11.59)	127,120.4 (10.95)	132,500.5 (9.98)	16.1	1.5
Sikkim	52.1 (3.64)	125.1 (6.04)	151.4 (5.32)	154.4 (2.35)	324.3 (2.77)	424.4 (2.88)	594.8 (3.43)	622.2 (3.14)	16.9	1.3
Tamil Nadu	38,557.6 (8.03)	55,419.3 (7.75)	70,089.8 (7.28)	83,194.4 (6.77)	177,861.9 (9.19)	210,987.4 (9.05)	250,438.0 (9.02)	296,642.8 (10.02)	14.9	1.3
Tripura	126.0 (3.40)	136.2 (2.84)	350.5 (4.17)	425.8 (3.39)	1,045.5 (4.36)	1,742.9 (5.89)	2,251.3 (6.59)	2,320.2 (6.26)	25.2	1.7
Uttar Pradesh	29,304.8 (7.09)	35,383.0 (6.47)	44,948.0 (5.68)	62,889.6 (5.73)	85,757.8 (5.46)	107,039.7 (5.68)	112,630.4 (4.90)	125,549.5 (5.03)	13.8	1.3
Uttaranchal	.....	.....	.....	2,163.2 (7.33)	9,890.9 (6.85)	11,484.6 (6.44)	14,146.5 (5.63)	15,526.2 (5.67)	16.0	1.2
West Bengal	27,337.7 (9.38)	12,690.2 (3.07)	15,807.6 (3.31)	28,255.1 (4.77)	52,821.9 (5.32)	53,819.1 (5.18)	50,999.9 (4.36)	53,313.9 (4.06)	9.3	0.7
All States	406,224 (8.75)	523,399 (8.20)	700,315 (7.87)	874,029 (7.41)	1,601,693 (8.47)	1,841,367 (8.67)	2,004,656 (7.94)	2,195,100 (7.66)	13.3	1.08

Note: Figures in parentheses indicate the percentage share of total tax on vehicles in the State's Own Tax Revenue. G= Growth Rate; B= Buoyancy.

- For the bifurcated States of Bihar, Madhya Pradesh, Uttar Pradesh and the newly formed States of Jharkhand, Chhattisgarh and Uttaranchal, the growth rates and buoyancies are calculated for the relevant period i.e. 2001-02 to 2007-08.

Source: Total taxes on vehicles for all States taken from State Finances, RBI; other data drawn from Comptroller and Auditor General of India, *Finance Accounts*, New Delhi.

Economics of Road User Taxes

Introduction

The analysis in the previous chapter clearly highlights the fiscal significance of road user taxes in India. The trend indicates that whereas road user taxes are one of the constituents of States' own revenue, these do not play a very significant role in financing highway expenditure in the country. This is primarily due to the fact that the theories of road pricing do not facilitate a proper solution to determine the required rate of road user taxes.

The pricing mechanism is generally meant to solve two different problems simultaneously. One problem relates to the allocation of resources to a particular use. There then arises the issue of allocating the goods and services produced among the members in that particular economy. In a competitive framework, the pricing mechanism solves both the problems simultaneously with the equilibrium set of prices. This solution is efficient from the point of view of resource allocation as well as in the use of existing facilities. However, when the two problems are not solved simultaneously, there arises ambiguity about pricing principles. This is particularly true in the case of roads.

Issues in Road Pricing

Roads are different from other economic activities. First, these are specific to location. Second, there are significant economies of scale in the production of road services. Third, their capacity and quality are in the nature of joint products. And fourthly, their services are generally sold under conditions of state monopoly.

Given the above inherent characteristics of roads, the efficient price for road use is determined by the short-run marginal cost resulting from road usage¹. Every time a vehicle uses a given stretch of road, it results in wear and tear of the road. The user cost is, thus, to be established at the level covering the cost of damage done to the road. Since this prescription does not allow for recovery of capital investment on roads, the pricing of road faces several problems.

In the long-run, such a method of pricing could lead to excessive development of the road transport sector relative to other modes. Accordingly, in the long run, pricing in road transport sector is mainly done on the basis of the long run marginal cost principle. Assuming a perfectly competitive industry, this pricing would result in efficient allocation of resources. But in reality, for a perfectly competitive firm supplying road services and investing in road capacity, the main constraint is the road capacity which cannot be adjusted in small units. In equating price with long run marginal cost it is assumed that the roads are like “putty”. That is, it can be adjusted in small units. The firm can expand capacity for one additional vehicle journey if the price is higher than the cost involved in expanding capacity. However, road capacity cannot be expanded or contracted by small amounts. Thus, it is economically desirable to invest in roads which are un-congested if augmentation in quality and resultant savings in user costs (duly discounted) are greater than the investment expenditure.

Furthermore, road investment decisions are to a significant degree irreversible. This means that the long-run cost curve does not represent the locus of minimum cost for providing each of the capacity levels. This is a basic requirement of optimality of long-run competitive equilibrium. In road capacity expansion, there is no such thing as the minimum long run cost curve. Depending on past investment decisions, the behavior of long-run cost curves will vary. The implications of these inherent characteristics of roads are that long-run costs have no economic significance in determining road user charges.

Another implication is that efficient road pricing (designed to ration out the available road capacity) cannot, at the same time, solve the allocation problem. Given the inherent characteristics of roads and

¹ Walters, A. A. (1968), *The Economics of Road User Charges*, Johns Hopkins Press, Baltimore.

user charges, irrespective of how these are determined, these do not indicate the "right" amount of road capacity that should be provided.

The theories of welfare economics analyze the way consumer benefits can be maximized through the best possible allocation of resources among different uses. In a perfectly competitive market, if we consider the inverse demand function $P=F(X_d)$ where P indicates the price of the output and X_d the quantity demanded, then maximizing the total value of consumption would be equivalent to the maximization of the area under the demand curve for all commodities. Price determines the output supplied. In a general equilibrium framework, the price settles at a level where the marginal benefit equals the marginal cost in each sector; the resulting allocation is efficient and indicates the best possible allocation of goods and resources. If in any sector there is excess demand, then the price rises in that sector and additional resources are channeled into that sector and the process of adjustment continues until the equilibrium level (where $P=MC$) is restored.

In the case of roads, however, this type of analysis is not applicable. Road projects bring about discrete changes in output (capacity) as well as lead to improvements in quality. As a result, observed prices do not serve as adequate measures of benefits. Typically, these prices understate the value to road users of a discrete change in output. This is because consumers will generally be willing to pay an amount in excess of the single price charged. That is, discrete changes in output will generate a consumer's surplus. Therefore, in the case of roads, the price gives way to consumer's surplus as a measure of benefit². Also since prices can no longer automatically determine the allocation of resources to the road sector, the problem of investment becomes the problem of evaluation of alternative projects on the basis of cost-benefit analysis.

Concept of Road User Tax

Historically, the local population (especially the landowners) was responsible for the repairs of roads and bridges. Since they were the dominant users and beneficiaries of such roads, this was found to be the ideal approach. Each individual had to devote time and money

² This was pointed out by Dupuit, the French engineer, in the context of an attempt to bring out the effect that the optimum of the general welfare corresponds to the sale of every thing at marginal cost. See, Dupuit (1844), "On the Measurement of the Utility in Public Works", *Annales des Ponts et Chaussées*, Series No. 2, No. 8, 1844, (English Translation by R. H. Barback in *International Economic Papers*, No. 2).

to maintain the roads. Land owners were levied special assessments for access roads because land would have little value if it were inaccessible. Anyone who caused extraordinary damage to a road could be held accountable for its repair.

This framework was based on a static theory of roads; the emphasis was on maintaining the roads, not on improving them or providing for an expansion of the road network. With the development of commerce and trade in the latter part of the 18th century, a more dynamic view of roads emerged. Certain routes began to be used as important inter-city routes thereby losing much of their local service characteristics. At the same time, roads continued to be built and maintained by property taxes collected in the successive towns along the routes. Thus, a divergence was created between costs borne by local property owners and the benefits resulting from the provision of the route to travellers “passing by”. Moreover, local governments did not have capability to develop highways to the degree that was required. As a result of this and also because centralizing of such a function was generally opposed, the toll road movement developed. Heavily traversed routes were converted into turnpikes that were financed by tolls levied on the actual users of the facility. The professionals replaced amateur road builders and road taxes replaced statute labour requirements or local assessments levies.

In the early part of the present century, the automobile revolution rapidly endowed the roads with a transportation significance of a sort that outweighed their more general social implications. Since certain road users would seem to receive most benefit from these improvements, it was inevitable that the gap between social and private road costs once again became an important problem. Moreover, it became clear that the main resources of road financing, especially the property tax, were inadequate. Accordingly, the custom has been to shift varying proportions of the public road expense directly onto the vehicle operators by means of fuel taxes and registration fees. Taxes of this nature were used not only to bring road users' private track costs into alignment with the social costs of providing and maintaining roads but also, in some cases, as a source of general tax revenue. To begin with, the registration fee began as a modest one-time payment to cover motor-vehicle registration for the purpose of identification. Consequently, to augment revenue to meet the demand for better roads, the motor-fuel tax was imposed. Further, taxes on receipts of tonne-miles travelled, often referred to as third-level structure taxes, were imposed thereby reflecting the acceptance of a greater road cost responsibility on the part of heavier vehicles and/ or

commercial vehicles. However, the motor-fuel tax has assumed a dominant fiscal role all over the world, the underlying basis being the metering of road services.

The removal of roads from their dominant local role, thus, resulted in the acceptance of the idea that road services could be developed by ordinary investment standards and financed by specific beneficiaries, viz. the motor vehicle and its user rather than the general public. Fuel consumption, tyre wear and other aspects of vehicle operations determined the various types of improvements to be effected in a road, and hence, these were the basis for ascertaining the warranted expenditure on roads. There was also the strong belief that the rate of road improvement should depend upon the appearance of opportunities for profitable investment according to business standards and should depend upon the exigencies of politics and the state of the public treasury. Thus, the altered view of road functions has been reflected in the special taxes whose purpose is road financing and whose basis is road use³.

Why Road User Taxes?

The distinguishing feature of governmental supply of a private good is its employment of a user tax as a means of financing the good or service. A user tax (price) is defined as the price one paid incident to the ownership and operation of a vehicle. Alternatively, it could be defined as a payment which a motor vehicle operator is required to pay over and above his payment of other taxes.. The user tax is meant to recover for the government some part or all of the costs of supplying road services through direct charges on those using the same. In order that user prices effectively replace taxes as a means of financing publicly supplied services, there has to be a possible measure of the individual's share in the total usage of the services. But this in itself is not a sufficient condition to warrant a user price. In addition, there must be equity or an efficiency reason or both. If the benefits of publicly supplied services are enjoyed mainly by the direct users, that is, if these benefits do not spill over to people other than the direct users, there seems no reason why the others should be called upon to pay the costs. Further, the user price (as with any price in a market economy) must serve the essential function of rationing the available supply among many possible demands.

These financing devices that are used are still called taxes.

³ Petersen, S. (1932), "Highway Policy on a Commercial Basis", *Quarterly Journal of Economics*, pp. 417-443.

What needs to be noted is that these taxes, which have long been recognized as benefit taxes, are essentially user taxes. Road user tax has been universally justified on the basis of the benefit principle. Accordingly, road finance theories place only slight reliance upon "the ability to pay", the common basis for the majority of existing tax levies. Great reliance is placed on the ability to pay principle where services are provided as though benefits and amounts consumed are equal. But in cases where budget activity does not deal with services consumed in more or less equal quantities by all, it is often possible for such services to be supplied on the basis of the benefit approach. The necessary condition here is that the services and the groups benefiting from them must be clearly defined.

Thus, it has long been recognized that road users are a natural group to pay taxes on a quid pro quo basis. Yet there exist complications in such an approach. Though it is often easy to identify the various road users it is not always clear that they are the only beneficiaries. Further, there is also disagreement over the assumption that all road users receive equal benefits. Thus, in the standard treatment of the theory of road finance, it is assumed that it is necessary to divide road provision costs in the first instance between road users and non-users, and in the second instance, among classes of road users.

To begin with, it was widely agreed that roads should be financed "equitably". This was supplemented by the idea that the user-tax structure should foster economic development and efficient utilization of the transport system in an economy. The non-user share is a transfer from general funds to the roads. This transfer is justified on the basis that roads yield important indirect benefits, external economies or spill overs which accrue to people other than the highway users. However, it was often felt that such transfers contain elements of subsidy which if not properly evaluated could frustrate the objectives of economic efficiency and equity.

Consideration of the non-user share is particularly instructive because it requires evaluation in terms of a general theory of public subsidy. As a matter of equity, it is maintained that external economies warrant a general tax contribution to the road program. However, though it is desirable to have such subsidies in order to achieve the broader social objectives, it is possible to resolve many issues through a simultaneous application of two welfare standards- the theory of collective demand and the marginal cost price standard. These coordinated standards do not require a choice between "market" and

"public" allocations or between the private system or the tax system. The problem relates to the manner and proportions in which private and collective demands are combined"⁴. This is reflected in the two-part tariff system that prevails in the case of road taxes.

Exponents of user-tax principles are normally unwilling to accept the view that road systems should be considered as an integrated system for the purpose of financing solely with the levy of user taxation. Part of the reluctance to accept fully a commercial view of the highway function stems from the variability of costs and uniformity of taxes. But more important is the consideration that the cost of road facilities should be fully allocated to the various beneficiaries thus countering the view that benefits derived from roads are not to differ from benefits to the user of the road. Thus, if the tendency is to move from a collectivist view to a commercial view, the apparent goal is fulfilled since the persons who support the spread of road costs with reference to the numerous benefits also endorse the principle that traffic should govern road investment.

But the real weakness of the benefit argument stems from the fact that all public and private expenditures affect the economy. Indirect benefits of material value will flow through the economy to others, other than those who directly consume the products. A feature of the private economy is that consumers are expected to defray the full costs of product or service expenditure that provide indirect benefits to others, independent of the general social and economic values. Value to the direct purchaser is all that matters, collateral influences being accepted as incidental. Most production is socially important but so long as the ordinary demand for the product is sufficiently great, the social by-product is incidentally valued and we need not emphasize its social implications.

When the public policy is in favour of the idea that principles applicable in the private sector of the economy should generally prevail, a case for subsidization with general tax support meets with approval only when products or services deemed desirable by society, either now or in the future, will not be forthcoming without assistance. We subsidize socially important but otherwise neglected enterprises, but we do not do so because they are socially important but because they are otherwise neglected. To grant that there may be reasons to supply road facilities over and above those that would be supplied to

⁴ Kafoglis, M. (1963), "Highway Policy and External Economies", *National Tax Journal*, Vol. 16, pp.68-80.

meet the effective demand of users is quite a different thing from justifying general tax support on the basis of benefit apportionment. Thus, the possibility of construing the road function in common welfare terms does not establish the desirability for doing so. Formulation of road policy almost wholly with reference to traffic considerations would probably cause no serious neglect of needed requirements nor work injustice upon those required to bear the cost⁵.

Historically, practice reveals a further distinction of the general "benefit principle" based on two schools of thought. One postulates that road user taxes should be based on the cost of service while the other recommends that road taxes should be based on the value of service. The first principle is shown to be charges that would result under simple competition and the value of service principle is shown to be charges that would result under monopoly price discrimination. Cost of service leads to prices that vary as incidental costs are attached to each service.

Typically, a number of schemes have been derived to divide the costs of road provision between road users and non-users. One such method "The Relative Use Method" apportions the cost of each road according to the different purposes for which the road used. The costs assigned to 'through' traffic are all paid by road users and the costs assigned to the provision of access roads are paid by property owners; the costs of providing for neighborhood traffic are divided between users and the community. Under such a scheme, effective collection of taxes is never made upon the basis of actual apportionment. These collections are always made on an average basis. Thus, even if total road costs are recovered, there may still be external effects between various groups and all of society.

In the "Predominant Use Method", a three way division for road tax responsibility is made between access, trunk roads and other roads. Thus, all urban and rural access roads have their costs financed by property taxes. The predominant beneficiaries of the main roads are the users. All the remaining roads falling between the two extremes, whether urban or rural, are financed by the community out of general revenue. Again the scheme is designed to recover the annual average financial cost of providing the system.

Under the "Earnings Credit Theory", costs of the road system would be computed per vehicle mile / kilometer and this cost would be

⁵ Petersen, S. (1932), "Highway Policy on a Commercial Basis", *Quarterly Journal of Economics*, pp. 417-443.

applied to traffic all the way down through various levels of the road system, from the main trunk routes to access roads. The amount by which motor-tax revenue fell short of meeting these costs would be assumed to be the responsibility of the local tax payer or property owners. Once again, this appears to be a cost of service allocation mechanism.

In the "Incremental Cost Theory", an attempt is made to allocate specific costs to specific groups. However, in the case of costs incurred 'jointly', there is no recovery from others under this method.

Thus, it is observed that when it comes to allocation of costs among road users, the recovery of costs has been the guiding principle with the system of averaging leaving open the scope for external effects to persist amongst geographically separated groups of users and among vehicle classes.

Thus, a major weakness of user taxation is that it cannot be (and has not been) adapted to the variability of road costs in terms of service units. However, apportionment of the road burden can be favourably influenced by stressing cost – earnings relationships. In the face of a disparity between costs and earnings on particular facilities, a legitimate claim to general tax revenues or a case for special assessment or toll financing might then be established. One of the results of the failure of existing and suggested tax systems to eliminate external effects between non-users and all road user groups is that user taxes may have little relation to the social costs of providing given roads. While a nationwide system of toll roads is an impractical idea, segments of a road network have been successful as toll roads in some countries. However, certain issues have arisen from these toll roads. We examine these aspects in the next section.

Structure of Taxes on Motor Vehicles

India has a federal political and administrative framework under which the Central, States and local authorities have well defined powers for taxation and management of roads and road transport. The jurisdiction of each tier of Government for the levy of tax is earmarked in the Seventh Schedule of the Constitution. The powers within the jurisdiction of the Centre are enumerated in List I and those within the legislative powers of the States are mentioned in List II. The Concurrent List, as mentioned in List III, inter alia, gives tax powers and principles to levy taxes on motor vehicles.

For the road transport sector, regulation and taxation of motor vehicles are treated as two distinct powers in the Indian Constitution. While the former falls within the concurrent list (list III, entry 35) and the power is exercised by both the Central and State Governments; taxation of motor vehicles is clearly within the ambit of State legislative competence. Except for the national highways, the responsibility for roads is vested in the State governments. Both Central and State Governments impose taxes on vehicle purchase, vehicle ownership and vehicle use.

Several taxes are levied on transport industry; some affecting it directly, the others indirectly. The major taxes levied on this sector are:

- ◆ Central VAT (CenVAT) and the Central Sales Tax (CST)¹. levied by the Central Government;

¹ CST falls in the Central List but has been assigned to the States. The tax is collected and retained by the States. The Central Government decides only the rate of tax.

- ◆ motor vehicles tax, passengers and goods tax, State VAT, entry tax, and toll taxes levied by the State governments; and
- ◆ octroi levied by the local bodies.

All these taxes, levied by different tiers of governments, impact the transport industry in three different ways , viz. those affecting purchase of vehicles, those concerning ownership of vehicles, and those related to the operation or use of vehicles.

Taxes on the Purchase of Vehicles

Taxes on the purchase of vehicles are levied on the acquisition of vehicles and include once for all payments of CenVAT, custom duty, and State VAT. The CenVAT is levied by the Central Government on the manufacture of motor vehicles. The tax is collected at the time of clearance of vehicle at the factory gates. However, the procedure of duty collection follows the principle of value added tax. The rate of CenVAT is 10%.

Custom duty is also levied on the purchase of vehicle at the rate of 10 percent, except for the motor cars and motor cycle, where the rate is 61 percent, inclusive of National Calamity Contingent Duty (NCCD). Additional duty of excise and CVD is also levied at the rate of 4 percent over and above custom duty (Table 4.1).

In addition, the Central Government regulates motor vehicles under the Indian Motor Vehicles Act, 1988, and Central Motor Vehicles Rules, 1989. The levies charged under the Act are for registering motor vehicles; obtaining driving licenses; transfer of ownership of motor vehicles; permit for transport vehicles; and certificate of fitness for transport. It includes fees levied for registration, permit, and driving license. The fees have been raised and restructured from time to time.

Apart from above taxes on the possession of vehicles, the Central Government levies a Central Sales Tax (CST) on the inter-state transaction. Currently, the rate of CST is 2%.

The motor vehicles are thus subject to two separate enactments with different objectives. One is of regulatory nature called the Central Act of 1988, and the other one with a revenue objective levied by all the States under the respective States' Acts. State Governments levy state-VAT on the purchase of motor vehicles. The rates of state-VAT on motor vehicles vary from State to State but in general are taxed at the rate of 12.5% (Table 4.1). It is levied at the rate 14.5 percent and 14

percent in Andhra Pradesh and Bihar, respectively; while it is levied at the rate of 13.5 percent in Assam, Jharkhand and Karnataka. Some of the States also levy an entry tax to compensate for the difference between the State VAT rates in the State and those prevailing in the other States if the vehicle is registered in another State and brought to the State concerned within a specified period. This tax operates more or less on the pattern of the use tax prevalent in USA.

Octroi is also levied in 16 Municipal Corporations of Maharashtra only. The tax has been abolished in all other States. It is levied when vehicle is brought into a local area for sale by a dealer.

Table 4.1: State-wise Tax on Purchase of Motor Vehicles

(In Percent)

States	Taxes on Purchase of Vehicle			
	Import Duty [*]	CenVAT [§]	STVAT	Total
Andhra Pradesh	10	10	14.5	30.5
Arunachal Pradesh	10	10	12.5	32.5
Assam	10	10	13.5	33.5
Bihar	10	10	12.5	30.5
Chhattisgarh	10	10	14.0	34.0
Delhi	10	10	12.5	32.5
Goa	10	10	12.5	32.5
Gujarat	10	10	12.5	32.5
Haryana	10	10	12.5	32.5
Himachal Pradesh	10	10	12.5	32.5
Jammu & Kashmir	10	10	13.5	33.5
Jharkhand	10	10	12.5	32.5
Karnataka	10	10	13.5	33.5
Kerala	10	10	12.5	32.5
Madhya Pradesh	10	10	12.5	32.5
Maharashtra	10	10	12.5	32.5
Manipur	10	10	12.5	32.5
Meghalaya	10	10	12.5	32.5
Mizoram	10	10	12.5	32.5
Nagaland	10	10	12.5	32.5
Orissa	10	10	12.5	32.5
Punjab	10	10	12.5	32.5
Rajasthan	10	10	12.5	32.5
Sikkim	10	10	12.5	32.5
Tamil Nadu	10	10	12.5	32.5
Tripura	10	10	12.5	32.5
Uttar Pradesh	10	10	12.5	32.5
Uttarakhand	10	10	12.5	32.5
West Bengal	10	10	12.5	32.5

Note: * Custom duty on motor cars and motor cycles is 61 percent inclusive of National Calamity Contingent Duty.

§ This rate is for the motor car of the length not exceeding 4000 millimetre.

Additional Excise Duty and CVD at the rate of 4 percent also leviable over and above custom duty.

Taxes on Ownership of Vehicles

These taxes include recurring charges levied on vehicles during the period of ownership, usually in the form of an annual tax. This category includes motor vehicle tax, registration fee, fees for transfer of ownership of vehicle, and entry tax. Several criteria have been adopted to differentiate motor vehicles for taxation purposes, each reflecting one of the many objectives of the levy. There is also considerable diversity in vehicle classifications among States making comparisons of some rates difficult.

Motor Vehicle Tax (MVT) / Road Tax

The avowed purpose of motor vehicle tax (MVT) is to defray the costs of road maintenance out of the revenue realized from user charges. Besides, motor vehicle taxation is also geared to fulfil other objectives like the reduction of both congestion and pollution. However, multiplicity of objectives results in complex tax structures, cross-classifications and unintended economic and welfare effects. Broadly the rationale behind motor vehicle taxation is two-fold. First, levies on the road transport sector can be justified as approximate user charges. MVT in the form of registration charges are essentially a charge on access to road network. In fact, the more a motor vehicle is used, the less the vehicle charge per kilometer travelled. But while access charges may vary according to vehicle type, they do not discriminate according to usage.

The current structure of MVT in India is primarily based on ownership and only indirectly linked to consumption (of the road transport service). Hence it is not a perfect user charge. Second, MVT is supported on the ground that it has a fast growing base and an important source of tax revenue for the States. MVT is being levied in all States and UTs except the UT of Lakshadweep. Existing tax structure for commercial vehicles shows wide variations among States. There are different bases for computation and different rates, leading to differing incidence of taxes per vehicle in different States. In fact, it is not easy to make comparisons of rates levied on different types of vehicles in different States. Inter-State comparisons are somewhat difficult due to different classification principles for the taxation of vehicles in different States; variations in the application of 'lifetime' and annual tax rates to vehicle categories; use of specific and *ad valorem* rates; and multiplicity of rates. In addition, several criteria have been adopted to differentiate motor vehicles for taxation purposes across the States making comparisons of incidence difficult.

Motor Vehicle Tax on Non-Transport Vehicles

Motor Cycle: Most of the States have switched over to life time tax (LTT) except a few in the North East Region (*viz.* Meghalaya, Mizoram & Sikkim). As stated above, the basis for levying tax varies across the States. In some States, it is levied on the basis of engine capacity (*e.g.* Andhra Pradesh, Delhi, Himachal Pradesh, Punjab, Rajasthan, Sikkim, and Tamil Nadu); while in other States it is levied on the basis of the unladen weight (Assam, Bihar, Haryana, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Orissa, Tripura, Uttar Pradesh and Uttarakhand) and cost of vehicle (Chhattisgarh, Goa, Gujarat, Karnataka, Kerala, and Maharashtra). Jammu & Kashmir is the only State in India where motor cycle is taxed on the basis of horse power and tax is paid quarterly (Table 4.2). The detailed rate of road tax on non-transport two-wheelers is presented in Annexure Table A.4.3.

To see the variations in road tax paid per annum across the States on motor cycle, the study has attempted an exercise where the standard engine capacity, unladen weight and cost price is taken. It is assumed that the life of a motor cycle is 10 years. Of the States where the cubic capacity is used as the base for levying the tax, a motor cycle owner in Andhra Pradesh pays the highest tax of Rs. 4,050 while the least tax of Rs.1,000 is paid in Sikkim. Unladen weight of the motor cycle is used as base in 11 States (Table 4.2). Of these the highest tax is paid in Assam (Rs. 3,500) followed by Kerala (Rs. 2,700) and Orissa (Rs. 2,000), while the lowest is the State of Haryana (Rs. 500). Few of the States levy road tax directly on the basis of cost of the vehicle purchased. Of these States, Karnataka pays the highest one-time tax and Chhattisgarh the lowest. In the State of Jammu & Kashmir, the tax generated for 10 years on the basis of horse power is Rs. 4,000.

Cars for personal Use: The bases used for levying road tax on car for personal use are cost of vehicle, unladen weight, and seating capacity. In few of the States, it also levied on the basis of horse power, cubic capacity, ownership and floor area (Table 4.3). In majority of the States, road tax on cars for personal use is levied as lifetime tax. In Jammu & Kashmir, tax on car is paid quarterly, while it is paid annually in Meghalaya and Sikkim. A detailed structure of tax levied on cars across the States is presented in Annexure A.4.5.

Table 4.3 presents the tax incidence assuming that the engine capacity is 1000 cc, unladen weight is 1000 kg, cost price is Rs. 5 lakh, floor area is up to 5 sq. mtrs., seating capacity is 5 persons excluding driver and the car is diesel driven. Here, the life of the car is assumed

to be 10 years. It shows that though road tax is levied on cost of the vehicle in most of the States, the base of classification for levying the tax could be unladen weight, seating capacity, or the cost of the vehicle itself. If the basis of classification is the cost of the vehicle and if we assume the cost to be Rs.5 lakh, then the tax rates vary from 1 percent to 8 percent of the cost of the vehicle. Accordingly, the least tax is paid in the State of Haryana, while the highest is paid in State of Tamil Nadu (Table 4.3).

Unladen weight is the base of classification in the States of Andhra Pradesh, Madhya Pradesh, Uttar Pradesh and Uttarakhand, where tax is levied on cost of vehicles. The rate of tax varies between 5 percent and 9 percent, if the unladen weight is 1000 kgs. In the State of Kerala and Manipur, the tax is levied purely on the basis of unladen weight. However, in Kerala, while the tax is payable every two years, it is one time payment in Manipur. For the assumed life of the car of 10 years and unladen weight of 1,000 kgs, the higher tax is levied in Manipur than in Kerala (Table 4.3).

Seating capacity is the base of classification in the State of Bihar, Chhattisgarh, Orissa and West Bengal. In all these four States, lifetime tax is paid on cars. In the States of Chhattisgarh and Orissa, tax is levied on the basis of seating capacity and cost of the vehicle, where tax rate is 5 percent if the seating capacity of the car is 5 persons excluding driver. In Bihar and West Bengal, on the other hand, it is levied only on the basis of seating capacity. And, if we take the assumed seating capacity, the tax amount is quite high in West Bengal as compared to Bihar (Table 4.3). In the States of Jammu & Kashmir and Meghalaya, the basis of classification for levying tax on car for personal use is horse power (HP). In Jammu & Kashmir, the tax is paid quarterly at the rate of Rs.150 per quarter, while it is annual in Meghalaya at the rate of Rs. 225 per annum. Assuming the capacity of the car to be 14 HP and life of the car as 10 years, the tax paid in Jammu & Kashmir is quite high (Table 4.3).

Cubic capacity (cc) is used as the basis of classification in the States of Sikkim and Himachal Pradesh. In Himachal Pradesh, it is a one-time tax and if the car has the engine capacity of 1000 cc then the tax charged is 2.5 percent of the cost of vehicle. In Sikkim, on the other hand, tax is paid annually at the rate of Rs. 12,00 per annum. In the State of Tripura, the tax is levied on the basis of ownership, while it is floor area of the car in Karnataka. If the assumed floor area is 5 sq. mtrs., then the tax in Karnataka would be 12 percent of the cost of vehicle.

Table 4.2: Road Tax on Motor Cycles in Indian States
(Motor Cycle with Engine Capacity 60 cc, ULW 95 kg, Cost Price Rs. 45,000)

States	Mode of Pay	Criteria of Classification	Road Tax
Andhra Pradesh	Life time	Cubic Capacity	Rs. 4050 (9% of the cost)
Assam	15 year	Unladen Weight	Rs.3500
Bihar	One Time	Unladen Weight	Rs.1200
Chhattisgarh	Life time	Cost of Vehicle	Rs. 1800 (4% of cost)
Delhi	One Time	Cubic Capacity	Rs. 1220
Goa	Life time	Cost of Vehicle	Rs. 2250 (5% of cost)
Gujarat	One Time	Cost of Vehicle	Rs. 2700 (6% of cost)
Haryana	One Time	Unladen Weight	Rs. 500
Himachal Pradesh	One Time	Cubic Capacity	Rs. 1800 (4% of the cost)
Jammu & Kashmir	Quarterly	Horse Power	Rs. 4000 (Rs. 100/-pq)
Karnataka	One Time	Cost of Vehicle	Rs. 3600 (8% of cost)
Kerala	One Time	Cost of Vehicle	Rs. 2700 (6% of cost)
MP	Life time	Unladen Weight	Rs. 2250 (5% of cost)
Maharashtra	Life time	Cost of Vehicle	Rs. 3150 (7% of the cost)
Manipur	One Time	Unladen Weight	Rs. 1125
Meghalaya	Annual	Unladen Weight	Rs. 1000 (Rs. 100/pa)
Mizoram	Annual	Unladen Weight	Rs. 1500 (Rs.150/pa)
Orissa	One Time	Unladen Weight	Rs. 2000 (Rs. 200/-pa)
Punjab	One Time	Cubic Capacity	Rs. 1350 (3% of the cost)
Rajasthan	One Time	Cubic Capacity	Rs. 2250 (5% of cost)
Sikkim	Annual	Cubic Capacity	Rs. 1000 (Rs. 100/pa)
Tamil Nadu	Life time	Cubic Capacity	Rs. 3600 (8% of cost)
Tripura	One Time	Unladen Weight	Rs. 1100
Uttar Pradesh	One Time	Unladen Weight	Rs. 1600
Uttarakhand	One Time	Unladen Weight	Rs. 1500
West Bengal	One Time	Cubic Capacity	Rs. 1560

Motor Vehicle Tax on Transport Vehicles

Passenger Vehicles: In the case of passenger transport vehicles (e.g. stage or contract carriages) the seating capacity, the distance covered and sometimes the type of route on which the vehicle is plying forms the basis for levying tax. Motor vehicle taxation of passenger buses is mainly on the basis of the seating capacity and treated differently from motor cars and jeeps. Sometimes it is extended to cover authorized standees as well (Delhi, Gujarat, Karnataka, and Maharashtra). In many States, differentiation in tax treatment of passenger buses is also accorded on the basis of type of service (Ordinary/Luxury/Express etc). Some States, viz. Andhra Pradesh, Chhattisgarh, Madhya Pradesh, Orissa also include the distance that the vehicle is permitted to ply as an additional element for determining the quantum of tax. There is another system also where routes are divided into different categories in terms of region with a different rate of tax

Table 4.3: Road Tax on Motor Car (Personal) in Indian States

[with engine capacity 1000 cc, ULW 1000 kg, Cost Price Rs. 5 lakh, floor area upto 5 Sq. Mtrs, Seating capacity 5 person excluding driver and 14 HP, for personal use (Diesel Driven)]

States	Mode of pay	Base of Classification	Road Tax
Andhra Pradesh	Life Time	Unladen Weight	Rs. 45,000 (9% of Cost)
Assam	15 year	Cost of Vehicle	Rs. 20,000 (4% of the original cost.)
Bihar	One Time	Seating Capacity	Rs. 3750
Chhattisgarh	Life Time	Seating Capacity	Rs. 25000 (5% of the cost)
Delhi	One Time	Cost of Vehicle	Rs. 20,000 (4% of the cost)
Goa	Life Time	Cost of Vehicle	Rs. 25000 (5% of the cost)
Gujarat	Life Time	Cost of Vehicle	Rs. 30000 (6% of the cost)
Haryana	One Time	Cost of Vehicle	Rs. 5000 (1% of the cost)
Himachal Pradesh	One Time	Cubic Capacity	Rs. 12500 (2.5% of the cost)
Jammu & Kashmir	Quarterly	Horse Power	Rs. 6000 (Rs. 150/- pq)
Karnataka	Life Time	Floor area	Rs. 60000 (12% of the cost)
Kerala	Payable every 2 years	Unladen weight	Rs. 2150 (Rs. 430 every two Year)
MP	Life Time	Unladen Weight	Rs. 25000 (5% of the cost)
Maharashtra	One Time	Cost of Vehicle	Rs. 35000 (7% of the cost)
Manipur	One Time	Unladen Weight	Rs. 2925
Meghalaya	Annual	Horse Power	Rs. 2250 (Rs. 225/-pa)
Orissa	One Time	Seating Capacity	Rs. 25000 (5% of the cost)
Punjab	One Time	Cost of Vehicle	Rs. 10000 (2% of the cost)
Rajasthan	One Time	Cost of Vehicle	Rs. 10000 (2% of the cost)
Sikkim	Annual	Cubic Capacity	Rs. 12000 (Rs. 1200/-pa)
Tamil Nadu	Life Time	Cost of vehicle	Rs. 40000 (8% of the cost)
Tripura	One Time	Ownership	Rs. 27501
Uttar Pradesh	One Time	Unladen Weight	Rs. 25000 (5% of the cost)
Uttarakhand	One Time	Unladen Weight	Rs. 25000 (5% of the cost)
West Bengal	One Time	Seating Capacity	Rs.9900/-

for each. This system is prevalent in Uttar Pradesh (based on regional versus urban). Another distinction peculiar to the taxation of commercial passenger vehicles is that between stage carriages (with fixed stopping points on specified routes) and contract carriages (including taxis) hired on time or distance basis. The tax rates vary from State to State, see Annexure Table A.4.7. In a majority of the States tax is paid annually (*viz.* Assam, Bihar, Delhi, Gujarat, Haryana, Himachal Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Orissa, Punjab, Rajasthan, Sikkim, Tripura and West Bengal). In the States of Andhra Pradesh, Chhattisgarh, Jammu & Kashmir, Karnataka, Kerala, Tamil Nadu, Uttar Pradesh and Uttarakhand, the tax is levied quarterly. Madhya Pradesh is the only State in India where

road tax on passenger vehicles is levied monthly. Table 4.4 presents the annual road tax incidence on private stage carriages in Indian States if the total distance permitted to be covered is 150 kms per day, ply on routes other than town routes, cost of vehicle is Rs. 10 lakh, and is permitted to carry 25 passengers. In a majority of the States, the basis of classification is seating capacity of the vehicle, where it could be on the basis of either per seat or lump sum seat. If the tax is levied on the basis of per seat, the paid tax is as high as Rs.60,000 in Kerala followed by Karnataka (Rs. 50,000), Orissa (Rs.18,700), Punjab (Rs. 16,250) etc. to as low as Rs. 1,775 in Maharashtra, assuming that the seating capacity of the vehicle is 25 passengers. This huge difference is due to the fact that Kerala and Karnataka charge Rs. 600 and Rs. 500 per seat, respectively, on a quarterly basis while Maharashtra charges only Rs. 71 per seat annually. In Orissa, the rate per seat is only Rs. 172, however, there is also an additional tax of Rs. 576 adding which the total tax per seat amounts to Rs. 748 per seat. If the tax is levied on the basis of lump sum seating capacity, the tax paid is highest in Jammu & Kashmir (Rs. 4,000) while the lowest is in Manipur (Rs. 1,720) (Table 4.4).

Distance covered is the basis of classification in the States of Andhra Pradesh, Madhya Pradesh and Orissa where tax is levied according to seating capacity. Accordingly, for the total distance of 150 kms in a day, the paid tax is highest in Madhya Pradesh (Rs. 63,000) followed by Orissa (Rs. 18,700) and Andhra Pradesh (Rs. 2,444). In Uttar Pradesh, tax on passenger vehicle is levied according to type of route on which it is plying. For the “A-class” route, the quarterly charge is Rs.590 for the first 20 seats and Rs. 35 for every additional seat, if the seating capacity is more than 20 seats but less than 35 seats. In Rajasthan, the basis of classification is the cost of the vehicle. If the cost of the vehicle is Rs. 4 lakh, the annual tax rate is 0.70 percent of the cost of the vehicle with the special road tax of 1.5 percent of the cost of the vehicle.

Goods Vehicles: The terms “heavy” and “light commercial” goods vehicles are defined in the Motor Vehicles Act, 1988, essentially on the basis of weight. Goods vehicle are usually classified either according to their unladen weight (ULW) or gross vehicle weight, also called registered laden weight (GVW or RLW). Sometimes the difference of these two, *viz.* payload, forms the basis of classification. In principle, GVW is the right basis of taxation, as it reflects road damage (given the number of axles and the weight distribution) the best; further, this is usually linked to the engine capacity and size of

Table 4.4: Road Tax on Ordinary Private Stage Carriage in Indian States
(Total distance permitted to be covered 150 kms per day, ply on other than town routes, permitted to carry 25 passengers)

States	Mode of pay	Road Tax (per annum)
Andhra Pradesh	Quarterly	Rs. 2,444.4 (Rs. Rs. 611.10/-per quarter)
Assam	Annual	Rs. 8000 (Rs.8000/- pa)
Bihar	Annual	Rs. 5000 (Rs. 200 per seat per annum)
Chhattisgarh	Quarterly	Rs. 10000 (Rs 100/-pq)
Delhi	Annual	Rs. 3875 (Rs. 1915+ 280/- per passenger beyond 18 passenger)
Gujarat	Annual	Rs. 3480 (Rs. 1200+ Rs. 80 per seating + Rs. 40 per standing beyond 9)
Haryana	Annual	Rs. 13750 (Rs. 550 per seat subject to a maximum of Rs. 35000)
Himachal Pradesh	Annual	Rs. 12500 (Rs. 500/- per seat per annual)
Jammu & Kashmir	Quarterly	Rs. 4000 (Rs.1000/- pq)
Karnataka	Quarterly	Rs. 50,000 (Rs. 500/- per seat pq + Rs.100/- per for every standing passenger)
Kerala	Quarterly	Rs. 60,000 (Rs. 600/-per seat pq)
Madhya Pradesh	Monthly	Rs. 63,000 (Rs. 160/- per seat per month if does not exceed 100km, thereafter for each 10 km Rs. 10 per seat per month))
Maharashtra	Annual	Rs. 1,775 (Rs.71/- per seat per annum+ Rs. 18/- per standee per annum)
Manipur	Annual	Rs. 1,720 (Rs. 1000 + 80 for every additional passenger beyond 16 passengers)
Meghalaya	Annual	Rs. 2500 (Rs. 100/- per seat per annum)
Mizoram	Annual	Rs. 2500 (Rs. 100/- per seat excluding two seats)
Orissa	Annual	Rs. 18700 (Rs. 172/- per seat per annum + Rs. 576/- per seat per annum Addl. Tax)
Punjab	Annual	Rs. 16,250 (Rs. 650/- per seat per annum plus Special Road Tax (SRT) 0.0518*Seat*KM*Day)
Rajasthan	Annual	Rs. 10000 (0.70% of the cost of the vehicle +SRT of 1.50% of the cost of the vehicle or maximum Rs. 12000)
Sikkim	Annual	Rs. 3125 (Rs. 125/- per seat per year)
Tamil Nadu	Quarterly	Rs. 50000 (Rs.400/per seat per quarter- plus 25% surcharge per seat)
Tripura	Annual	Rs. 1,375 (Rs. 425.00 for 8 plus Rs. 50.00 every seat beyond 8 and upto 26)
Uttar Pradesh	Quarterly	Rs. 3,060 (Rs. 590 for the first 20 seats and Rs. 35 for every additional seat (A) class route)
Uttarakhand	Quarterly	Rs. 3,060 (Rs. 590 for the first 20 seats and Rs. 35 for every additional seat (A) class route)
West Bengal	Annual	Rs.3125/-p.a. (Rs.125 per passenger per annum)

the vehicle. The state-wise road tax structure for trucks and trailers is presented in Annexure Table A.4.6.

The basis of classification for goods vehicles in a majority of States is gross vehicle weight. It is unladen weight in the States of

Table 4.5: Road Tax on Goods Carriages in Indian States

[with Laden Weight or Gross Vehicle Weight 10,000 kg (10 M.T.), Carrying Capacity 8,000 kg (8 MT), and Cost Price Rs. 10 lakhs]

States	Mode of pay	Base of Classification	Road Tax (per annum)
A. Pradesh	Quarterly	Laden weight	Rs. 9,748.2 (Rs. 2437.05/-pq)
Assam	Annual	Carrying Capacity	Rs. 7,000 (Rs.3500.00+Rs.700.00 for every additional 1 M.T)
Bihar	Annual	Gross Vehicle weight	Rs. 5500 (Rs. 500/- per tone +10% additional tax)
Chhattis	Quarterly	Gross Vehicle weight	Rs. 2,400 (Rs. 300/- every three month upto 2,000 kg + Rs. 75/pa for addl 500 kg)
Delhi	Annual	Gross Vehicle weight	Rs. 3,320
Goa	Annual	Gross Vehicle weight	Rs.4,900
Gujarat	Annual	Gross Vehicle weight	Rs. 6,550 (Rs. 2000+650 per every 1000 kg or part thereof exceeding 3000 kgs)
Haryana	Annual	Gross Vehicle weight	Rs. 2,400
H. Pradesh	Annual	Loading Capacity	Rs. 2,000
J &K	Quarterly	Laden weight	Rs. 4,400 (Rs. 1100/-pq)
Karnataka	Quarterly	Laden weight	Rs. 7,200 (Rs. 1800/-pq)
Kerala	Quarter	Gross Vehicle weight	Rs. 8,360 (Rs. 2090/-pq)
M Pradesh	Quarter	Laden weight	Rs. 8,400 (Rs. 2100/-pq)
Maharashtra	Annual	Laden weight	Rs.7,500/-pa
Manipur	Annual	Gross Vehicle weight	Rs.3,280/-pa
Meghalaya	Annual	Carrying Capacity	Rs. 3,120 (Rs. 600 plus Rs. 180 for every additional 1/2 metric tonne or part thereof authorised load of goods after one tone)
Mizoram	Annual	C Capacity /ULW	Rs. 3,710 (Rs. 840 + Rs.410/- per tonne above one tonne)
Nagaland	Annual	Loading Capacity	Rs.2,410 (Rs. 450 for 1 MT and Rs.140 every additional ½ MT)
Orissa	Annual	Laden weight	Rs. 4,955 (Rs. 3,773 + Rs. 1,182 Addl. Tax)
Punjab	Annual	Gross Vehicle weight	Rs. 3,410 (Rs. 2,000/- per annum plus SRT Rs. 1,410/- per annum)
Rajasthan	Annual	Cost of Chassis/Vehicle	Rs. 13,350 (Rs. 4,500/- + 0.95 % of the cost of Vehicle exceeding Rs. 6 lakhs + SRT (3,050 + 0.5% of cost of Vehicle exceeding Rs. 6 lakhs)
Sikkim	Annual	Gross Vehicle weight	Rs. 4,033 (Rs. 3,241/- plus Rs. 99/- for every additional 250 kgs or part thereof above 8,000 kgs.)
Tamil Nadu	Quarter	Laden weight	Rs. 7,600 (Rs. 1900/- pq)
Tripura	Annual	Laden weight	Rs.2,100.00
U Pradesh	Quarter	Gross Vehicle weight	Rs. 3,400 (85.00 per MT of GVW or part thereof)
Uttarakhand	Quarter	Gross Vehicle weight	Rs. 3400 (85.00 per MT of GVW or part thereof)
West Bengal	Annual	Gross Vehicle weight	Rs. 3700/-

Assam, Himachal Pradesh, Meghalaya, Nagaland, while it is cost of chassis/ vehicle in the State of Rajasthan and unladen weight in Mizoram (Table 4.5). In most of the States, the tax is paid annually while in a few it is paid on a quarterly basis.

To calculate the tax incidence on goods vehicles, Table 4.5 assumes laden or gross vehicle weight of a vehicle as 10,000 kgs, carrying capacity as 8,000 kgs., and cost price as Rs.10 lakhs. In the State where the base of classification is GLW, the highest annual tax

paid is Rs. 9,748 (Andhra Pradesh) while the lowest is Rs.2,100 (Tripura). If the payload (or carrying capacity) is the base for levying the tax, Assam levies the highest tax (Rs. 7,000) while lowest levy is in Himachal Pradesh (Rs. 2,000) for a carrying capacity of the vehicle of 8,000 kgs. Mizoram and Rajasthan are the only States where tax is levied on the basis of unladen weight and cost of chassis/ vehicle, respectively. The annual tax paid is Rs. 3,710 in Mizoram and Rs. 13,350 in Rajasthan (Table 4.5).

Multiple Axle Vehicles: Some of the States like Andhra Pradesh and Kerala in particular have attempted to put differential rates of motor vehicle taxation favoring multiple axle vehicles over conventional heavy vehicles/trailers in the same size class in terms of gross vehicle weight. For instance, in Andhra Pradesh, the motor vehicle taxation on multi axle goods vehicle is 25% less than what is applicable to conventional double axle goods vehicles.

Taxes on transport vehicles plying on inter State routes: Passenger buses (SRTU or private) plying on inter State routes covered by an inter-state agreement are subject to MVT only in their State (State of registration). However, buses (SRTUs or private) plying on inter State routes not covered by the agreement are subject to MVT in both the States. The *inter se* tax structure between goods and passenger vehicles indicates that light passenger vehicles (personal and commercial cabs) are taxed at a lower rate as compared to light goods vehicles, but rates on medium and heavy vehicles are much higher for passenger than goods vehicles.

Registration Fee

Vehicle registration is compulsory to drive a motor vehicle. No owner of a vehicle can allow or permit the use of an unregistered vehicle. Vehicle is registered with the Regional Transport Officer (RTO). There are three types of registration with RTO, *viz.* temporary registration, registration of new vehicle, and registration of vehicle arriving from 'out of State' or assignment of a new registration mark (R.M.A)

Temporary Registration: To take a vehicle from the dealer's premises requires a temporary registration. In the case of non-transport vehicles, to take the vehicle to the place of registration from the dealer's premises it needs to be registered temporarily. In the case of a transport vehicle, one needs time to construct the body of the vehicle over the chassis; hence it needs a temporary registration. Temporary registration is valid for 7 days initially and can be extended up to 30 days in case of non transport vehicles. The validity can be extended for

a longer period with the permission of the registering authority in the case of transport vehicles. An application for temporary registration has to be made.

Permanent Registration of New Vehicle: To apply for the permanent registration of a new vehicle, it should be produced to the RTO for inspection. The vehicle is inspected by an inspector who confirms that it conforms to the provisions of Act & Rules and then the vehicle tax is levied.

Registration of vehicle that arrived from out state for assignment of new registration mark (R.M.A): If the vehicle is registered in one State and is kept or used in another State for a period of more than a year, then the vehicle needs to be registered in the latter State for a new registration number to be assigned. Rate of registration fees varies from one State to another as set out in Annexure A.4.1.

Registration Fee Structure: The fee rates for temporary registration of vehicles vary across States. For registration of motor cycle, for example, the rate is as low as just Rs. 20 in Bihar to as high as Rs. 100 in West Bengal. In other States, the fee is in the range of Rs. 20 to Rs. 50. In case of personalized 4 wheelers also, the fee for temporary registration is only Rs. 20 in Bihar but is Rs. 250 in Goa. The temporary registration fee for passenger and goods vehicles is almost the same in all the States, varying from Rs.300 to Rs. 800. The imported motor vehicle is also liable for temporary registration. The rates for permanent registration of motor cycles in India vary between Rs.60 and Rs. 260, while it is between Rs. 130 to Rs. 400 for the small vehicles. The registration fee for passengers and goods vehicle is least in the State of Haryana and Tamil Nadu (at Rs. 300), while it is highest in Madhya Pradesh (at Rs. 800). For the imported vehicles- Delhi, Mizoram, Punjab and Uttar Pradesh charge Rs. 800 as the registration fee, whereas Tamil Nadu charges only Rs. 100. The fee for the registration of a vehicle that arrived from out of State also varies across the States and across the vehicles, as given in annexure Table.

Transfer of ownership

State government also charges for transfer of the ownership of the motor vehicle. The fee rates are mostly half of the registration fee in all the States (Annexure A.4.1)

Fitness Certificate

For every transport and non-transport vehicle in India, it is mandatory to obtain a fitness certificate. For private vehicles, fitness is granted for 15 years initially at the time of the registration and then

fitness of the vehicle is renewed for the next five years. Every commercial vehicle has to obtain this certificate after two years for new vehicles and after every one year for old vehicles. In India, the fitness certification is being carried out by the motor vehicle inspectorate, known as the Regional Transport Offices (RTOs) attached to the Transport Department in each State and has its offices in the Capital as well as in the major cities of the State.

Fitness certificate fee (FCF) depends on the category of the vehicle and vary across States. Table 4.6 presents the fee structure for fitness certificate for light, medium and heavy vehicles. The FCF for all three categories of vehicle is highest in the State of Madhya Pradesh while it is the lowest in the State of Tamil Nadu. In the State of Bihar, the FCF for heavy motor vehicle is levied on the basis of the seating capacity and load capacity of the vehicle.

Taxes on the Operation of Vehicles

Taxes on the use of vehicles include custom duty on imported petroleum and union excise duty on motor spirit and high speed diesel (HSD) levied by the Central Government. The CenVAT on motor spirit and HSD is levied at the rate of Rs.15.50 and Rs. 4.60 per litre, respectively. Import duty, on the other hand, is levied at the rate of 7.5 percent. Also, education cess is leviable at the rate of 2 percent over and above both custom duty and CenVAT rates.

State VAT on fuel (motor spirit) and lubricants is levied by the States. There is variation in VAT rates as given in Table 4.7. State government also levies VAT on spares. Andhra Pradesh levies the highest sales tax of 33 percent on petrol in the country, followed by Tamil Nadu, where it is 30 percent. Kerala, which levies 29 percent VAT on petrol, has the highest sales tax rate for diesel at 24.69 percent. Haryana and Punjab have the lowest rates of diesel at 8.8 percent.

Passenger and Goods Tax

The passengers and goods tax is levied on passengers and goods carried by road or by inland waterways. Both the motor vehicles tax and passengers and goods tax are similar in nature. In fact, these are treated as user charges or charge for construction and maintenance of roads. These taxes fall on the same base and are paid ultimately by the same group of people. Some of the States levy both these taxes while others have merged the two and levy a single tax. Bihar, Delhi, Karnataka, Orissa, Rajasthan, Tamil Nadu and West Bengal, as shown

Table 4.6: Fees for Fitness Certificate in Indian States

(In Rs.)

State	Fitness Certificate fee for Light motor vehicle (Rs.)	Fitness Certificate fee for Medium vehicle (Rs.)	Fitness Certificate fee for Heavy vehicle (Rs.)
Andhra Pradesh	200	300	400
Bihar			Seating Capacity between 12 to 22 seats: Rs.100/- and Seating Capacity more than 22 seats: Rs.150/-, Load Capacity 770-1500kgs: Rs.50/-, Load Capacity 1501-3000 kgs: Rs. 100/-, Load Capacity more than 3000 kgs: Rs.150/-
Delhi	300	400	500
Goa	200	300	400
Himachal Pradesh	200	300	400
Kerala	200	300	400
Madhya Pradesh	400	450	500
Maharashtra	200	300	400
Mizoram	200	300	400
Nagaland	200	300	400
Orissa	200	300	400
Tamil Nadu	50	100	150
Uttar Pradesh	200	300	400
Uttaranchal	200	300	400
West Bengal	200	300	400

in Table 4.8, do not levy this tax. The states that levy this tax have two different systems to follow. First category of the States levy tax on actual collection of fare and freight. In Haryana, for example, the passenger tax is levied at the rate of 25% of the value of fare; Manipur at the rate of 10% of the fare charged, and in Himachal Pradesh it is 40% of the fare. The second category of the States levies a composite tax. That is, the tax is a compounded levy based on the criteria of seating capacity, occupancy ratio etc. In some states the tax is collected as per cent of the purchase price of the vehicle. The states following the system of lump sum tax are Haryana (for smaller vehicles), Meghalaya, and Mizoram. Manipur gives the option to the owners of

Table 4.7: Taxes on Fuel at the Centre and States Level

(in Percent)

State	Import Duty		Union Excise Duty		VAT Rates	
	Petro l	HSD	Petrol (in Rs. per litre)	HSD (in Rs. per litre)	Petro l	HSD
Andhra Pradesh	7.5	7.5	15.50	4.60	33	22.25
Assam	7.5	7.5	15.50	4.60	25.75	15.5
Bihar	7.5	7.5	15.50	4.60	24.5	18.36
Chhattishgarh	7.5	7.5	15.50	4.60	22	22
Delhi	7.5	7.5	15.50	4.60	48	20
Goa	7.5	7.5	15.50	4.60	18	19
Gujarat	7.5	7.5	15.50	4.60	NA	21
Haryana	7.5	7.5	15.50	4.60	20	8.8
Himachal Pradesh	7.5	7.5	15.50	4.60	25	14
Jammu & Kashmir	7.5	7.5	15.50	4.60	NA	NA
Jharkhand	7.5	7.5	15.50	4.60	20	14.4
Karnataka	7.5	7.5	15.50	4.60	25	NA
Kerala	7.5	7.5	15.50	4.60	29	24.69
Madhya Pradesh	7.5	7.5	15.50	4.60	28.75	23
Maharashtra	7.5	7.5	15.50	4.60	NA	23
Manipur	7.5	7.5	15.50	4.60	20	NA
Meghalaya	7.5	7.5	15.50	4.60	NA	NA
Orissa	7.5	7.5	15.50	4.60	18	18
Pondicherry	7.5	7.5	15.50	4.60	12.5	12.5
Punjab	7.5	7.5	15.50	4.60	27.5	8.8
Rajasthan	7.5	7.5	15.50	4.60	28	18
Tamil Nadu	7.5	7.5	15.50	4.60	30	21.43
Tripura	7.5	7.5	15.50	4.60	20	12.5
Uttar Pradesh	7.5	7.5	15.50	4.60	23.62	16.16
Uttarakhand	7.5	7.5	15.50	4.60	NA	21
West Bengal	7.5	7.5	15.50	4.60	NA	NA

Notes: Education cess is levied at the rate of 2% over and above both import duty and union excise duty.

NA= Not available.

of vehicles to pay according to ad valorem rates or follow the compounding scheme.

In regard to goods tax also different methods of levy are followed. In States like Himachal Pradesh the tax is levied at the rate of 5% of the freight charged; and Manipur levies 10% of the freight charged (with the option for compounded levy). The rest of the states follow the system of compounded levy. Haryana, for example, levies a lump sum tax varying from Rs. 1200 to 14,400 per annum. Manipur levies lump sum tax on the basis of the type of vehicle (with reference to movement within the state or inter-state); Megalya also follows the system similar to Manipur; and Mizoram follows the system of age of vehicle to fix the compounded tax.

Rajasthan has introduced a special road tax in lieu of passengers and goods tax. It is also levied on all transport vehicles. In case of goods vehicle registered with the state the tax is levied primarily according to the cost of purchase of vehicle and in the case of passenger vehicles the tax is based on both the cost and the seating capacity. For the vehicles registered outside the state, for the goods vehicles the tax is levied on the basis of load carrying capacity and for the passenger vehicles it is on the basis of seating capacity.

It is felt that in the states where the tax is collected on the basis of actual passengers carried or goods transported, the tax official gets the power to determine tax and thus the interaction of the officials and transporters increases. In most cases they connive to have a reduced tax to be levied on the vehicles.

Some of the States, in addition to this tax, levy surcharge on this tax. Himachal Pradesh levies a surcharge of 20% on passenger tax. The rates of this tax (Table 4.8) indicate considerable variation. It varies according to the nature and use of vehicles. The justification of levy of these taxes also lies in the cost recovery of provision of infrastructure -- the roads. However, as per the definition of tax in the Acts, it is levied on the use of motor vehicles. The tax is known as road tax and regarded as the price charged by the States for the services provided by them. Even in practice, a major proportion of the tax is earmarked by the States for the construction and maintenance of roads in the State concerned.

Octroi

Octroi is yet another tax that affects the road transport sector. It yields substantial revenue in six major States. The tax is generally

Table 4.8: Goods and Passenger Tax in Indian States

States	Tax Structure																																																																												
Gujarat	<p>The passenger tax is based on revenue collection of fare and is levied from Gujarat State Road Transport Corporation, Ahmedabad Municipal Transport Services, State carriages of State Transport Operators of neighbouring states under reciprocal agreement and other municipal corporations/municipalities running state carriage buses.</p> <ul style="list-style-type: none"> The passenger tax is 1% of the amount of fare collected for municipal areas and 17.5% for the area outside the municipal areas. 																																																																												
Haryana	<p>Under the Punjab Passengers and Goods Taxation Act, 1952, as applicable to the State of Haryana,</p> <ul style="list-style-type: none"> Tax @ 25% of the value of the fare is charged on passengers carried by a motor vehicle, Lump sum rates of tax varying from Rs.6000/- to Rs.16000/- per month have been fixed for permit holders on link routes. Lump sum amount varying from Rs.1200/- to Rs.14400/- per annum is payable by smaller passengers vehicles. 																																																																												
Himachal Pradesh	<p><u>Goods Tax:</u> 5% of the freight (w.e.f. 15.10.1994) <u>Passenger Tax:</u> 40% of the fare (w.e.f. 15.10.1994) and @20% Surcharge on Passenger Tax (w.e.f. 14.11.77)</p>																																																																												
Manipur	<p>Manipur State fixes lump sum taxes at rate specified in section 4 of the Manipur Passengers and Goods Taxation Act 1977 (Act 1 of 1978) read with Rule (ii) of the Manipur Passengers and Goods Taxation Rules, 1979. The taxes are in lieu of tax chargeable on fare and freight on return basis in respect of various types of vehicles. The owners of the motor vehicles (under hire & reward) have the option of paying lump sum tax in advance in equal quarterly instalments (January-March, April-June, July-September and October-December) payable on or before the last working day of March, June, September and December respectively. Over and above this, the owner of the motor vehicles (under hire & reward) have the option of either (a) to pay 10 paise per rupee value chargeable on passenger and goods vehicles on return basis or (b) to pay lump sum taxes as fixed earlier. Various types of vehicles and their present rates are summarized as follows:-</p> <p>A. Passenger Vehicle</p> <table border="1"> <thead> <tr> <th>Sl.No.</th> <th>Type of Vehicle</th> <th>Rate per annum</th> <th>Quarterly</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Inner State Bus</td> <td>Rs.3000.00</td> <td>Rs.750.00</td> </tr> <tr> <td>2.</td> <td>Inner State Medium Bus</td> <td>Rs.2200.00</td> <td>Rs.550.00</td> </tr> <tr> <td>3.</td> <td>Inner State Mini Bus</td> <td>Rs.1500.00</td> <td>Rs.375.00</td> </tr> <tr> <td>4.</td> <td>Bus (>34 seats)</td> <td>Rs.2200.00</td> <td>Rs.550.00</td> </tr> <tr> <td>5.</td> <td>Medium Bus (>23 seats <34)</td> <td>Rs.1580.00</td> <td>Rs.395.00</td> </tr> <tr> <td>6.</td> <td>Mini Bus (>12 seats <23)</td> <td>Rs. 960.00</td> <td>Rs.240.00</td> </tr> <tr> <td>7.</td> <td>Jeep Taxi (maxi cab)</td> <td>Rs. 960.00</td> <td>Rs.240.00</td> </tr> <tr> <td>8.</td> <td>Jeep Taxi (<12 seats & other taxis)</td> <td>Rs. 800.00</td> <td>Rs.200.00</td> </tr> <tr> <td>9.</td> <td>Tempo</td> <td>Rs. 500.00</td> <td>Rs.125.00</td> </tr> <tr> <td>10.</td> <td>Auto Rickshaw</td> <td>Rs. 300.00</td> <td>Rs. 75.00</td> </tr> </tbody> </table> <p>B. Goods Vehicle</p> <table border="1"> <thead> <tr> <th>Sl.No.</th> <th>Type of Vehicle</th> <th>Rate per annum</th> <th>Quarterly</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>1 ton</td> <td>Rs. 500.00</td> <td>Rs.125.00</td> </tr> <tr> <td>2.</td> <td>3 ton</td> <td>Rs.1100.00</td> <td>Rs.275.00</td> </tr> <tr> <td>3.</td> <td>5 ton</td> <td>Rs.1500.00</td> <td>Rs.375.00</td> </tr> <tr> <td>4.</td> <td>7.5 ton</td> <td>Rs.2300.00</td> <td>Rs.575.00</td> </tr> <tr> <td>5.</td> <td>9 ton</td> <td>Rs.2700.00</td> <td>Rs.675.00</td> </tr> <tr> <td>6.</td> <td>10 ton</td> <td>Rs.3000.00</td> <td>Rs.750.00</td> </tr> <tr> <td>7.</td> <td>Above 10 ton</td> <td>Rs. 200.00 for every addl. ton.</td> <td></td> </tr> </tbody> </table>	Sl.No.	Type of Vehicle	Rate per annum	Quarterly	1.	Inner State Bus	Rs.3000.00	Rs.750.00	2.	Inner State Medium Bus	Rs.2200.00	Rs.550.00	3.	Inner State Mini Bus	Rs.1500.00	Rs.375.00	4.	Bus (>34 seats)	Rs.2200.00	Rs.550.00	5.	Medium Bus (>23 seats <34)	Rs.1580.00	Rs.395.00	6.	Mini Bus (>12 seats <23)	Rs. 960.00	Rs.240.00	7.	Jeep Taxi (maxi cab)	Rs. 960.00	Rs.240.00	8.	Jeep Taxi (<12 seats & other taxis)	Rs. 800.00	Rs.200.00	9.	Tempo	Rs. 500.00	Rs.125.00	10.	Auto Rickshaw	Rs. 300.00	Rs. 75.00	Sl.No.	Type of Vehicle	Rate per annum	Quarterly	1.	1 ton	Rs. 500.00	Rs.125.00	2.	3 ton	Rs.1100.00	Rs.275.00	3.	5 ton	Rs.1500.00	Rs.375.00	4.	7.5 ton	Rs.2300.00	Rs.575.00	5.	9 ton	Rs.2700.00	Rs.675.00	6.	10 ton	Rs.3000.00	Rs.750.00	7.	Above 10 ton	Rs. 200.00 for every addl. ton.	
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Meghalaya	<p>Under the Meghalaya Passengers and Goods Taxation Act, the tax is levied on all fares and freights charged for carriage of passengers or goods by public vehicles including Taxis, City Buses, Steamers & Boats within the State as under : - (1) Owners of the under noted classes of taxable vehicles are liable to pay lumpsum at the rate specified against each class of taxable vehicles in lieu of the tax chargeable on fare and freight on application made by each to the Assessing Authority of the area, and (2) willing owners of the stage carriages, city buses and bazar bus may pay lumpsum at the rate specified against each class noted below in lieu of the tax chargeable on fare and freight on application made by each to the Assessing Authority of the area.</p> <p>Rates:- The prevailing rates of passengers and goods tax (effective with effect 25th, April, 2003 are as follows :-</p> <p>Goods Tax</p> <table border="1"> <thead> <tr> <th rowspan="2">Class of vehicles</th> <th colspan="2">Upto 5 tonnes (pay load)</th> <th colspan="2">Above 5 tonnes but upto 9 tonnes</th> <th colspan="2">Above 9 tonnes (pay Load)</th> </tr> <tr> <th>Ann ual</th> <th>Pedim</th> <th>Annual</th> <th>Per diem</th> <th>Annual</th> <th>Per diem</th> </tr> </thead> <tbody> <tr> <td>A. Motor vehicles for the transport of goods on hire</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1 For vehicles plying in Inter State routes except those operating between Meghalaya on the one hand and</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Class of vehicles	Upto 5 tonnes (pay load)		Above 5 tonnes but upto 9 tonnes		Above 9 tonnes (pay Load)		Ann ual	Pedim	Annual	Per diem	Annual	Per diem	A. Motor vehicles for the transport of goods on hire							1 For vehicles plying in Inter State routes except those operating between Meghalaya on the one hand and																																																							
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	Tripura, Manipur, Nagaland Arunachal Pradesh Bhutan, Assam or Mizoram on the Other						
	i) For vehicles completed not more than 12 years of existence following registration	38 28	25	6023	41	6568	44
	ii) For vehicles completed more than 12 years of existence following registration	36 14	25	5578	41	6072	44
2	For vehicles plying wholly within the State of Meghalaya but not confined to a single district and those between Meghalaya on the one hand and Tripura, Manipur, Nagaland Arunachal Pradesh, Bhutan, Assam or Mizoram on the other						
	i) For vehicle completed not more than 12 years of existence following registration	3911	17	5792	26	6534	30
	ii) For vehicles completed more than 12 years of existence following registration	3680	18	5380	26	6056	30
3(a)	For vehicle plying only in single Hills District and also vehicle plying exclusive within one more Hill District but not passing through any plain						
	i) For vehicles Completed not more than 12 years of existence following registration	3680	17	4703	20	5710	26
	ii) For vehicles completed more than 12 years of existence following registration	3482	17	4390	20	5314	26
3(b)	For vehicles plying only on plain District (includes vehicles plying between a Hills District and adjacent plains District also)						
	i) For vehicles completed more than 12 years of existence following registration	3911	18	5033	24	6172	28
	ii) For vehicles completed more than 12 years of existence following registration	3762	18	4703	24	5710	28
	Passenger Tax						
	Class of vehicles for		Inter State		Inter District		
	1	Annual	Per diem	Annual	Per diem		
	2	3	4	5			
B.	Motor vehicles for transport of passengers on hire(a) Motor cabs and three wheelers only						
	i) Carrying capacity not more than 4 Passengers	496.00per passengers	5.00 per passengers	413.00 per passengers	2.40 per passengers		
	ii) Carrying capacity more than 4 passengers	496.00 per passengers	5.00 per passengers	413.00 per passengers	4.00 per passengers		
C.	State carriage and city buses			Rate of Tax			
	a) Operating on permit with route length not exceeding 40 Kilometres			Rs.418.00 per passenger per annum			
	b) Operating on permit with route length exceeding 40 Kilometres			Rs.247.00 per passenger per annum or Rs.6568.00 per annum whichever is lower			
	c) Bazar buses			Rs. 89.00 per passenger per annum			
Orissa	There is no such provision under Orissa Motor Vehicle Taxation Act for levy of Taxes on passengers and goods, entry tax, road toll etc. Taxes for vehicles coming from other States to ply temporarily in the State of Orissa are being realized at border check gates.						
Rajasthan	Special Road Tax (In lieu of Tax on Passengers and Goods): In addition to the Motor Vehicle Tax levied under section 4 of The Rajasthan Motor Vehicle Taxation Act, 1951, Special Road Tax is also levied on all kinds of transport vehicles. In case of goods carriers registered in the State, the tax is based on the cost of chassis/vehicle, whereas for passenger vehicles registered in the State, the tax is broadly based on the cost of vehicle/chassis and its seating capacity. In case of vehicles registered outside the State, the tax is based on the basis of load carrying capacity for goods vehicles and on the basis of seating capacity for the passenger vehicles.						

based on quantity or weight (specific tax) or sometimes, the value of the commodity (ad valorem tax) entering a local area. It is assessed and collected at the point of entry by stopping the vehicle. However, the tax being mostly specific, there are many rate categories. The point of assessment and collection being the entry point of a local area, it causes arbitrariness in assessment and delays in transportation. It also encourages corruption. However, the tax is now levied only in 16 municipal corporations of Maharashtra; in all other States the tax has been abolished.

Some of the States levy entry tax as a substitute to octroi. This is an account-based levy collected as a percent of the turnover. The yield from entry tax has shown much higher growth than the sales tax revenue of the State. In Karnataka, for example, the revenue from sales tax increased at the rate of 20 percent while the yield from the entry tax increased by 35 percent approximately during the period when entry tax was levied in place of octroi. The growth of entry tax in Madhya Pradesh has also been impressive. States like Uttar Pradesh and Rajasthan have substituted octroi by levying a surcharge on sales tax. In the context of motor vehicles tax, the entry tax is levied only to have the rate of motor vehicles tax equal to that in the other State from where a vehicle has come for registration. Otherwise there is no entry tax.

Driving licenses

Driving License is an official document certifying that the holder is qualified to drive a motor vehicle. Under the provisions of the Motor Vehicles Act, 1988, in India, no person can drive a motor vehicle in any public place unless he holds a valid Driving License issued to him, authorizing him to drive a vehicle of that particular category. There are different types of licenses issued by the RTO offices (chapter 8). These include learner driving license, permanent driving license, duplicate driving license, international driving license, motorcycle license or two-wheeler license, light motor vehicle license (lmv), heavy motor vehicle license (hmv). Fee rates vary from one State to another as given in the Table 4.9.

Permit for Movement of Vehicles

The control of transport vehicles is governed by Central Motor Vehicles Act, 1988, and Central Motor Vehicles Rules, 1989. The movement of goods carriages / trucks is carried out with its registration with the State Road Transport Authorities in each State by charging registration fee, road tax etc.

Permit is issued by a State or Regional Transport Authority for the use of a motor vehicle as a transport vehicle under Section 66 of Motor Vehicles Act, 1988. However, vehicles belonging to Central or State Government, police, local body, ambulance, cranes and goods vehicle having gross vehicle weight not exceeding 3000 kilograms are exempted from obtaining the necessary permit.

Intra-state movement of vehicles within the State or interstate movement of vehicles is governed by a permit. Permit is issued initially five years with an annual renewal fee. In case the transport vehicle / goods carriage wants to operate in the neighbouring State then it can have a counter-signed permit by paying permit fee for a year to the State Road Transport Authority in which the vehicle is registered².

Type of Permits:

Various permits for a variety of uses are issued for plying vehicles in different parts of the country (Annexure A.4.2). The following are the main types of permits issued:

Permit for Passengers Vehicles also known as stage carriage permit is granted to a passenger vehicle (mini or full body bus) for operation on hire or reward for a particular route on stage to stage basis in accordance with section 72 of the Motor Vehicles Act, 1988.

Contract carriage permit is granted under section 74 of the Motor Vehicles Act to a motor vehicle which carries a passenger or passengers for hire or reward and is engaged under a contract. Contract carriage permits in the State are, however, being issued to three wheeler auto-rickshaws, taxis and maxi-cab vehicles having maximum seating capacity of 9 passengers excluding the driver.

Private Service vehicle permit is granted to a firm/company for carrying their staff in connection with his trade or business in accordance with section 76 of the Act. These permits are also being issued to educational institutional buses.

Local Goods Permits for goods vehicles are granted to the vehicles operating within States. Permits granted to a particular vehicle for carrying load has to be applied for that particular area only.

Inter-State Goods Permits are granted to the vehicle to carry

² For instance, a transport vehicle registered in Delhi State wants to transport goods in the neighbouring State of Uttar Pradesh; then Delhi State will collect permit fee on behalf of Uttar Pradesh and issue a counter signed permit for its movement between Delhi and U.P.

Table 4.9: Driving License Fee Structure in Indian States

Type of License State	Learner Driving License	Permanent driving license fees in Rupee	Permanent driving license (in laminated card)	International Driving License	Duplicate Driving License	Renewal of Driving License
Andhra Pradesh	30 for all class	40	200	500	200	50
Bihar	Rs. 55/- for Motor-cycle or scooter or LMV, Rs. 95/- for HMV, Rs. 95/- for Motor-cycle/ Scooter + LMV, Rs. 55/- for all other types of vehicles + 95/- per extra vehicle type	Rs. 120/- for Motor-cycle or scooter or LMV or HMV, Rs. 95/- for HMV, Rs. 220/- for Motor-cycle/ Scooter and LMV, Rs. 220/- for all other types of vehicles + 120/- per extra		NA	60-	15/-
Delhi	Rs. 30/- for one category and Rs. 30/- for each additional category	Test fee of Rs. 50/- for each category plus Rs.200/-		Rs.500/-	Rs. 250/- including cost of Smart Card	
Goa	30	40	200			50
Haryana	30	200		500		200
Himachal Pradesh	30	40				50
Karnataka	30	40	215		215	50 or 215 if licence issued elsewhere
Kerala	30	40 (book form) + 30 for addition class	200 (computerized chip) + 200 for addition class	500	200	50 (BF) and 200 (CC)
Manipur	30	40	150	Rs. 200		30
Mizoram	30		250	500	200	200
Nagaland	30	40	150	200	15 or 150	150 or 30
Orissa	30	40	150 + 30 for additional class	500		40 or 150
Punjab	30	40	200+ 30 for another class	200	25	50 or 150
Tamil Nadu	15		60	200	55	55
Uttar Pradesh	30	40	200	500	50	50
Uttaranchal	30	40	200		50	50
West Bengal	30	40	220	500	50	50

NA: Not Available

goods from one State to another subject to meeting the respective tax liabilities with the concerned State and any other norms.

Countersignature Permits for Goods are the permits which are initially issued by one State and later on endorsed in another State by the concerned State Transport Authority.

Temporary permit is issued by the concerned Secretary, RTA, under section 87 of the Motor Vehicles Act, 1988, for a limited period, enabling the vehicle to go outside the State for the conveyance of passengers on special occasions such as fairs and religious gatherings, or for the purposes of a seasonal business, or to meet a particular temporary need.

The above analysis indicates that apart from a variety of permits for different purposes, there are two broad categories, namely (i) counter-signature permits and permit under reciprocal agreements, and (ii) the national permit for movement between home State and three or more other States. In the case of counter-signature permit, the operator is required to pay the tax of the home State as well as the tax of other State.

In view of the fact that inter-state movement should be hassle free, provision has been made for a National Permit for those vehicles that need to travel across the country.

National Permit System

While, the cargo movement by road requires long distance trunk route operations, in order to facilitate interstate movement, the Government has provisioned for a Scheme through which a transport vehicle/ goods carriage/ truck can avail of the facility of acquiring a National Permit. Such a permit is issued to vehicles for a minimum of four contiguous States (including the home State). The single National Permit is issued for a new vehicle for 12 years for two axle truck and 15 years for multi-axle truck. For obtaining such permits, the maximum age of a particular vehicle should not exceed 12 years. However, maximum age in case of a multi-axle vehicle should not exceed 15 years. For the issue of National Permit, applicant has to apply on Form 46 and 48 along with other formalities.

Transitory System of National Permit: The system of National Permit that existed until 7th May 2010 was based on the premises that the transporter must pay tax to the State of registration and also to the States being travelled by him. He would pay the tax of the home State and provide for demand drafts at the rate of composite tax of each other State included in his permit.

This system has been in vogue for quite some time. It was, however, felt that since payment of the tax of other States was paid through demand draft in the home State, there used to be considerable delay in forwarding demand drafts to the concerned States. This created problems of revalidation of drafts resulting in arrears of revenue due to non-realisation of drafts in time.

In this system, the National Permit was being issued by paying authorisation fee of Rs.5000 per annum per State and Rs.2500/- per annum per Union Territory³. In this case, the Central Motor Vehicle Rules specify that a transport vehicle will have to take permit for a minimum of three States / Union Territory contiguous to each other with basic registration of such transport vehicle in its home State. For instance, a transport vehicle / truck registered with Haryana Road Transport Authority can opt for three contiguous neighbouring States like Delhi, U.P., Chandigarh (U.T) and pay per annum the authorisation fee of Rs.2500/- for Delhi, Rs.5000/- for U.P., and Rs.2500/- for Chandigarh i.e. a total of Rs.10,000/- per annum to acquire a National Permit for Home State plus three States / UT.

Normally, a trucker operating on a trunk route opts for Home State and a maximum of four States by paying authorisation fee per annum of Rs.5000/- per State. Hence, the fees per annum do not exceed Rs.20,000/- per annum per vehicle. At present, these transport related fees constitute 2.5% or less of the total annual fixed and variable cost of a trucker. Therefore, at present any individual or a firm can have unlimited number of vehicles and unlimited number of single national permit for each vehicle for its transportation of cargo for the States it has chosen to move within⁴.

Since 1980, a single National Permit to operate in as many States as a truck operator required was available by paying authorisation fee of Rs.5000/- per State, with a minimum of three States. The National Permit was issued at a single window to the truck operator from the State where his truck is initially registered.

This exercise used to be over within a day of putting in the relevant application under the Central Motor Vehicles Rules, 1989, to

³ Transport Development Council recommended that UTs and smaller States other than the home State, on a uniform basis. In practice, this recommendation is not being strictly followed by all the States.

⁴ Till 1980, the National Permit scheme was limited with the rider that an individual or a firm can not have more than five / ten national permits. Prior to this, there used to be the practice of issuing zonal permits for East, West, North or South Zones. Even prior to this, there used to be only inter-State counter signed permits or intra-State permit under the Central Motor Vehicles Act, 1936.

the transport department and by and large, the truckers do not have any serious complaint about the procedure of issuance of National Permit for three or more number of States. Generally, out of the total number of trucks operating under the National Permit scheme, 40% take authorisation for home State plus three States, 20% take permit for four States, another 20% take permit for five States, 15% take permit for six States and only 5% or so opt for more than 6 States.

The common grouse of the truck operators had been that the enforcement agencies of most State Governments were invariably challenging the validity of the National Permit issued to a trucker and were harassing them to extract legal or illegal revenue by detaining trucks at remote places on highways. This has been largely due to creation of various check posts / humps by the enforcement agencies and the rampant illegal movement of goods carriages by moving cargo in excess of the prescribed gross vehicle weight in contravention of Motor Vehicles Act and also transporting general goods by carrying fudged documents / papers involving large scale evasion of Central and State taxes. Hence, the letter and spirit of bringing in National Permit Scheme has stopped yielding further benefits to the economy and transport industry.

Simultaneously, various State Governments were complaining that truckers in many cases were operating with fudged National Permit documents by evading authorisation fee belonging to the complainant State.

Taking the difficulties of the transporter and the complaints of the States into account, on 31st May 2002, the Central Government notified under rule 88 (5) of the Central Motor Vehicles Rules, 1989, that the National Permit will be in security printed water-mark paper and have the hologram of the State Government or State Transport Authority, as the case may be. However, except for the State of Orissa, rest of the State Governments have not followed the revised National Permit Rules.

The New System: A new system of National Permit for truckers has been introduced with effect from 1st May 2010⁵.

As stated above, under the existing system, a transporter is required to pay Rs 20,000 annually per truck which allows it access to the home State and three neighbouring States (could operate in a

⁵ The new scheme has been introduced after deliberation in the Empowered Committee of State Transport Ministers. Prior to this, a committee headed by Mr. Brahm Dutt, Secretary, Road Transport, has fixed an annual composite fee of Rs 15,000 per vehicle for the new National Permit.

maximum of four contiguous states, including his home state). For each additional State, the transporter has to pay Rs 5,000. So if a truck plies between Punjab and Tamil Nadu — which could be one of the longest trunk routes, passing through six States – the total permit fee would amount to Rs 30,000 a year.

In the new system, however, a National Permit is issued against the payment of Rs 15,000 per truck a year. This would result in a benefit of Rs 15,000 annually or Rs 1,250 a month for each truck.

The revenue from the National Permit collected centrally (by State Road Transport Undertaking --a non-government organisation acting as a collection agent) would be distributed among the States. The distribution would be based on the fees that individual States have collected in the preceding three years when the previous permit regime was in place⁶. However, if a State had collected less than Rs 1 crore during the last financial year, it will receive Rs 1 crore from the fees collected in the new regime. For other individual States, the average of fees collected in last three years will be divided by the country's average to arrive at the percentage share of each State in the collective fees.

The fees will be deposited by the taxpayers in the State Bank of India in the beginning, but in due course of time, other public sector banks (viz. Union Bank of India and Punjab National Bank) and some private banks (HDFC Bank and ICICI Bank) will also be brought into the fold. The National Informatics Centre will develop a system to enable Web-based replies to SMS queries relating to fee payment.

Procedurally, once the truck owner applies for a National Permit at the Regional Transport Office (RTO), he will have to pay Rs 15,000 as annual fee at SBI and will get a receipt. Subsequently, the bank will also send another receipt online to the concerned RTO office. After verification, the applicant will receive an SMS stating the position of his application and when the permit will be issued.

However, it is important to point out some of the anomalies that would still persist.

First, the National Permit must be on security printed watermark paper and shall carry the hologram of the State Government or State Transport Authority, as the case may be. This will take care of the procedural maladies inflicting the National Permit scheme at

⁶ Under the new system, the Union territories will be the biggest losers as they would not get anything from the permit fees that will be collected by State Road Transport Undertaking—a non-government organisation acting as a collection agent.

present. The total revenue contribution from State permits to goods carriers is estimated to be around Rs 932 crore annually.

Second, for ensuring seamless travel, integrated check posts need to be set up. It would take care of different kinds of taxes to be levied only at the entry point of the State concerned. Third, the intra-state permits and counter signature reciprocal agreement permits should be abolished. There should be only National Permits for all inter-state operations. This will remove the time consuming process of issuing counter-signature permits.

Third, the problems existing on highways, where the vehicle owner has to pass through various impediments and harassments must be looked into. It is said that in most cases, the transporters end up paying illegal money to the various enforcement agencies located on highways of all States and incur an estimated cost of Rs.10,000 per month as highway expenses. This brings the total highway expense to Rs.1,20,000/- per annum as a sort of permission to operate through various States. Hence, a annual National Permit Fee being reduced to Rs.15,000/- or Rs.20,000/- from Rs.25,000/- or Rs.30,000/- per annum does not bring any major concession to a trucker, when he is shelling out over Rs. 1,20,000/- per annum for his operations to the enforcement agencies. Efforts must be made to ensure that such illegal practices must be stopped. This would reduce the transportation cost substantially.

Fourth, there seems to be inordinate delay on the part of the Government in implementing the Carriage by Road Act, 2007, and framing the rules to enforce it. Similarly, the Central Motor Vehicles (Amendment) bill 2007 is not getting the right priority from the Government. It has taken several years of labour to bring Carriage by Road Act, 2007, to replace Carriers Act, 1865, and M.V. Act 1988. The Carriage Act / Rules and MV amendment Bill have the potential of shaking out the unhealthy elements in the road transport sector and bringing in greater accountability and transparency in the operation of common carriers and fleet owners, and can go a long way to bring efficiency, cost effectiveness, road safety and improved tax compliance from this sector.

The new system of National Permit is expected to save costs, operation hurdles and time for both commercial vehicles and the State. This would also result in the reduction in direct cost of the operator on obtaining permit, which contributes approximately 2% of the total cost. Operations cost for truckers would also come down as they would not have to stop at State borders on account of permit related issues. Also,

the new regime would put an end to accumulation of goods in warehouses due to permit problem. It is felt that lack of transport permit results in an average backlog of 30 per cent of goods. Since more vehicles will ply, commodity prices will come down due to competition. As anyone would be able to operate on any route, delivery promptness would improve. Finally, the consumers will benefit through a marginal decrease in cost.

To conclude, the existing system of regulation and taxation of road transport under the Indian Constitution are treated as two distinct powers. While the former falls within the concurrent list and the power is exercised by both the Central and State Governments; taxation of motor vehicles is clearly within the ambit of State legislative competence. Except for the national highways, the responsibility for roads is vested in the State governments. However, the multiplicity of taxation of the same base exists. Both Central and State Governments impose taxes at the time of purchase of vehicle. The tax is also levied on the registration of vehicles. In addition, there are umpteen taxes levied by the State government at this juncture. Finally, the taxes are also levied as per its use. The need of the hour is to remove the multiplicity of taxes and control the overall incidence of these taxes.

Annexure A.4.1

Structure of Registration Fee in Indian States

State	Type of Vehicle	Class of Vehicle	Temporary Registration fee (Rs.)	Permanent Registration of New Vehicle (Rs.)	Registration of vehicle arrived from out state or assignment of new registration mark (R.M.A) (Rs.)	Transfer of ownership (Rs.)	
Andhra Pradesh	Motor Cycle		NA	60		Half of the New Registration	
	Imported Motor Cycle			200			
	Invalid Carriage			20			
	LMV	non-transport		200			
		light commercial vehicle (LCV)		300			
	Imported Motor Vehicle			800			
	Medium Good/Passenger Vehicle (MGV/MPV)			400			
	Heavy Good/Passenger Vehicle (HGV/HPV)			600			
Bihar	Motor Cycle		20	30			
	Imported Motor Cycle						
	Three wheeler		20	100			
	4 wheelers	Medium Vehicle		20	Tractor and Trailer :Rs.150, and others: Rs. 200		
			Heavy Vehicle	20	300		
			Small Vehicle	20	130		
	Invalid Carriage		20				
	LMV		20				
			20				
	Imported Motor Vehicle		20				
	Medium Good/Passenger Vehicle (MGV/MPV)		20				
	Heavy Good/Passenger Vehicle (HGV/HPV)		20				
Other Vehicles		20	200				
Delhi	Motor Cycle		30	60	60	30	
	Invalid Carriage		10	20	20	10	
	LMV	non-transport	100	200	200	100	
		light commercial vehicle (LCV)	150	300	300	150	
	Imported Motor Vehicle		400	800	800	400	
	Medium Good/Passenger Vehicle (MGV/MPV)		200	400	400	200	

State	Type of Vehicle	Class of Vehicle	Temporary Registration fee (Rs.)	Permanent Registration of New Vehicle (Rs.)	Registration of vehicle arrived from out state or assignment of new registration mark (R.M.A) (Rs.)	Transfer of ownership (Rs.)	
	Heavy Good/Passenger Vehicle (HGV/HPV)		300	600	600	300	
	Other Vehicles		150 (370 extra for Smart Card)	300 (370 extra for Smart Card)	300 (370 extra for Smart Card)	150 (370 extra for Smart Card)	
Goa	Motor Cycle			60		30	
	Imported Motor Cycle			200		100	
	Three wheeler		100				
	4 wheelers	Medium Vehicle		300	400		200
		Heavy Vehicle		300	600		300
		Small Vehicle		250			
	Invalid Carriage			20		10	
	LMV			200		100	
				300		150	
	Imported Motor Vehicle		300	800		400	
Haryana	Motor Cycle			60	Prescribed fee for registration	half of the R fee	
	Imported Motor Cycle			200			
	Three wheeler			300			
	4 wheelers	Medium Vehicle			300		
		Heavy Vehicle			300		
		Small Vehicle			300		
	Invalid Carriage			20			
	LMV			200			
				300			
	Imported Motor Vehicle			800			
Medium Good/Passenger Vehicle (MGV/MPV)			300				
Heavy Good/Passenger Vehicle (HGV/HPV)			300				
Himachal Pradesh	Motor Cycle			60			
	Imported Motor Cycle			300			
	Three wheeler			300			
	LMV			200			
				300			
	Imported Motor Vehicle			800			
	Medium Good/Passenger Vehicle (MGV/MPV)			400			
	Heavy Good/Passenger Vehicle (HGV/HPV)			600			
Karnataka	Motor Cycle		25	60		Half of the registration fee	
	Imported Motor Cycle			200			
	Three wheeler			300			
	4 wheelers	Medium Vehicle			200		
		Invalid Carriage			20		

State	Type of Vehicle	Class of Vehicle	Temporary Registration fee (Rs.)	Permanent Registration of New Vehicle (Rs.)	Registration of vehicle arrived from out state or assignment of new registration mark (R.M.A) (Rs.)	Transfer of ownership (Rs.)
	LMV			200		
				300		
	Imported Motor Vehicle			800		
	Medium Good/Passenger Vehicle (MGV/MPV)			400		
	Heavy Good/Passenger Vehicle (HGV/HPV)			600		
	Other Vehicles			300		
Kerala	Motor Cycle		50	60		30
	Imported Motor Cycle			200		100
	Invalid Carriage			20		10
	LMV			200		100
					300	150
	Imported Motor Vehicle			800		400
	Medium Good/Passenger Vehicle (MGV/MPV)			400		200
	Heavy Good/Passenger Vehicle (HGV/HPV)			600		300
	Other Vehicles			300		150
					260	230
Madhya Pradesh	Motor Cycle			260		230
	Imported Motor Cycle			400		300
	Invalid Carriage			220		210
	LMV			400		300
					500	300
	Imported Motor Vehicle			1000		600
	Medium Good/Passenger Vehicle (MGV/MPV)			600		400
	Heavy Good/Passenger Vehicle (HGV/HPV)			800		500
	Other Vehicles			500		350
					60	30
Maharashtra	Motor Cycle			60		30
	Imported Motor Cycle			200		100
	Invalid Carriage			20		10
	LMV			200		100
					300	150
	Imported Motor Vehicle			800		400
	Medium Good/Passenger Vehicle (MGV/MPV)			400		200
	Heavy Good/Passenger Vehicle (HGV/HPV)			600		300
	Other Vehicles			300		150
					60	Half of the registration fee
Mizoram	Motor Cycle			60		
	LMV			200		
				300		
	Imported Motor Vehicle			800		
	Medium Good/Passenger Vehicle (MGV/MPV)			400		
	Heavy Good/Passenger Vehicle (HGV/HPV)			600		
	Other Vehicles					

State	Type of Vehicle	Class of Vehicle	Temporary Registration fee (Rs.)	Permanent Registration of New Vehicle (Rs.)	Registration of vehicle arrived from out state or assignment of new registration mark (R.M.A) (Rs.)	Transfer of ownership (Rs.)
Nagaland	Motor Cycle		50	60		Half of the registration fee
	Imported Motor Cycle			200		
	Invalid Carriage			20		
	LMV			200		
				300		
	Imported Motor Vehicle			800		
	Medium Good/Passenger Vehicle (MGV/MPV)			400		
	Heavy Good/Passenger Vehicle (HGV/HPV)			600		
Other Vehicles			300			
Orissa	Motor Cycle		Half of the registration fee			Half of the registration fee
				60		
	LMV			200		
				300		
	Medium Good/Passenger Vehicle (MGV/MPV)			400		
Heavy Good/Passenger Vehicle (HGV/HPV)			600			
Punjab	Motor Cycle			60		Half of the registration fee
	Imported Motor Cycle			200		
	Invalid Carriage			20		
	LMV			200		
				300		
	Imported Motor Vehicle			800		
	Medium Good/Passenger Vehicle (MGV/MPV)			400		
	Heavy Good/Passenger Vehicle (HGV/HPV)			600		
Other Vehicles			300			
Tamil Nadu	Motor Cycle		30	30		Half of the registration fee
	Imported Motor Cycle		100	100		
	Imported Motor Vehicle			400		
	Medium Good/Passenger Vehicle (MGV/MPV)		200	200		
	Heavy Good/Passenger Vehicle (HGV/HPV)		300	300		
Uttar Pradesh	Motor Cycle		Half of the registration fee			Half of the registration fee
				60		
	Imported Motor Cycle			200		
	Invalid Carriage			20		
	LMV			200		
				300		
	Imported Motor Vehicle			800		
Medium Good/Passenger Vehicle (MGV/MPV)			400			

State	Type of Vehicle	Class of Vehicle	Temporary Registration fee (Rs.)	Permanent Registration of New Vehicle (Rs.)	Registration of vehicle arrived from out state or assignment of new registration mark (R.M.A) (Rs.)	Transfer of ownership (Rs.)
Uttaranchal	Heavy Good/Passenger Vehicle (HGV/HPV)			600		
	Motor Cycle			60		Half of the registration fee
	Imported Motor Cycle			200		
	Invalid Carriage			20		
	LMV			200		
				300		
	Imported Motor Vehicle			800		
	Medium Good/Passenger Vehicle (MGV/MPV)			400		
	Heavy Good/Passenger Vehicle (HGV/HPV)			600		
	Other Vehicles					
	West Bengal	Motor Cycle		100	30	
Imported Motor Cycle				200		
4 wheelers		Medium Vehicle		400		
		Heavy Vehicle		600		
		Small Vehicle		200		
Invalid Carriage						
LMV			200	200		
Medium Good/Passenger Vehicle (MGV/MPV)			400	800		
Heavy Good/Passenger Vehicle (HGV/HPV)			500			
Other Vehicles				300		

Annexure A.4.2

Structure of Permit Fee in Indian States

Andhra Pradesh	Type of vehicle	Vehicle belonging to other state except Karnataka		Vehicle belonging to Karnataka ¹		
		For period not exceeding seven days	For period not exceeding 30 days	Goods Vehicles:	For period not exceeding seven days	For period not exceeding 30 days
	Vehicles exceeding 300 kgs in laden weight.	44.00	173.00	Vehicles exceeding 1000 kgs in laden weight.	85.00	189.00
	Vehicles exceeding 300 kgs but not exceeding 1000 kgs in laden weight.	53.00	216.00	Vehicles exceeding 1000 kgs but not exceeding 1500 kgs in laden weight.	98.00	234.00
	Vehicles exceeding 1000 kgs but not exceeding 1500 kgs in laden weight.	75.00	302.00	Vehicles exceeding 1500 kgs but not exceeding 2000 kgs in laden weight.	104.00	247.00
	Vehicles exceeding 1500 kgs but not exceeding 3000 kgs in laden weight.	87.00	345.00	Vehicles exceeding 2000 kgs but not exceeding 3000 kgs in laden weight.	111.00	273.00
	Vehicles exceeding 3000 kgs but not exceeding 4500 kgs in laden weight.	98.00	389.00	Vehicles exceeding 3000 kgs but not exceeding 4000 kgs in laden weight.	130.00	325.00
	Vehicles exceeding 4500 kgs but not exceeding 5500 kgs in laden weight.	131.00	518.00	Vehicles exceeding 4000 kgs but not exceeding 5500 kgs in laden weight.	156.00	397.00
	Vehicles exceeding 5500 kgs but not exceeding 9000 kgs in laden weight.	173.00	690.00	Vehicles exceeding 5500 kgs but not exceeding 7000 kgs in laden weight.	182.00	481.00

¹ Rates available in respect of vehicles plying between Andhra Pradesh and Karnataka State and Vehicles belonging to Karnataka State and operating in Andhra Pradesh State on Temporary permits.

	Vehicles exceeding 9000 kgs but not exceeding 12000 kgs in laden weight.	216.00	863.00	Vehicles exceeding 7000 kgs but not exceeding 8500 kgs in laden weight.	202.00	533.00
	Vehicles exceeding 12000 kgs but not exceeding 15000 kgs in laden weight.	260.00	1035.00	Vehicles exceeding 8500 kgs but not exceeding 9500 kgs in laden weight.	221.00	585.00
	Vehicle exceeding 15000 kgs in laden weight.	260.00+ 6.00 for every 250 kgs or part thereof in excess of 15000 kgs in laden weight.	1035.00+ 24.00 for every 250 kgs or part thereof in excess of 15000 kgs in laden weight.	Vehicles exceeding 9500 kgs but not exceeding 10500 kgs in laden weight.	228.00	618.00
				Vehicles exceeding 10500 kgs but not exceeding 12000 kgs in laden weight.	260.00	715.00
				Vehicles exceeding 12000 kgs but not exceeding 13500 kgs in laden weight.	293.00	800.00
				Vehicles exceeding 13500 kgs but not exceeding 15000 kgs in laden weight.	325.00	910.00
				Vehicles exceeding 15000 kgs in laden weight.	400.00	1066.00
				Exceeding 15250 kgs in laden weight.	100.00 for every 250 kgs or part thereof in excess of 15250 kgs	246.00 for every 250 kgs or part thereof in excess of 15250 kgs.
Tax and penalty on other State Vehicles plying unauthorized: In respect of other state vehicle which enter this state after payment of tax on the strength of temporary permits for a period not exceeding seven days and for a period not exceeding thirty days and over-stay in this state due to any reason or in respect of the other state vehicle which are found plying in this state without any permit or tax payment, tax shall be levied at the rate of 1/3 rd of quarterly tax payable in respect of such vehicles in Andhra Pradesh state provided the over-stayal or stay does not exceed a month together with a penalty of an equal amount irrespective of the date / the month of detection of the over-stayal.						
Rates of tax in respect of vehicles plying between Andhra Pradesh, Maharashtra, Karnataka, Tamil Nadu and Orissa covered by valid countersignature.: tax of Rs.3000/- per annum is levied under section 9 of the Andhra Pradesh Motor Vehicles Taxation Act, 1963 (Act 5 of 1963) irrespective of the laden weight, on every goods vehicles which is registered and normally kept in the State of Maharashtra, Karnataka, Tamil Nadu and Orissa covered by counter signature of permanent permit and operating on routes lying partly in the State of Maharashtra, Karnataka, Tamil Nadu and Orissa and partly in the State of Andhra Pradesh						
The goods carriages covered by National permits shall pay a composite tax of Rs.3000/- per annum for plying in a State and Rs.1500/- per annum for plying in Union Territory irrespective of the Laden Weight of which are registered and normally kept for use in any of the other states including the Union Territories of India and authorized to ply in Andhra Pradesh.						
Delhi	Local Permit	Light goods Vehicle (LGV)	2000/- Rs. 500 (author ization)	5 yrs. 1 yrs.		
		Heavy Goods Vehicle	2500/-	5 yrs.		

	National Permit	Light goods Vehicle (LGV)/Medium	2015/- Rs. 500 (authorization)	5 yrs. 1 yrs.		
		Heavy Goods Vehicle	2515/-	5 yrs.		
Goa	Fees for Temporary Permits, their renewal & endorsement	For first 3 days	300.00			
		After first 3 days, till end of week,	300.00			
		After first week, for next week, or part thereof	300.00			
		Change of vehicle type as specified in the permit	180.00			
	Taxi/autorickshaw/templying regularly	For one region	750.00			
		for entire country	1500.00			
	Fees for Permits other than Temporary Permit, their renewal & endorsement	Stage carriage/contract carriage (other than motor cab)	6000.00			
		Motor cab (a) for entire India (b) for entire UP (c) for one region	2500.00 +500.00 1500.00 750.00			
		For goods carrier	4800.00			
Himachal Pradesh			Temp.	Regular	1 st year	Subsequent year
		Goods Carriages Light Goods Vehicle	10	20	200.00	125.00
		Medium Goods vehicles/ Heavy Goods Vehicles	10	20	300.00	250.00
		Multi Axle Vehicles	25	50	300.00	250.00
		Contract Carriage { Taxi Cabs} Autorickshaws}	10.00	20.00	200.00	125.00
		Maxi Cabs	15.00	30.00	250.00	150.00
		Contract Carriage buses	25.00	50.00	300.00	250.00
		Stage Carriage Mini/Big Buses/ Contract Carriage Buses	300.00	250.00	200.00	125.00
		Private Service Vehicles Light Vehicles	15.00	300.00	250.00	150.00
		Private Service Vehicles Medium Vehicles	30.00	250.00	200.00	125.00
		Composite fee ²	Having Seating Capacity to carry more than 12 passengers excluding driver: Rs.10000/- Per month (30 days) for three trips and Rs. 4000/- for any additional trip within the same month.			

² This fee is charged from the vehicles of other States visiting HP under National Permit Rate of Composite fee are as shown in the next columns.

		Having Seating Capacity to carry more than six passengers but not more than 12 passengers excluding driver : Rs.6000/- Per quarter or Rs.2200/- per month (30 days)					
		Having Seating Capacity not more than 5 passengers excluding driver : Rs.600/- Per quarter					
		All types of Goods Carriage: Rs.5000/- Per annum (25 % rebate in respect of multi-axle vehicle) in lump-sum to be paid in advance at the time of issue of National Permit, the validity of which shall be one year commencing from the date of issue of the National Permit in respect of goods carriages.					
Kerala	Temporary Permits		Fees (in Rs.)				
		a) Contract Carriage (13 – 20 seats)	200				
		b) Maxi Cab	200				
		c) Contract Carriage More than 20 seats	500				
		d) Goods Carriage	250				
		e) Stage Carriage	250				
	Regular/Pucca Permits - Grant/renewal/variation/ transfer		a) Autorickshaw	250			
			b) Motor Cab	500			
			c) Maxi Cab	2000			
			d) Contract Carriage (13 – 20 seats)	2500			
			e) Contract Carriage (more than 20 seats)	3000			
			f) PSV Permits	500			
			g) Goods Carriage	1000			
			h) Stage Carriage	5000			
			i) All India Tourist Omni Bus Permit	2000			
			j) All India Tourist Taxi	1000			
			k) National Permit for Goods Carriage	1500			
			Duplicate Permit	200			
			Extension of validity of permits of other states	1000			
	Grant of special permits under Section 88(8) of Motor Vehicles Act	250					
Madhya Pradesh	Contract Carriage Permit	Metered Motor Cab	100				
		Non Metered Cab	150				
		Maxi Cab	150				
	Goods Carriage Permit	All	1500				
	PSV	All	1500				
	Temp Permit (Goods)	All	750				
	Nature of job	Class of vehicle	Fee (Rs.)				
	Special Permit (PSV)	All	300				
	Tourist Permit	All	300				
	National Permit (Goods)	All	1500				
	Transfer of Permit	All	1500				
Maharashtra	Contract carriage permit	Metered motor cab (rickshaw)	100				
		Non metered motor cab	150				
		Maxi cab	150				
	Goods carriage permit	All	200				

	Private service vehicle	All	200			
	Temp permit (goods carriage)	All	100			
	Special permit (pass. Vehicle)	All	100 per month			
	Tourist permit	All	300			
	National permit (goods carriages)	All	300			
	Transfer of permit on death of the permit holder (metered cab , taxi cab , maxi-cab)	All	50			
Manipu r		<u>Permit Fee Annual</u>	Amount (in Rs.)			
		Licence to carry in all not more than two (excluding driver) & conductor)	100			
		Licence to carry in all more than two but not more than four passengers (excluding driver & conductor)	300			
		Licence to carry in all more than four but not more than six passengers (excluding driver & conductor)	300			
		Licence to carry in all more than six but not more than eight passengers (excluding driver & conductor)	300			
		Licence to carry in all more than eight but not more than twelve passengers (excluding driver & conductor)	400			
		Licence to carry in all more than twelve but not more than sixteen passengers (excluding driver & conductor)	400			
Mizora m		Type of Vehicles	Fee Payable	Permit Period		
		Maxi cab	Rs. 500/-	3 yrs.		
		Buses	Rs. 500/-	3 yrs.		
		Taxi	Rs. 300/-	3 yrs.		
		Auto Passengers	Rs. 100/-	1 yrs.		
	Contract Carriage Permit	Description of Service	Fees to be paid			
		Autorickshaw	Permit fees Rs.100 for one year			
		Motor Cab (TAXI)	Permit fees Rs.300 for one year			
		Maxi cab – All Mizoram	Permit fees Rs.500 for one year			
		Maxi Cab – Inter State	Rs.500			
	Maxi Cab Authorization AMMC	Rs.4000 for one year				
Goods Carriage Permit	Auto (G)-Rs. 100 b)LGV/MGV/HGV – Rs. 500					

	National Permit	Rs.20 Rs.500(Authorisation fee & D.D. as prescribed for concerned state & valid for one year)				
	Stage Carriage Permit	Rs. 500 for three years.				
	Surrender of Permit	Rs.10				
Orissa	Type of permit	Type of vehicle	Application fees	Permit fee for one region	Permit fee for more than one region	
	Temporary permit (Maximum up to 120 days)	All types of vehicle	Rs. 100 and Rs. 150 for contract carriage	Rs 80/- per week	Rs. 100/- per week	
	Permanent permit (for 5 years)	Good carriage and private service vehicle	Rs. 500/-	Rs. 5000/-		
		Stage carriage	Rs.500/-	Rs.12500/-		
		Motor cab	Rs.200/-	Rs. 1000/-		
		Contract carriage	Rs.750/-	Rs. 7500/-		
		Others	Rs.500/-	Rs. 1000/-		
	Surcharge for permit (per vehicle per permit)			Rs. 500/-		
	National permit		Rs. 500/-	Permit fee rs. 5000/- authorization fee Rs. 1000/-		
	Duplication of permit		Same as permit fee	Same as permit fee		
Punjab	Fee of application for permits	Type of Vehicle	Amount			
		Bus	Rs. 600.00			
		Mini Bus or goods carriage or tourist cab	Rs. 200.00			
		Motor cab (For operation in Punjab territory only)	Rs. 150.00			
		Tempos or Auto Rickshaws or other vehicle	Rs. 50.00			
		Fee for special / temporary permit / duplicate copy	Rs. 100.00			
Rajasthan	By enacting The Rajasthan Motor Transport Vehicles Toll Act, 1991, Toll was levied on every motor transport vehicle registered outside the State and entering the limits of Rajasthan and plying under a permit granted or deemed to have been granted under The Motor Vehicles Act, 1988, at such rate not exceeding Rs. 200/- per vehicle per day as the State Government may by notification in the official Gazette, specify from time to time with effect from 12.10.1991. The levy of this Toll was deferred with effect from 1.9.93 and the composite tax on National Permits on goods vehicle was increased from Rs. 1500/- per year to Rs. 5000/- per year with effect from 1.9.1993.					
Tamil Nadu	Contract Carriage Permit	Description of Service	Fees to be paid	Appellate Authority		
		Autorickshaw	Permit fees Rs.300 adjacent district endorsement fees Rs.25 Total Fees Rs.325	State Transport Appellate Tribunal with fees Rs.750		

		Motor Cab (TAXI)	Permit fees Rs.525 State vide endorsement fees Rs.300 Total Fees Rs.825	State Transport Appellate Tribunal with fees Rs.750		
		Tourist Motor Cab (T.Taxi)	Rs.550	State Transport Appellate Tribunal with fees Rs.750		
		Maxi cab	Permit fees Rs.750 state vide endorsement fees Rs.300 Total Fees 1050	State Transport Appellate Tribunal with fees Rs.750		
		Omni-Bus Contract Carriage	Rs.1500	State Transport Appellate Tribunal with fees Rs.750		
		Omni-Bus Contract Carriage State vide endorsement	Rs.300	State Transport Appellate Tribunal with fees Rs.750		
		All India Tourist Motor Cab Authorisation	Rs.500	State Transport Appellate Tribunal with fees Rs.750		
		All India Tourist Vehicle (Omni Bus)	Rs.1500	State Transport Appellate Tribunal with fees Rs.750		
		Goods Carriage Permit	Permit fees Rs.1200 State vide endorsement fees Rs.150 Total Fees Rs.1350	State Transport Appellate Tribunal with fees Rs.750		
		National Permit	1.Rs.1500 2.Rs.500 (Authorisation fee & D.D. as prescribed for concerned state & valid for one year)	State Transport Appellate Tribunal with fees Rs.750		
Uttar Pradesh	Fees for Temporary Permits, their renewal & endorsement	For first 3 days	300.00			
		After first 3 days, till end of week,	300.00			
		After first week, for next week, or part thereof	300.00			
		Change of vehicle type as specified in the permit	180.00			
	Taxi / autorickshaw/ tempo plying regularly	For one region	750.00			

		for entire country	1500.00			
	Fees for Permits other than Temporary Permit, their renewal & endorsement	Stage carriage/contract carriage (other than motor cab)	6000.00			
		Motor cab (a) for entire India (b) for entire UP © for one region	2500.00+500.00 1500.00 750.00			
		For goods carrier	4800.00			
Uttaran chal	Temporary permit	For first three days	300.00			
		After first three days, till end of week	300.00			
		After first week, for next week, or part there of	300.00			
		Change of vehicle type as specified in the permit	180.00			
		Fees for Taxi / autorickshaw / tempo plying regularly	For one region 750.00 and For entire country 1500.00			
		Fees for Permits other than Temporary Permit, their renewal and endorsement	Stage carriage / contract carriage (other than motor cab)	6000.00		
			Motor cab (for entire India)	2500.00 + 500.00		
			Motor cab (for entire Uttarakhand)	1500.00		
			Motor cab (for one region)	750.00		
			For goods carrier	4800.00		
West Bengal	Application charges	Permit for a tourist vehicle	500			
		Renewal of any such permit	500			
		Special permit	300			
		National Permit	500			
		Renewal of national permit	500			
		Temporary permit	300			
		Counter-signature on a temporary permit	500			
	Grant or renewal of permit other than Temporary and Special permits	Application for replacement of vehicle	1000			
		Stage carriage/special stage carriage-per region per vehile per annum	800			
		Contract carriage within state	500			
		Auto-rickshaw	200			
		Good carriage (per vehicle per region per annum)	500			
	Private service vehicle	Good carriage (per vehicle per annum for more than one region)	1000			
		Per vehicle per annum per region within the state of West Bengal	200			
	Metered Taxi of Kolkata region and Kolkata Metropolitan District area region	Per vehicle per annum for the whole of state of West Bengal	2500			
		For Taxi limited to only Kolkata region	500			
		For plying in the entire Kolkata	2500			
Temporary Permit	Stage Carriage	100				
	Contract Carriage	100				

		Vehicles like stage carriage and special stage carriage plying in different earlier approved routes on the strength of temp. permits for a period of 17 weeks within the State per vehicle per region per week at the time re-issue of such permit.	50			
		For Good Carriage (Per vehicle per region per week or part thereof within the State)	100			
		For Good Carriage (For any other States(s) per vehicle per State per week)	200			
	Special Permit	within the State	600			
		beyond the State	1200			
	Fees for counter-signature of permits	Stage Carriage: When a permit valid for more than one region has been issued by State Transport Authority, West Bengal, fee for counter-signature shall not be charged for authorizing the vehicle to ply in the regions covered by permit.	Rs. 200 per annum or part thereof per region, per vehicle within the State			
		Stage Carriage: for one region in respect of the vehicle coming from any other State per annum or part thereof.	400			
		Stage Carriage: For more than one region in respect of a vehicle coming from any other State per annum or part thereof.	750			
		Contract carriage: when a permit valid for more than one region has been issued by the State Transport Authority, West Bengal, fee for counter-signature	Rs. 150 per annum or part thereof, per region, per vehicle within the State			
		Contract carriage: for one region in respect of a vehicle coming from any other State per annum or part thereof	250			
		Contract carriage: for more than one region in respect of a vehicle coming from any other State per annum or part thereof	450			
		Goods Carriage: per annum or part thereof per region per vehicle registered in the State	200			

		Goods Carriage: per annum or part thereof per vehicle, registered in the State of West Bengal, for the whole of the State	300			
		Goods Carriage: per annum or part thereof for one region in respect of a vehicle coming from any other State	400			
		Goods Carriage: per annum or part thereof for more than one region in respect of a vehicle coming from any other State	700			
		Private Service Vehicles: Per annum or part thereof per region per vehicle registered in the State.	300			
		Private Service Vehicles: per annum or part thereof per vehicle registered in the State for the whole of the State.	350			
		Private Service Vehicles: per annum or part thereof for one region in respect of a vehicle coming from any other State.	325			
		Private Service Vehicles: per annum or part thereof for more than one region in respect of a vehicle coming from any other State.	650			
	For transfer of permit	transfer of permit on the death of the holder of the permit	500			
		transfer of permit other than the death of the holder of the permit (d) bus/minibus	6000			
		(b) other than bus/minibus (except metered taxi and auto-rickshaw)	4000			
		© metered taxi	3000			
		(d) auto-rickshaw	2000			
	Duplicate Permit		Rs. 1000 for each part of the permit.			

NA: Not Available

Structure of Motor Vehicle Tax in Indian States (for Two Wheelers)

States	Base	Period	Two wheelers
Andhra Pradesh	Cubic Capacity	Life time tax	At the time of registration of new vehicles Upto 60 cc -9% of the cost Above 60 cc -9% of the cost Invalid carriage-Rs.1040/-
Assam	Unladen Weight	15 years	ULW less than 65 Kgs: Rs.1500/- ULW 65 to 90 Kgs: Rs 2500/- ULW 90 to 135Kgs.: Rs 3500/- ULW more than 135Kgs:Rs.4000/- and Rs. 500 every 5 year after 15 years [Old vehicle required to be registered on transfer from another state: one time tax is to be fixed after allowing a depreciation of 7% per annum of the tax payable for a new vehicle of the same category at the current cost price.]
Bihar	Unladen Weight	Life time	ULW upto 50 kgs. Rs 900; 51 to 100 kgs. Rs 1200; Above 100 kgs. Rs 1500
Chhattisgarh	Cost of Vehicle	Life time	4% of the cost of vehicle
Delhi	Cubic Capacity	Life time	Upto 50 cc Rs. 650; 51cc or above Rs. 1220
Goa	Cost of Vehicle	Life time	5% of the cost of vehicle
Gujarat	Cost of Vehicle	Life time	6% of the cost of vehicle
Haryana	Unladen Weight	Annual	ULW not exceeding 90.72 Kg, <i>Token tax</i> of Rs. 150/PY; and ULW exceeding 90.72 Kg, Rs. 500/PY.
Himachal Pradesh	Cubic Capacity	Life time	Engine capacity up to 50 cc-3% and above 50 cc, 4 % of the price of personal motor vehicle
Jammu and Kashmir	HP	Quarterly	Scooter: Rs.60/-p.q. Motor Cycle cost does not exceed Rs. 50,000/-: Rs.100/-p.q.
Karnataka	Cost of Vehicle	One Time	Motor Cycle Cost does not exceed Rs. 50000: 8% of cost Motor Cycle with side car Cost exceeding Rs. 50000: 10% of cost
Kerala	Cost of Vehicle	Life time	Engine capacity not exceeding 95 CC, Rs. 35/PQ and exceeding 95 CC, Rs. 45/PQ plus 6% of the cost of vehicle.
Madhya Pradesh	Registered Unladen Weight (ULW)	Life time	ULW upto 70 kg. 3 % of the cost; Life time tax. Above 70 kg. 3 % of the cost; Life time tax.
Maharashtra	Cost of Vehicle	Life time	7% of the cost
Manipur	Unladen Weight	Life time	Scooters not exceeding 90 kg in unladen weight RS 60/PY plus Rs. 675 (LTT) exceeding 90 kg in unladen weight Rs. 100/PY plus Rs. 1125 (LTT)
Meghalaya	Unladen Weight	Annual	Not exceeding 90 Kg, in weight unladen Rs. 65/PY; Exceeding 90Kg, in weight unladen Rs. 100/PY
Mizoram	Unladen Weight	Annual	Below 90 kgs road tax of Rs. 80/PY with registration fee of Rs. 60/PY
Orissa	Unladen Weight	Annual	Not exceeding 91 Kg, in ULW, Rs. 150/PY plus Rs..1500/- or 5% of the cost of the vehicle whichever is higher; Exceeding 91Kg, in weight unladen Rs. 200/PY or Rs. 2000 or 5% of the cost whichever is higher (both One Time Tax)
Punjab	Cubic Capacity	Life time	Motorcycle upto 50 cc: 2% of the cost Motorcycle above 50 cc: 3% of the cost
Rajasthan	Cubic Capacity	Life time	Up to 100cc, 5% of the cost; More than 100cc and up to 150cc 6% of the cost; and More than 150 cc 7% of the cost
Sikkim	Cubic Capacity	Annual	Engine capacity upto 80 cc Rs. 100/PY engine capacity above 80 cc upto 170 cc Rs. 200/PY; above 170 cc upto 250 cc Rs.300/PY; above 250 cc Rs. 400/PY
Tamil Nadu	Cubic Capacity	Life time	Motor cycle- Non Transport Vehicles 8 Percent of the Total cost of the vehicle with effect from 1/7/2008 Upto 50 cc Rs.1000, exceeding 50 cc but not 75 cc Rs. 1500 (LTT) ; exceeding 75 cc but not 170 cc Rs. 2500 (LTT) ; exceeding 170 cc , Rs. 3000(LTT)
Uttar Pradesh	Unladen Weight	Life time	Not exceeding ULW 90.72 kgs.: Rs 900; Scooter: Rs. 1600 Motor cycle cost does not exceed Rs. 50,000: Rs. 1600
Uttaranchal	Unladen Weight	Life time	Moped Rs.800; Scooter/ Motorcycle Rs. 1500/-
West Bengal	Cubic Capacity and Power of battery operated	Life time	Motorcycle other than battery operated Up to 80 cc: Rs.1560 Exceeding 80 cc but not exceeding 170 cc: Rs. 3125; Exceeding 170 cc bit not exceeding 250 cc: Rs.4685; Exceeding 250 cc: Rs.6250; Battery Operated Motorcycle; Above 0.25 KW and up to 0.35 KW: Rs. 1560 Above 0.35 KW and up to 0.50 KW: Rs. 3125; Above 0.50 KW and up to 0.75 KW: Rs. 4685; Above 0.75 KW: Rs. 6250

Annexure A.4.4

Structure of Motor Vehicle Tax in Indian States
(for Three Wheelers)

States	Period	Personal	Commercial
Andhra Pradesh	Quarterly		Not more than 3 persons Rs.12.10/- PQ Not more than 4 persons.Rs. 105.00/- PQ More than 4 persons but not more than 6 person Rs.326.55/-PQ
Arunachal Pradesh			
Assam	15 years	Rs.3500 and Rs. 1000 every 5 years after 15 years	Not more than 3 persons Rs.300/- PQ Not more than 4 persons.Rs.600/-PQ More than 4 persons but not more than 6 person Rs.750/-PQ
Bihar	Life time		Auto Rickshaw seating capacity not more than 4 persons: Rs. 990/-PY Contract Carriages : Three Wheeler with seating capacity not more than six persons excluding driver Rs.1920/-PY
Chhattisgarh	Life time	5% of the cost of vehicle (LTT)	Not more than 3 persons Rs. 50 per seat More than 4 persons but not more than 6 person Rs. 200 per seat per Quarter Contract Carriages : Three Wheeler with seating capacity not more than six persons excluding driver Rs. 100 per seat per Quarter
Delhi	Life time	Tri Cycle Rs. 1525 (LTT)	Auto Rickshaw Rs.305/- PY
Goa	Life time		
Gujarat	Life time	Seating capacity upto 3: 2.5% of cost (LTT) seating capacity exceeding 3, upto 6: 6% of cost (LTT)	
Haryana	Annual		
Himachal Pradesh	Life time		
Jammu and Kashmir	Quarterly		
Jharkhand			
Karnataka	One Time	Rs. 2500 (LTT)	
Kerala	Life time	6% of cost (LTT)	Not more than 2 passengers: Rs. 60/- PQ Rs. 120/-PQ (petrol) and Rs. 130/-PQ (diesel)
Madhya Pradesh	Life time	6% of cost (LTT)	
Maharashtra	Life time	7% of the cost (LTT)	Rs. 350/- per vehicle per annum
Manipur	Life time	Rs. 1350 (LTT)	Auto Rs. 75/-PY Tempo Rs.125/-PY
Meghalaya	Annual	Tri Cycle Rs. 90/- PY Auto Rickshaw Rs. 200/-PY	
Mizoram	Annual		Rs. 250/-PY (passenger) and Rs. 350/-PY for good

States	Period	Personal	Commercial
Orissa	Annual	Tri Cycle Rs. 78/- PY	
Punjab	Life time		
Rajasthan	Life time	Cost of vehicle upto 1,50,000/- 3% of the cost of the vehicle. (LTT) Cost of vehicle above 1,50,000/- 4% of the cost of the vehicle. (LTT) Cost of chassis upto 1,50,000/- 3.75% of the cost of the vehicle. (LTT) Cost of chassis above 1,50,000/- 5% of the cost of the vehicle. (LTT)	Three wheeled vehicles: 9% of the cost of the vehicle/chassis
Sikkim	Annual	Tri Cycle Rs. 3000 (LTT)	Rs. 260/-PY
Tamil Nadu	Life time	Tri Cycle Rs. 3000 (LTT)	
Tipura			
Uttar Pradesh			Not more than 3 persons Rs. 95/-PQ Not more than 4 persons.Rs. 185/-PQ More than 4 persons but not more than 6 person Rs. 185/-PQ
Uttaranchal			Not more than 3 persons Rs. 95/-PQ Not more than 4 persons Rs. 185/-PQ More than 4 persons but not more than 6 person Rs. 185/-PQ Contract Carriages : Three Wheeler with seating capacity not more than six persons excluding driver Rs. 30/- per seat per month
West Bengal	Annual		Seating Capacity not more than 4 Rs. 260/ p.a

Annexure A.4.5

Structure of Motor Vehicle Tax in Indian States
(for Non-Transport Four Wheelers)

States	Cars	Taxis	Invalid carriage
Andhra Pradesh	If the owner has only one non transport vehicle, the life tax on such vehicle is at 9% cost of the vehicle. However, if the same person purchases a second vehicle during the subsistence of the first vehicle, he is charged at 12% of cost of that vehicle. Cars and Jeeps and other Non-Transport Vehicles not exceeding 2286 kgs in ULW Additional tax payable @ 9% plus for drawing trailers Rs.3385/-	If the owner has only one non transport vehicle, the life tax on such vehicle is at 9% cost of the vehicle. However, if the same person purchases a second vehicle during the subsistence of the first vehicle, he is charged at 12% of cost of that vehicle. Omni bus with seating capacity between 8 in all & 10 in all 9% of the cost	Rs.1040/- (OTT)
Assam	New personalized 4 Wheeler vehicles Original cost price upto Rs.3.00 lakhs : 3% of the original cost One Time Tax for 15 years and Rs.5000 Tax for every 5 years after 15 years Original cost price upto Rs.15.00 lakhs: 4% of the original cost One Time Tax for 15 years and Rs.7000 Tax for every 5 years after 15 years Original cost price above Rs.15.00 lakhs: 5% of the original cost One Time Tax for 15 years and Rs.10,000 Tax for every 5 years after 15 years Original cost price above Rs.20.00 lakhs: 7% of the original cost One Time Tax for 15 years and Rs.12,000 Tax for every 5 years after 15 years Old vehicle requiring to be registered in Assam on transfer from another State. One time tax to be fixed after allowing a depreciation at the rates 7% per annum of the tax payable for a new vehicle of the same category at the current cost price.	NA	NA
Bihar	Seating capacity 3-5 one time tax Rs.3750/-	NA	NA
Chattisgarh	Life time tax @ 5% of the cost up to Rs. 5 lakhs. There after 6% of the cost of the vehicle.	Rs. 200/- Per Seat /Per Quarter for All India Tourist Permit. Rs. 150/- Per Seat /Per Quarter for other than All India Tourist Permit.	9% of the cost (OTT)
Goa	NA	NA	Invalid carriage cost Up to 6 lakh: 5% of the cost Cost more than 6 lakh: 6% of the cost
Gujarat	6% of the cost of vehicles	6% of the cost of vehicles	NA
Haryana	New Personalized four wheeler vehicles Cost up to	NA	NA

States	Cars	Taxis	Invalid carriage
	Rs. 4 lakh: Rs. 2000 Cost above Rs. 4 lakh and up to Rs. 10 lakh: 1 % of cost. Cost above Rs. 10 lakh: 1.5 % of cost		
Himachal Pradesh	Personal Motor vehicles having engine capacity up to 1000 CC Two and a half percent (2.5 %) of the price of the personal motor vehicle Personal Motor Vehicles having engine capacity above 1000 CC Three percent (3 %) of the price of the personal motor vehicle	Taxi car or Jeep having seats upto six (excluding drivers), Premier/ Maruti/Gypsy/ Maruti Car/Jeep including Ambassador Car: Rs. 1350/-p.a.	
Jammu and Kashmir	Motor car upto 14 HP: 150.00/-p.q. Motor Car above 14 HP: 500.00/-p.q. Motor Car with trailer: 150.00/-p.q.	Upto 5 seats: Rs. 250.00/-p.q. More than 5 seats: 375.00/-p.q.	Invalid Carriage: 60.00/-p.q
Karnataka	Vintage Car: 500.00/- (OTT) Classic Car: 1000.00/- (OTT)	Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which does not exceed Rs.5 Lakhs:12 Percent of cost of the vehicle Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which exceeds Rs.5 Lakhs but not exceeding Rs.10 Lakhs: 13 percent of the cost of the vehicle Motor cars, Jeeps, Omni Buses and Private Service Vehicles having floor area upto 5 Sq.Mtrs, cost of which exceeds Rs.10 Lakhs: 16 percent of the cost of the vehicle. Life time tax for goods vehicles having gross vehicle weight exceeding 1,500 kgs but not exceeding 3,000 Kgs in weight laden, whether used for hire or reward or not. Goods vehicle having gross vehicle weight exceeding 1500 Kgs and not exceeding 2000 Kgs: Rs. 10000.00 Goods vehicle having gross vehicle weight exceeding 2000 Kgs and not exceeding 3000 Kgs: Rs. 15,000	Invalid Carriages: Rs. 10/-p.q.
Kerala	6% of the cost of vehicle	6% of the cost of	6% of the cost of

States	Cars	Taxis	Invalid carriage
		vehicle	vehicle
Madhya Pradesh	5% of the cost	6% of the cost of vehicle	Rs. 360.00/(OTT)
Maharashtra	7% of the cost of the vehicle	7% of the cost of the vehicle	7% of the cost of the vehicle
Manipur	Light personalized Vehicle Wt of which does not exceed 1000kg: Rs. 2925 Exceeds 1000kg but not exceeds 1500kg: Rs.3600 Exceeds 1500kg but not exceeds 2000kg: Rs. 4500/- Above 2000 kg but every additionality of 1000kg: (+) Rs.2925	NA	Rs.450
Meghalaya	Vehicle constructed and used solely for conveyance of passengers and their personal luggage; If it is 15 horse-power or less: Rs. 225/-p.a. and If it exceeds 14 horse-power : Rs. 275/-p.a.	NA	NA
Orissa		NA	Rs. 45/- p.a.
Punjab	2% of the price for four wheeled personalized vehicle	2% of the price for four wheeled personalized vehicle	2% of the price for four wheelers
Rajasthan	<u>Seating Capacity upto 5 persons including driver</u> Cost upto 4,00,000/-: 4% of the cost of the vehicle More than 4,00,000/- and upto 8,00,000/-: 5% of the cost of the vehicle Cost more than 8,00,000/-: 6% of the cost of the vehicle <u>Seating Capacity 5 to 10 persons including driver</u> Cost upto 4,00,000/-: 5.5% of the cost of the vehicle More than 4,00,000/- and upto 8,00,000/-: 6.5% of the cost of the vehicle Cost more than 8,00,000/-: 7% of the cost of the vehicle	NA	NA
Sikkim	<u>Motor car</u> Engine capacity upto 900 cc: Rs. 1000.00 Engine capacity above 900 cc upto 1490 cc: Rs. 1200.00 Engine capacity above 1490 cc upto 2000 cc: Rs. 2500.00 Engine capacity above 2000 cc: Rs. 3000.00	Omnibus registered as non-transport vehicle With seating capacity upto 10: Rs. 1750.00 With seating capacity beyond 10: Rs. 1750.00 Omnibus registered as educational Institute bus:- With seating capacity upto 10: Rs. 1750.00 With seating capacity beyond 10: Rs. 1750.00 for 10 plus Rs. 188.00 for each additional seat beyond.	
Tamil Nadu	Non Transport Vehicles 8 Percent of the Total cost of the vehicle with effect from 1/7/2008 <u>Car Jeep etc.</u> Weighing not more than 700 Kgs unladen: 600/- Weighing more than 700 Kgs. but not more than 1,500 Kgs unladen: Rs 800/- Weighing more than 1500 Kgs but not more than 2,000 Kgs unladen: Rs. 1000/- Weighing more than 2000 Kgs but not		

States	Cars	Taxis	Invalid carriage
	<p>more than 3000 Kgs unladen: Rs. 1100/- Weighing more than 3000 Kgs Unladen in respect of which private Transport vehicle permit is not required under the Motor Vehicles Act: Rs.1250/- <u>Imported Cars</u> Weighing not more than 700 Kgs unladen: Rs. 1800/- Weighing more than 700 Kgs. but not more than 1,500 Kgs unladen: Rs. 2350/- Weighing more than 1500 Kgs but not more than 2,000 Kgs unladen: Rs. 2700/- Weighing more than 2000 Kgs but not more than 3000 Kgs unladen: Rs. 2900/- Weighing more than 3000 Kgs Unladen in respect of which private Transport vehicle permit is not required under the Motor Vehicles Act: Rs. 3300/-</p>		
Tripura	<p>Motor Cars, Jeep kept for the personal use of owner: Rs. 275/-p.a. Motor Cars owned by companies registered under the Companies Act, 1956 for carrying employees or other passengers: Rs. 550/-p.a.</p>	<p>One Time tax on all non-transport vehicles other than two wheelers and invalid carriage Rs. 27501</p>	Rs. 30/-p.a
Uttar Pradesh	<p>Car / Jeep driven by petrol: 2.5 % of cost value. Car / Jeep driven by diesel: twice of 2.5 % of cost value. Trailer attached in Car / Jeep: Rs. 605. Car /Jeep having unladen weight exceeding 5000 kgs; driven by petrol: 2.5 % of cost + Rs 5324 for every 1000 kgs or part thereof driven by diesel: twice of 2.5 % of cost + Rs 5324 for every 1000 kgs or part thereof Trailer attached in Car /Jeep having unladen weight exceeding 5000 kgs: Rs. 1210.00</p>	NA	NA
Uttaranchal	<p>Car / Jeep: 2.5% of cost value Trailer attached in Car / Jeep: Rs.605/- Car / Jeep having unladen weight exceeding 5000 kgs : 2.5% of cost + Rs5324 for every 1000 kgs or part there of Trailer attached in Car / Jeep having unladen weight exceeding 5000 kgs: Rs.1210/-</p>	<p>Vehicles, not being motor cycles, constructed and used solely for the conveyance of persons and light personal luggage, with seating accommodation for not more than six persons, exclusive of the driver: Rs.30/-p.a.</p>	

States	Cars	Taxis	Invalid carriage
		Trailers drawn by vehicles covered by this Article: Rs.55/-p.a.	
West Bengal	<p>LMV (Car) (For Individuals., Regd. Societies, IT exempted organisations) Engine capacity up to 900 cc: Rs.600/ p.a. Engine capacity more than 900 cc to but not more than 1490 cc: Rs.800/-p.a. Engine capacity more than 1490 cc to but not more than 2000 cc: Rs.1600/-p.a. Above 2000 cc: Rs. 2300/- p.a. LMV (Car) (For other than above) Engine capacity up to 900 cc: Rs.1000. Engine capacity more than 900 cc to but not more than 1490 cc: Rs.1200 Engine capacity more than 1490 cc to but not more than 2000 cc: Rs.2500. Above 2000 cc: Rs. 3000</p> <p style="text-align: center;">OR</p> <p>One Time Tax Motor Car & Omnibus Engine capacity up to 900 cc: Rs.8550. Engine capacity more than 900 cc to but not more than 1490 cc: Rs.9900. Engine capacity more than 1490 cc to but not more than 2000 cc: Rs.15300 Above 2000 cc: Rs. 20000 Motor Car & Omnibus (For other than above) Engine capacity up to 900 cc: Rs.9900. Engine capacity more than 900 cc to but not more than 1490 cc: Rs.11250. Engine capacity more than 1490 cc to but not more than 2000 cc: Rs.18000. Above 2000 cc: Rs. 22000. Battery Operated Motor Car & Omnibus (only non-transport) OTT Power Up to 2.5 KW: Rs.8500/-. Power above 2.5 KW: Rs.13500/- Omnibus: NT. Seating capacity 8 to 10 : Rs. 1400/ p.a. Seating capacity 11: Rs.1550/- p.a. Seating capacity 12: Rs.1700/-p.a. Omnibus registered as PSV. Seating capacity 8 to 10 : Rs. 1800/ p.a. Seating capacity 11: Rs.1950/- p.a. Seating capacity 12: Rs.2100/-p.a.</p>	<p>Seating capacity up to 4: Rs.600/- p.a. Seating capacity 5: Rs. 800/-p.a.</p>	NA

Annexure A.4.6

Structure of Motor Vehicle Tax in Indian States
(for Goods Vehicles)

State	Trucks	Trailer
Andhra Pradesh	<p>Vehicle not exceeding 300 kgs in laden weight: Rs 424.20/- p.q. Exceed to 300kgs but not more than 1000: Rs.529.20/-p.q. Exceed to 1000kgs but not more than 1500: Rs.741.30/-p.q. Exceed to 1500kgs but not more than 3000: Rs.847.35/-p.q. Exceed to 3000kgs but not more than 4500: Rs.954.45/-p.q. Exceed to 4500kgs but not more than 5500: Rs.121272.60/- p.q. Exceed to 5500kgs but not more than 9000: Rs.1946.70/-p.q. Exceed to 9000kgs but not more than 12000: Rs.2437.05/-p.q. Exceed to 12000kgs but not more than 15000: Rs.2967.30/- p.q. Exceeding 15000 kgs in laden weight: Rs.2967.30/- p.q. and Rs. 69.30 for every 250 kgs or part thereof in excess of 15000 kgs</p>	<p>Additional tax payable in respect of goods vehicles used for drawing trailers; For esch trailer not exceeding 1000 kgs in laden weight: Rs.529.20/-p.q. Trailer exceeding 1000 kgs in laden weight but not exceeding 3000 kgs in laden weight: Rs.794.85/-p.q. For esch trailer not exceeding 3000 kgs in laden weight: Rs.159.45/-p.q.</p>
Arunachal Pradesh	Rs. 2960/-p.a.	Rs. 350/- p.a.
Assam	<p><u>Annual Rates</u> Authorized to carry 1 M.T. or less: Rs.1750.00 Exceeding 1 M.T. to 3 M.T.: Rs.3500.00 Exceeding 3 M.T. to 9 M.T.: Rs.3500.00+Rs.700.00 for every additional 1 M.T. above 3 M.T. Exceeding 9 M.T.: Rs.8000.00+Rs.200.00 for every additional 1 M.T. above 9 M.T.: Authorized to carry 12 M.T. & above. Rs.10,000.00+Rs.300.00 for every additional 1 M.T. above 12 M.T. <u>Quarterly Rates</u> Upto 1 MT : Rs 500/-p.q. Exceeding 1 M.T. to 3 M.T.: Rs. 1000/-p.q. and Rs.175.00 for every additional 1 M.T. above 3 M.T. Exceeding 3 M.T. to 9 M.T.: Rs.2200.00/-p.q. + Rs.50.00 for every additional 1 M.T. above 9 M.T. Exceeding 12 M.T. & above : Rs.2800.00 + Rs.75.00 for every additional 1 M.T. above 12 M.T.</p>	<p>Light trailer: Rs. 150/- p.q. Medium trailer : Rs. 300/-p.q. Heavy trailer: Rs.500/-p.q.</p>
Bihar	<p><i>Goods carriages excluding trailers: Rs. 500 per tonne on the gross weight will be payable annually. Over and above this amount, if gross vehicle weight exceeds 5 tonnes, additional amount on the increasing weight will be payable as per the following;</i> Upto 5 tonnes: Nil Exceeding 5 tonnes but not exceeding 10 tonnes: 10% Exceeding 10 tonnes but not exceeding 15 tonnes: 20% Exceeding 15 tonnes but not exceeding 20 tonnes: 30% Exceeding 20 tonnes but not exceeding 25 tonnes: 40% Exceeding 25 tonnes but not exceeding 30 tonnes: 50%</p>	<p><u>Tractors-Trailers:</u> Tractor to be used for agriculture purpose fitted with more than 25 h.p. capacity along with a trailer having laden weight capacity up to 5 tonnes: Rs. 5000/- one time tax; and tractor up to 25 h.p.</p>

State	Trucks	Trailer
	<p>Exceeding 30 tonnes but not exceeding 35 tonnes: 60%</p> <p>Exceeding 35 tonnes but not exceeding 40 tonnes: 70%</p> <p>Exceeding 40 tonnes but not exceeding 45 tonnes: 80%</p> <p>Exceeding 45 tonnes but not exceeding 50 tonnes: 90%</p> <p>Exceeding 50 tonnes but not exceeding 55 tonnes: 100%</p> <p>Exceeding 55 tonnes for each 5 tonnes: 100% plus 10% for each additional slab of 5 tonnes.</p>	<p>capacity and trailer having laden weight capacity up to 3 tonnes: Rs. 3000/- one time tax.</p> <p><u>Trailer</u>: 500 per tone annually on gross vehicle weight, and additional payable amount corresponding to the increasing weight of the vehicle will be levied as indicated follow;</p> <p>Upto 5 tonnes: Nil</p> <p>Exceeding 5 tonnes but not exceeding 10 tonnes: 10%</p> <p>Exceeding 10 tonnes but not exceeding 15 tonnes: 20%</p> <p>Exceeding 15 tonnes but not exceeding 20 tonnes: 30%</p> <p>Exceeding 20 tonnes but not exceeding 25 tonnes: 40%</p> <p>Exceeding 25 tonnes but not exceeding 30 tonnes: 50%</p> <p>Exceeding 30 tonnes but not exceeding 35 tonnes: 60%</p> <p>Exceeding 35 tonnes but not exceeding 40 tonnes: 70%</p>
Chhattisgarh	<p>Rs. 300/- Per Quarter up to 2000 kg. GVW. There after Rs. 75 /- Per Annual for each 500 kg or part thereof.</p>	<p>Rs.75 /-per 500 Kgs. Per Quarter</p> <p>Rs.175 /- Per Quarter in case ULW does not exceed 1000 Kgs.</p> <p>Rs.225 /- Per Quarter in case ULW exceeds 1000 kgs. but does not exceed 2000 Kgs.</p> <p>Rs.300 /- Per Quarter thereafter for each additional 1000 kgs or part thereof.</p> <p>Rs.100 /- Per Quarter for each trailer.</p>
Goa	<p>GVW up to 1000 kgs: Rs. 800</p>	

State	Trucks	Trailer
	<p>exceeds 1000 but does not exceed 2000 kgs :Rs.1800 exceeds 2000 but does not exceed 3000 kgs: Rs.2200 exceeds 3000 but does not exceed 4000 kgs: Rs.2700 exceeds 4000 but does not exceed 5000 kgs : Rs.3100 exceeds 5000 but does not exceed 6000 kgs: Rs.3600 exceeds 6000 but does not exceed 7000 kgs : Rs.3900 exceeds 7000 but does not exceed 8000 kgs : Rs.4100 exceeds 8000 but does not exceed 9000 kgs exceeds 9000 but does not exceed 10000 kgs: Rs.4900 exceeds 10000 but does not exceed 11000 kgs: Rs.5300 exceeds 11000 but does not exceed 12000 kgs: Rs.5800 exceeds 12000 but does not exceed 13000 kgs: Rs.6100 exceeds 13000 but does not exceed 14000 kgs: Rs.6400 exceeds 14000 but does not exceed 15000 kgs: Rs.6900 Excess of 15000 kgs kgs exceeds 15000 but does not exceed 16500 kgs: Rs.7500 every 1000 kgs or part thereof in excess of 16500 kgs : Rs.400</p>	
Gujarat	Rs. 2000+650 per every 1000 kg or part thereof exceeding 3000	Non agricultural tractors Rs. 2000+400 per every 1000 Kg or part thereof exceeding 3000
Haryana	<p>Gross vehicle weight not exceeding 1.2 tonne: 300.00/- p.a. Gross vehicle weight exceeding 1.2 tonne but not exceeding 6 tonnes: 1200.00/- p.a. Gross vehicle weight exceeding 6 tonnes but not exceeding 16.2 tonnes: 2400.00/- p.a. Gross vehicle weight exceeding 16.2 tonnes but not exceeding 25 tonnes: 3500.00/- p.a. Gross vehicle weight exceeding 25 tonnes: 4500.00/- p.a.</p>	NA
Himachal Pradesh	<p>Light Goods Vehicle: 1500.00 per annum Medium Goods vehicles: 2000.00 per annum Heavy Goods Vehicles /Multi Axle Vehicles: : 2500.00 per annum</p>	Tractors plying with public carriers or private carriers permit when carrying goods which are not incidental to agriculture belonging to the owners.: Rs.1694/-p.a.
Jammu and Kashmir	<p>Upto 3600 Kgms registered laden weight : Rs.900/-p.q. Exceeding 3600 Kgms but not exceeding 8100 Kgms registered laden weight: Rs.1000/-p.q. Exceeding 8100 Kgms registered laden weight: Rs.1100/-p.q.</p>	Rs.250/-p.q. (Trailer used for agriculture purpose are exempted from the tax)
Jharkhand	NA	NA
Karnataka	<p>Exceeding 3,000 Kgs but not exceeding 5,500 Kgs: 1,200.00/-p.q. Exceeding 5,500 Kgs but not exceeding 12,000 Kgs: 1,800.00/-p.q.</p>	Rs 500 at the time of registration (One time tax)

State	Trucks	Trailer
	<p>Exceeding 12,000 Kgs but not exceeding 15,000 Kgs: 2,200.00/-p.q.</p> <p>Exceeding 15,000 Kgs: 2,200.00/-p.q. Plus Rs. 75.00/-p.q. for every 250 Kgs or part thereof in excess of 15,000 Kgs</p> <p>Additional tax payable in respect of goods vehicles specified in paragraph (1) used for drawing trailers for each trailer in weight laden.-</p> <p>For every 1,000 Kgs or part thereof</p> <p>Provided that two or more goods vehicles shall not be chargeable under this item in respect of the same trailer: Rs.100.00/-p.q.</p> <p>Multiaxled Goods vehicles other than articulated vehicles for which tax is levied under item No 10. having weight laden exceeding 15,000 Kgs</p> <p>2,200-00/-p.q. plus Rs 75/- for every 250 Kgs</p>	
Kerala	<p>Motor cycle trucks not exceeding 300 Kg in Gross vehicle weight: 135.00/-p.q.</p> <p>Vehicles not exceeding 1000 Kg in Gross vehicle weight: 220.00/- p. q.</p> <p>Vehicles exceeding 1000 Kg but not exceeding 1500 Kg in Gross vehicle weight: 420.00</p> <p>Vehicles exceeding 1500 Kg but not exceeding 2000 Kg in Gross vehicle weight 550.00</p> <p>Vehicles exceeding 2000 Kg but not exceeding 3000 Kg in Gross vehicle weight 705.00</p> <p>Vehicles exceeding 3000 Kg but not exceeding 4000 Kg in Gross vehicle weight 840.00</p> <p>Vehicles exceeding 4000 Kg but not exceeding 5500 Kg in Gross vehicle weight 1210.00</p> <p>Vehicles exceeding 5500 Kg but not exceeding 7000 Kg in Gross vehicle weight 1430.00</p> <p>Vehicles exceeding 7000 Kg but not exceeding 9000 Kg in Gross vehicle weight 1760.00</p> <p>Vehicles exceeding 9000 Kg but not exceeding 9500 Kg in Gross vehicle weight 1870.00</p> <p>Vehicles exceeding 9500 Kg but not exceeding 10500 Kg in Gross vehicle weight 2090.00</p> <p>Vehicles exceeding 10500 Kg but not exceeding 11000 Kg in Gross vehicle weight 2310.00</p> <p>Vehicles exceeding 11000 Kg but not exceeding 12000 Kg in Gross vehicle weight 2530.00</p> <p>Vehicles exceeding 12000 Kg but not exceeding 13000 Kg in Gross vehicle weight 2750.00</p> <p>Vehicles exceeding 13000 Kg but not exceeding 14000 Kg in Gross vehicle weight 2970.00</p> <p>Vehicles exceeding 14000 Kg but not exceeding 15000 Kg in Gross vehicle weight 3080.00</p> <p>Vehicles exceeding 15000 Kg but not exceeding in Gross vehicle weight Rs.3080 + Rs.110 for every 250 Kg or part thereof in excess of 15000 Kg.</p>	<p>For each trailer not exceeding 1000 Kg in Gross vehicle weight: Rs.155.00/-p.q.</p> <p>For each trailer not exceeding 1000 Kg but not exceeding 1500 Kg in Gross vehicle weight: Rs. 320.00/-p.q.</p> <p>For each trailer not exceeding 1500 Kg but not exceeding 2000 Kg in Gross vehicle weight: Rs. 430.00/-p.q.</p> <p>For each trailer not exceeding 2000 Kg but not exceeding 3000 Kg in Gross vehicle weight: Rs. 585.00/-p.q.</p> <p>For each trailer not exceeding 3000 Kg but not exceeding 4000 Kg in Gross vehicle weight: Rs. 790.00/-p.q.</p> <p>For each trailer not exceeding 4000 Kg but not exceeding 5500 Kg in Gross vehicle weight: Rs.1000.00/-p.q.</p> <p>For each trailer not exceeding 5500 Kg but not exceeding 7000 Kg in Gross vehicle weight:</p>

State	Trucks	Trailer
		<p>Rs.1320.00/-p.q. For each trailer not exceeding 7000 Kg but not exceeding 9000 Kg in Gross vehicle weight:</p> <p>Rs.1540.00/-p.q. For each trailer not exceeding 9000 Kg but not exceeding 9500 Kg in Gross vehicle weight:</p> <p>Rs.1650.00/-p.q. For each trailer not exceeding 9500 Kg but not exceeding 10500 Kg in Gross vehicle weight:</p> <p>Rs.1760.00/-p.q. For each trailer not exceeding 10500 Kg but not exceeding 12000 Kg in Gross vehicle weight:</p> <p>Rs.1980.00/-p.q. For each trailer not exceeding 12000 Kg but not exceeding 13000 Kg in Gross vehicle weight:</p> <p>Rs.2090.00/-p.q. For each trailer not exceeding 13000 Kg but not exceeding 14000 Kg in Gross vehicle weight:</p> <p>Rs.2200.00/-p.q. For each trailer not exceeding 14000 Kg but not exceeding 15000 Kg in Gross vehicle weight:</p> <p>Rs.2310.00/-p.q. For each trailer not exceeding 15000 Kg but not exceeding in Gross vehicle weight Rs.2310/-p.q. + Rs.110/-p.q. for every 250 Kg or part thereof in excess of 15000 Kg.</p>
Madhya Pradesh	Does not exceed 2000 Kgs: Rs.600.00/-p.q. or life time tax 10% of The cost exceeds 2000 Kgs. But Does not exceed 4000 Kgs.:	For each trailer the unladen weight of which does not

State	Trucks	Trailer
	<p>Rs.900.00/-p.q. exceeds 4000 Kgs. But Does not exceed 6000 Kgs : Rs.1300.00/-p.q. exceeds 6000 Kgs. But Does not exceed 8000 Kgs : Rs.1700.00/-p.q. exceeds 8000 Kgs. But Does not exceed 10000 Kgs: Rs.2100.00/-p.q. exceeds 10000 Kgs. But Does not exceed 12000 Kgs: Rs. 2500.00/-p.q. exceeds 12000 Kgs. But Does not exceed 14000 Kgs: Rs. 2900.00/-p.q. exceeds 14000 Kgs. But Does not exceed 16000 Kgs: Rs. 3300.00/-p.q. exceeds 16000 Kgs. But Does not exceed 18000 Kgs: Rs. 3700.00/-p.q. and thereafter for each additional 2000 Kgs. Or Part thereof : Rs.500.00/-p.q.</p>	<p>exceed 1000 kgs: Rs.28/-p.q. Exceed 1000 kgs: Rs.66/-p.q.</p>
Maharashtra	<p>Register laden weight upto 750 kg Rs. 1200/pa Register laden weight exceeding 750 kg & upto 1500 kg : Rs. 1950/pa Register laden weight exceeding 1500 kg & upto 3000 kg : Rs. 2700/pa Register laden weight exceeding 3000 kg & upto 4500 kg : Rs. 3600/pa Register laden weight exceeding 4500 kg & upto 6000 kg : Rs. 4500/pa Register laden weight exceeding 6000 kg & upto 7500 kg : Rs. 5400/pa Register laden weight exceeding 7500 kg & upto 9000 kg: Rs. 6500/-pa Register laden weight exceeding 9000 kg & upto 10500 kg : Rs.7500/-pa Register laden weight exceeding 10500 kg & upto 12000 kg : Rs.8550/-pa Register laden weight exceeding 12000 kg & upto 13500 kg : Rs.9750/-pa Register laden weight exceeding 13500 kg & upto 15000 kg : Rs. 10950/-pa Register laden weight exceeding 15000 kg & upto 15500 kg : Rs. 11350/-pa Register laden weight exceeding 15500 kg & upto 16000 kg : Rs. 11750/-pa Register laden weight exceeding 16000 kg & upto 16500 kg : Rs. 12150/-pa Register laden weight exceeding 16500 kg for every 500 kg Rs.450/- for every 500 kg Rs. 450/- pa One time tax (@ 7 times of annual rate on the basis of cost of the vehicle for Light commercial vehicle/ it is option for others</p>	NA
Manipur	<p>Motor Vehicles used for Transport or haulage of Goods or materials, the registered laden wt. of which:- does not exceed 1 tonne.: Rs 400/ p.a. and Rs. 100/-p.q. exceeds 1 tonne but not exceed 1.5 tonne: Rs. 560/-p.a. or Rs. 140/-p.q. © exceeds 1.5 tonne but not exceed 2 tonne.: Rs. 720/-p.a.</p>	<p>Vehicles plying for hire or reward Does not exceed 1 tonne. Rs. 600/-p.a. Exceeds 1 tonne but</p>

State	Trucks	Trailer
	<p>or Rs. 180/-p.q. exceeds 2 tonne but not exceed 2.5 tonne: Rs.880/-p.a. or Rs. 220/-p.q. exceeds 2.5 tonne but not exceed 3 tonne: Rs. 1040/-p.a. or Rs. 260/-p.q. exceeds 3 tonne but not exceed 3.5 tonne: Rs.1200/-p.a. or Rs. 300/-p.q. exceeds 3.5 tonne but not exceed 4 tonne : Rs.1360/-p.a. or Rs. 340/-p.q. exceeds 4 tonne but not exceed 4.5 tonne: Rs.1520/-p.a. or Rs. 380/-p.q. exceeds 4.5 tonne but not exceed 5 tonne: Rs.1680/-p.a. or Rs. 420/-p.q. (j) exceeds 5 tonne but not exceed 5.5 tonne: Rs.1840/-p.a. or Rs. 460/-p.q. (k) exceeds 5.5 tonne but not exceed 6 tonne: Rs. 2000/-p.a. or Rs. 500/-p.q. (l) exceeds 6 tonne but not exceed 6.5 tonne: Rs. 2160/-p.a. or Rs. 540/-p.q. (m) exceeds 6.5 tonne but not exceed 7 tonne: Rs. 2320/-p.a. or Rs. 580/-p.q. (n) exceeds 7 tonne but not exceed 7.5 tonne: Rs. 2480/-p.a. or Rs. 620/-p.q. (o) exceeds 7.5 tonne but not exceed 8 tonne: Rs. 2640/-p.a. or Rs. 660/-p.q. (p) exceeds 8 tonne but not exceed 8.5 tonne: Rs 2800/-p.a. or Rs. 700/-p.q. (q) exceeds 8.5 tonne but not exceed 9 tonne: Rs. 2960/-p.a. or Rs. 740/-p.q. (r) exceeds 9 tonne but not exceed 9.5 tonne: Rs. 3120/-p.a. or Rs. 780/-p.q. (s) exceeds 9.5 tonne but not exceed 10 tonne: Rs.3280 /- or Rs. 820/-p.q. (t) above 10 tonne: The rate specified in (s) above plus rupees three hundred and twenty for every additional one tonne or parts thereof over and above ten tonne.</p>	<p>not exceed 1.5 tonne.: Rs. 760/-p.a Exceeds 1.5 tonne but not exceed 2 tonne.: Rs. 920/-p.a exceeds 2 tonne but not exceed 2.5 tonne: Rs. 1080 Exceeds 2.5 tonne but not exceed 3 tonne: Rs.1240 Exceeds 3 tonne but not exceed 3.5 tonne: Rs.1400/-p.a. Exceeds 3.5 tonne but not exceed 4 tonne: Rs. 1560/-p.a. Exceeds 4 tonne but not exceed 4.5 tonne Rs.1720/-p.a. Exceeds 4.5 tonne but not exceed 5 tonne: Rs. 1880/-p.a. Exceeds 5 tonne but not exceed 5.5 tonne: Rs.2040/-p.a. Exceeds 5.5 tonne but not exceed 6 tonne: Rs. 2200/-p.a. Exceeds 6 tonne but not exceed 6.5 tonne: Rs. 2360/-p.a. Exceeds 6.5 tonne but not exceed 7 tonne: Rs. 2520/-p.a. Exceeds 7 tonne but not exceed 7.5 tonne: Rs. 2680/-p.a. Exceeds 7.5 tonne but not exceed 8 tonne: Rs. 2840/-p.a. Exceeds 8 tonne but not exceed 8.5 tonne: Rs. 3000/-p.a. Exceeds 8.5 tonne but not exceed 9 tonneRs. 3160/-p.a. Exceeds 9 tonne but not exceed 9.5 tonne: Rs. 3320/-p.a. Exceeds 9.5 tonne but not exceed 10 tonne: Rs. 3480/-p.a. above 10 tonne: Rs. 3480/p.a.</p>

State	Trucks	Trailer
		plus Rupees three hundred and twenty for every additional one tonne or parts thereof over and above ten tonne
Meghalaya	Vehicles Plying for Hire or Reward- Authorised to carry one metric tonne or less: Rs 600/-p.a. plus Rs. 180/-p.a. for every additional 1/2 metric tonne or part thereof authorized load of goods	Light: Rs. 240/- p.a. Medium Trailers: Rs.460/-p.a. Heavy Trailers Rs. 800/-p.a.
Mizoram	Not exceed 7500 kgs ULW + 1 additional MT: Rs. 840 /- p.a.+Rs. 410/-p.a.	Light Rs. 125/-p.a. Medium Trailers: Rs.250/-p.a. Heavy Trailers Rs. 500/-p.a.
Nagaland	Transport vehicle are taxed on the basis of the load capacity. In the matter of good vehicle taxes are levied at Rs.450.00 for 1 matric tonne and Rs.140.00 for every additional (½) half metric tonne	NA
Orissa	Not exceeding-1000 kg laden weight: Rs.540/- p.a. Between 1001-2000kg: Rs.2356/- p.a. Between 2001-5000kg: Rs.2890/- p.a. Between 5001-10000kg: Rs.4955/- p.a. Between 10001-13000kg: Rs.7179/- p.a. Between 13001-16200kg: Rs.10440/- p.a. Exceeding-16200 kg in laden weight for every additional 500 kg or part thereof: Rs.10440/- p.a.+375/- p.a.	NA
Punjab	GVW upto 7500 Kgs: Rs. 1500/- per annum plus SRT (Special Road Tax) Rs. 1210/- per annum GVW 7500 kgs to 12000 Kgs: Rs. 2000/- per annum plus SRT Rs. 1410/- per annum GVW above 12000 Kgs: Rs. 2500/- per annum plus SRT Rs. 1500/- per annum Multi Axle Vehicle: Rs. 2500/- per annum plus SRT Rs. 1200/- per annum	NA
Rajasthan	<u>Annual Tax</u> <u>Articulated Vehicle</u> Cost of chassis/vehicle upto Rs.10,00,000. :2% of the cost of horse. + Special Road Tax (SRT) 0.40% of the cost of horse Cost of chassis/vehicle above Rs.10,00000: Rs. 20000/- + Rs. 50 for every Rs. one lakh or part thereof of cost exceeding Rs.10 lakh + Rs. 4000/- + Rs. 50/- for every Rs. one lakh or part thereof of the cost of horse exceeding Rs.10,00,000. <u>Other than Articulated vehicle:</u> Cost of the chassis/vehicle upto Rs. 3,00,000: 1.5% of the cost of the chassis/vehicle subject to a maximum of Rs. 2250/- + 1% of the cost of the chassis/ vehicle (SRT) Cost of the chassis/vehicle more than Rs. 3,00,000 and upto Rs. 6,00,000: 2250/- + 0.75% of the cost of the chassis/ vehicle exceeding Rs. 3 lakh. + (SRT) Rs. 2000/-+ 0.35% of the cost of the chassis/ vehicle exceeding Rs. 3 lakh. Cost of Chassis/Vehicle more than Rs. 6,00,000 and up to	<u>(Annual Tax)</u> Cost of vehicles up to Rs.10,00,000: 1.0% of the cost of vehicle. More than Rs.10,00,000 and up to Rs. 20,00,000: 1.5% of the cost of vehicle, Cost of vehic above Rs. 20,00,000 for every Rs. 1000/- or part thereof in excess of Rs. 20,00,000: 0.05% of every Rs.1000/- or part

State	Trucks	Trailer
	<p>Rs.10,00,000: Rs. 4500/- + 0.95 % of the cost of chassis/ vehicle exceeding Rs. 6 lakhs +(SRT) Rs.3050/-+0.5% of the cost of the chassis/vehicle exceeding Rs. 6 lakh.</p> <p>Cost of chassis/Vehicle above Rs. 10,00,000: 8300/- + Rs. 50 for every Rs. one lakh or part thereof of cost exceeding Rs.10 lakhs."+ (SRT) Rs. 5050/- + Rs. 50/- for every Rs. one lakh or part thereof of the cost exceeding Rs. 10 lakh.</p> <p>Or Optional (LUMP SUM TAX)</p> <p><u>Articulated vehicle</u>: 20% of cost of the horse.</p> <p><u>Other than Articulated vehicle</u></p> <p>Four wheeled goods vehicle having G.V.W. upto 3000 Kg.: 10% of the cost of the vehicle/chassis</p> <p>Four wheeled goods vehicle having G.V.W. more than 3000 kg. and cost of chassis/vehicle up to Rs. 6,00,000: 9% of the cost of the vehicle/chassis</p> <p>If cost of the chassis/vehicle more than Rs. 6,00,000: 11% of the cost of the vehicle/chassis.</p>	<p>thereof in addition to rate as specified above.</p> <p>Cost of chassis up to Rs.10,00,000: 1.5% of the cost of chassis.</p> <p>More than Rs.10,00,000 and up to Rs. 20,00,000: 2% of the cost of chassis,</p> <p>Cost of chassis above Rs. 20,00,000 for every Rs. 1000/- or part thereof in excess of Rs. 20,00,000: 0.05% of every Rs.1000/- or part thereof in addition to rate as specified above.</p> <p>Trailer used as goods vehicles: 4% of the cost of the trailer OR Non-agricultural tractor trailers used as a goods vehicles: 9% of cost of tractor to which trailer is attached.</p>
Sikkim	<p>Upto 500 kgs gross vehicle weight: Rs 871/-p.a.</p> <p>Exceeding 500 kgs but not exceeding 2000 kgs gross vehicle weight : Rs 871/-p.a. plus Rs. 99/- For every additional 250 kgs or part thereof above 500 kgs.</p> <p>Exceeding 2000 kgs but not exceeding for 4000 kgs gross vehicle weight.Every additional. 250 kgs or Part thereof above 2000 kgs: Rs. 1465/- plus Rs. 124/-</p> <p>Exceeding 4000 kgs but not exceeding 8000 kgs gross vehicle weight Part thereof above 2000 kgs: Rs. 2451/- plus Rs. 73/- for every additional. 250 kgs or part thereof above 4000 kgs.</p> <p>Exceeding 8000 kgs Gross vehicle weight: Rs. 3241/- plus Rs. 99/- for every additional 250 kgs or part thereof above 8000 kgs.</p>	<p>Upto 1000 Kgs gross vehicle weight: Rs. 360/-p.a.</p> <p>Exceeding 1000 kgs but not exceeding 2000 kgs gross vehicle weight: Rs. 360/-p.a plus Rs. 36/-for every additional 250 kgs or Part thereof above 1000 kgs.</p> <p>Exceeding 2000 kgs but not exceeding 4000 kgs gross vehicle weight: Rs. 575/- p.a. plus Rs. 60/- for every additional 250 kgs or part thereof above 2000 kgs.</p> <p>Exceeding 4000 kgs but not exceeding 8000 kgs gross vehicle weight: Rs.</p>

State	Trucks	Trailer
		1005/-p.a. plus Rs. 100/- for every additional 250 kgs or part thereof above 4000 kgs. Exceeding 8000 kgs gross vehicle weight: Rs. 2600/- plus Rs. 150/- for every additional 250 kgs or part thereof above 8000 kgs.
Tamil Nadu	Goods Carriages not exceeding 3000 Kgs in weight laden : Rs.2400/- per annum, tax shall be payable either annually at the rate payable or Life Time at the rate of Rs.19,200/- LW upto 3000 kgs. Rs 600 PQ Above 3000 to 5500 kgs. Rs 950 PQ Above 5500 to 7500 kgs. Rs 1500 PQ Above 7500 to 9000 kgs. Rs --- PQ Above 9000 to 12000 kgs. Rs 1900 PQ Above 12000 to 13000 kgs. Rs 2100 PQ Above 13000 to 15000 kgs. Rs 2500 PQ Exceeding 15000 kgs. Rs 2500 PQ plus Rs 75 for every additional 250 kgs. or part thereof.	LW up to 3000 kgs. Rs 340 PQ Above 3000 to 5500 Rs 400 PQ Above 5500 to 9000 Rs 700 PQ Above 9000 to 12000 Rs 810 PQ Above 12000 to 13000 Rs 1010 PQ Above 13000 to 15000 kgs. Rs 1220 PQ Exceeding 15000 kgs. Rs 1220 PQ plus Rs 50 for every additional 250 kgs. or part thereof
Tripura	Upto 1000 Kg registered laden weight: Rs.105.00/- p.a. Upto 3000 Kg registered laden weight: Rs.500.00/- p.a. Exceeding 3000 Kg but not exceeding 5560 Kg registered laden weight: Rs.750.00/- p.a. Exceeding 5560 Kg but not exceeding 8860 Kg registered laden weight.: Rs.1350.00/- p.a. Exceeding 8860 Kg but not exceeding 12219 Kg registered laden weight: Rs.2100.00/- p.a. Exceeding 12219 Kg registered laden weight: Rs.4200.00/- p.a.	Rs. 1650 for all trailers drawn by non-transport vehicles (OTT) <i>others</i> Upto 500 Kg registered laden weight: Rs.165/-p.a. Exceeding 500 Kg registered laden weight: Rs.400/-p.a. for first 500 kg plus. Rs 50.00/-p.a. for every additionally 200Kg or part thereof.
Uttaranchal	Goods carriage for every metric tonne of the GVW or part thereof: Rs. 70.00/-p.q. per MT of GVW or part thereof for one region 85.00 per MT of GVW or part thereof for more than one region	Trailer attached in Car / Jeep :Rs. 605 (OTT) Trailer attached in Car / Jeep having unladen weight exceeding 5000 kgs Rs. 1210 (OTT)

State	Trucks	Trailer
Uttar Pradesh	Goods carriage for every metric tonne of the GVW or part thereof: Rs. 70.00/-p.q. per MT of GVW or part thereof for one region 85.00 per MT of GVW or part thereof for more than one region	Trailer attached in Car / Jeep :Rs. 605 (OTT) Trailer attached in Car / Jeep having unladen weight exceeding 5000 kgs Rs. 1210 (OTT)
West Bengal	GVW up to 3500 kgs. Rs 700 PY upto 5500 kgs. Rs 1400 PY upto 7000 kgs. Rs 1900 PY upto 9000 kgs. Rs 2300 PY upto 12000 kgs. Rs 3700 PY upto 14000 kgs. Rs 5000 PY upto 15000 kgs. Rs 5500 PY upto 16200 kgs. Rs 6200 PY upto 25000 kgs. Rs 11450 PY upto 31000 kgs. Rs 15050 PY Articulated Vehicles: for WB vehicles 26400 kgs: Rs. 15000/-PY 35200 kgs: Rs. 25000/-PY	GVW upto 2000 kgs. Rs 500 PY upto 4000 kgs. Rs 900 PY upto 6000 kgs. Rs 1350 PY upto 8000 kgs. Rs 1950 PY upto 10000 kgs. Rs 2900 PY upto 12000 kgs. Rs 4300 PY upto 13000 kgs. Rs 5250 PY upto 14000 kgs. Rs 5950 PY upto 15000 kgs. Rs 6650 PY Exceeding 15000 kgs.: Rs 6650 plus Rs. 200 for every additional 250 kgs. of part thereof

Annexure A.4.7

**Structure of Motor Vehicle Tax in Indian States
(for Passenger Vehicles)**

State	Stage Carriage	Contract Carriage
Andhra Pradesh	<p>APSRTC Vehicles Every registered owner who owns or keeps in his possession or control more than 2000 Motor Vehicles for plying on hire or reward shall pay 5% gross traffic earnings in respect of town (urban) services and 7% in respect of other services as motor vehicle tax. APSRTC is the only owner who qualifies to pay tax under this category.</p> <p>Motor Vehicles plying for hire and used for transport of passengers. Vehicles permitted to carry in all.</p> <p>Not more than 3 persons (LMV – Cycle rickshaw power): Rs. 12.10/-p.q.</p> <p>Not more than 4 persons: Rs. 105/-p.q.</p> <p>More than 4 persons but not more than 6 persons: Rs. 326.55/-p.q.</p> <p>Vehicles permitted to carry 7 persons in all for every person other than the driver: Rs. 200/-p.q.</p> <p>Vehicles permitted to carry 7 persons in all and covered by All India Tourist Taxi Permits: Rs. 625.05/-p.q.</p> <p>Vehicles permitted to carry more than 6 passengers and plying as stage carriages on town service routes.</p> <p>In respect of vehicles permitted to ply as ordinary services for every passenger (other than the driver and conductor) which the vehicle is permitted to carry: Rs. 863.10/-p.q.</p> <p>In respect of vehicles permitted to ply as ordinary services for every passenger (other than the driver and conductor) which the vehicles is permitted to carry and where the total distance permitted to be covered by the vehicle in a day.</p> <p>Does not exceed 100 kms: Rs. 346.50/-p.q.</p> <p>Exceeds 100 kms. but does not exceed 160 kms: Rs. 516.60/-p.q.</p> <p>Exceeds 160 kms. But does not exceed 240 kms: Rs. 648.90/-p.q.</p> <p>Exceeds 240 kms: Rs. 693/-p.q.</p> <p>Vehicles permitted to carry more than 6 passengers and plying as stage carriages on routes other than town service routes.</p> <p>In respect of vehicles permitted to ply as express services, for every passenger (other than the driver and conductor) which the vehicle is permitted to carry and where the total distance permitted to be covered by the vehicle in a day.</p> <p>Does not exceed 320 kms: Rs. 1146.60/-p.q.</p> <p>Exceeds 320 kms but does not exceed 1,000 kms: Rs.1514.10/-p.q.</p> <p>In respect of vehicles permitted to ply as ordinary services, for every passenger (other than the driver and conductor) which the vehicle is permitted to carry and where the total distance permitted to be covered by the vehicle in a day.</p> <p>Does not exceed 100 kms: Rs. 434.70/-p.q.</p> <p>Exceeds 100 kms. But does not exceeds 160 kms: Rs. 611.10/-p.q.</p> <p>Exceeds 160 kms. But does not exceeds 240 kms: Rs.781.20/-p.q.</p> <p>Exceeds 240 kms. But does not exceeds 320 kms: Rs.913.50/-p.q.</p> <p>Exceeds 320 kms: Rs.995.40/-p.q.</p>	<p>Vehicle permitted to carry more than six passengers and plying as contract carriages covered under All India Tourist Permit issued under Section 88(9) of the Motor Vehicles Act, 1988 for every passenger other than the driver and conductor / Attendant which the vehicle is permitted to carry. : Rs. 3675/-p.q.</p> <p>Vehicles permitted to carry more than six passengers and plying as contract carriages on inter state route (on All India Tourist Permit) on temporary permits under section 88(8) of the Motor Vehicles Act, 1988 and on inter state routes (i.e. within the state of Andhra Pradesh for every passenger) (other than driver) when vehicle is permitted to carry: Rs. 2625/-p.q.</p> <p>Contract Carriages plying within the home district and any one contiguous district for every passenger other than driver: Rs. 1207.50/-p.q.</p> <p>Idle contract carriages not covered by any permit plying on the strength of temporary / special permits issued under section 87 or sub-section 8 of section 88 of the Motor Vehicles Act per seat per quarter: Rs.892.50/-p.q.</p> <p>Contract Carriages with a seating capacity of 8 in all to 13 in all covered by intra-state or inter-state permit for every passenger other than driver the vehicle is permitted to carry: Rs. 630/-p.q.</p>
Assam	<p>Passenger vehicles used for Commercial purposes</p> <p>Description of vehicle</p> <p>Passenger carrying capacity of 3 or less persons (three</p>	<p>Omni Tourist Bus: Rs. 3500/-p.q.</p> <p>Deluxe Express Buses with passengers carrying capacity more than 30 (As specified by Govt. in the</p>

State	Stage Carriage	Contract Carriage
	<p>wheelers): Rs. 300/-p.q.</p> <p>Passenger carrying capacity of 4 person to 6 person (three wheelers): Rs. 600/-p.q.</p> <p>4 wheelers vehicle with passenger carrying capacity of 6 or less person licenced to operate in one city or region: Rs. 750/-p.q.</p> <p>4 wheelers vehicles with passenger carrying capacity of 6 or less and licenced to operate all over the State: Rs. 1350/-p.q.</p> <p>Vehicles with passengers carrying capacity of 7 to 12 persons: Rs. 1600/-p.q.</p> <p>Vehicles with passengers carrying capacity of 13 to 30 persons: Rs. 2200/-p.q.</p> <p>Vehicles with passengers carrying capacity of more than 30 persons: Rs. 2200+Rs. 23 for every additional seat above 30 per quarter.</p>	<p>Transport Department's Notification No. TMV. 251 / 97/01 dt.16.12.97): Rs.2500.00+Rs.25.00 for every additional seat above 31 per quarter.</p> <p>All Assam Super Deluxe contract carriage: Rs. 12500/-p.q.</p>
Bihar	<p>3-Wheeler with maximum seating capacity of 4 passengers (excluding the driver): Rs. 990/-p.a</p> <p>3-Wheeler with seating capacity of between 6 to 8 passengers (excluding the driver): Rs. 1,920/-p.a.</p> <p>4-Wheeler with maximum seating capacity of 4 passengers (excluding the driver): Rs. 1,030/-p.a.</p> <p>4-Wheeler with seating capacity of 6 to 8 passengers (excluding the driver): Rs. 4,800/-p.a.</p> <p>Maximum seating capacity of 5 passengers (excluding the driver): Rs. 1,250/-p.a.</p> <p>Seating Capacity more than 5 passengers (excluding the driver): Rs. 200/- per Seat per annum</p> <p>Motor cabs and Omni buses; Seating not more than 4 persons;</p> <p>Three wheelers: Rs.990/ p.a.</p> <p>Four wheelers: Rs.1030/- p.a.</p> <p>Seating capacity more than 4 persons upto 5: Rs.1250/-p.a.</p>	<p>Maximum seating capacity of 5 passengers (excluding the driver): Rs. 1,250/-p.a.</p> <p>Seating Capacity more than 5 passengers (excluding the driver): Rs. 200/- per Seat per annum</p>
Delhi	<p>Not more than 2 excluding driver: Rs. 305.00/-p.a.</p> <p>More than 2 & less than 4 exc. Driver & Conductor. Rs. 605.00/-p.a.</p> <p>More than 4 & less than 6 exc. Driver & Conductor. Rs. 1,130.00/-p.a.</p> <p>More than 6 & less than 18 exc. Driver & Conductor. Rs. 1,915.00/-p.a.</p> <p>More than 18 & above exc. Driver & Conductor. Rs. 1,915.00+ @ 280/- per passenger p.a.</p>	<p>For Air Lines or staff vehicles the rates are same as above of Commercial passengers vehicles.</p>
Chhattisgarh	<p><i>The vehicles run on hire/ returns and used for commutation of passengers. PER SEAT</i></p> <p>The vehicles licensed to carry more than three passengers (motorcycles/ autorikshaw / three wheelers/ four wheelers): Rs. 50/-p.q.</p> <p>The vehicles licensed to carry more than three but less than six passengers (three wheelers and four wheelers) ; having all India permit: Rs. 200/-p.q. and vehicle not having all India permit: Rs. 150/-p.q.</p> <p>The vehicles licenced as state carriage / contract carriage and carrying more than six passengers on city routes/ hinterland; express services: Rs.125/-p.q. and general services: Rs. 100/-p.q.</p> <p>The vehicles carrying more than six passengers and commuting on routes other than city routes</p> <p>the vehicles providing AC/ deluxe/ express services and where the vehicle commutes a distance of up to 100 km</p> <p>AC/Delux services: Rs. 250/-p.q.</p> <p>Express service : Rs. 200/-p.q.</p> <p><i>For every 10 Km beyond 100 Kms</i></p> <p>AC/Deluxe services: Rs. 20/- p.q.</p> <p>Express services: Rs. 10/- p.q.</p> <p>The vehicles licenced for general services</p> <p>Up to 100 kms: Rs. 160/-p.q.</p> <p>For every 10 km after 100 km: Rs. 10/-p.q.</p> <p>vehicles from other state licenced for providing AC/Delux/</p>	<p>vehicles having 'all India tourist permit under motor vehicles act 1988 section 88 sub section 9 as contract carriage.</p> <p>Tourists vehicles other than the maxi cab</p> <p>AC tourist bus: Rs 950/ seat per month</p> <p>Maxi cab: Rs 125/seat per month</p> <p>The vehicles licensed for carrying more than six vehicles and running in the state as contract carriage</p> <p>Maxi cab having capacity more than 6 and less than 12 passengers: Rs 300/ per seat p.q.</p> <p><i>Vehicle having capacity for more than 12 passengers</i></p> <p>for ordinary buses: Rs 500/seat per month and for AC/Deluxe Rs 600/seat per month</p> <p>Such vehicles, running on all India tourist permit issued by other states under motor vehicle act 1988, section 88 subsection 9</p> <p>Such vehicle run on regular basis as tourist vehicle: Rs 500/seat per month</p> <p>Not run as tourist vehicles for more than 6 nays in a month : Rs 600/seat per month</p>

State	Stage Carriage	Contract Carriage
	<p>express services and Where the license is countersigned under special contract. AC/ Deluxe services. For every 10 km Rs 20/seat per month Express services. For every 10 km Rs 15/seat per month where licence countersigned without mutual contract AC/Deluxe services: Rs 40/ seat per month and Rs 20/ seat for every 10 km For express services: Rs 40/ seat per month and Rs 15/ seat for every 10 km Vehicles from other state licenced for providing general services and Where the licence is countersigned under special contract. For every 10 km Rs 10/seat per month countersigned without mutual contract Rs 40/ seat per month and Rs 10/ seat for every 10 km Reserved coaches General buses: Rs 160/seat per month Express buses: Rs 180/seat per month AC/ Deluxe bus: Rs 230/seat per month Omni bus general bus: Rs 160/perseat per month express bus: Rs 180/ per seat per month AC/Delux bus: Rs 230 per seat per month</p>	
Goa	NA	NA
Gujarat	<p>Seating capacity up to 9: Rs. 1200/-p.a. seating capacity exceeding 9: Rs. 1200 + 80 per Seating + 40 per Standing per annum Taxi Cab seating capacity upto 4: Rs. 1200 seating capacity exceeding 4 upto : Rs. 1200 + 150 per seat exceeding 4 per annum</p>	<p>ORDINARY OMNI BUS : seating capacity upto 12: Rs. 1200/-p.a Seating capacity exceeding 12, upto 20: Rs. 3000/-p.a. Seating capacity exceeding 20: Rs. 3600/-p.a. LUXURY OMNI BUS : Seating capacity upto 20: Rs. 4620/-p.a. Seating capacity exceeding 20: Rs. 6000/-p.a. SLEEPER OMNI BUS : Seating capacity upto 20: Rs. 9000/-p.a. seating capacity exceeding 20: Rs. 12000/-p.a.</p>
Haryana	<p>Stage carriage plying for hire and used for the transport of passengers excluding the driver and conductor: Rs. 550.00 per seat subject to a maximum of 35,000 Stage carriage plying under a permit issued under Faridabad and Gurgaon City Private Bus Service Scheme, 2004: Rs. 18000.00 for half body bus per annum and 30000.00 for full body bus per annum</p>	<p>Contract carriage plying under a permit issued under Faridabad and Gurgaon City Private Bus Service Scheme, 2004: 18000.00 for half body bus per annum and 30000.00 for full body bus per annum Contract carriages owned by any religious institution and used by exclusively for the carriage of its personals or devotees as the case may be: Rs. 200.00/-p.a. per seat Maxi-cabs plying on contract carriage for hire or reward and used for the transport of passengers excluding the driver: Rs. 200.00 per seat Motor-cabs plying on contract carriage for hire or reward and used for the transport of passengers excluding the drivers. Rs. 100.00/- p.a per seat</p>
Himachal Pradesh	<p>Ordinary/express/semi Deluxe/Deluxe/Airconditioned Buses (for First Fifteen years from the date of Registration).- Rs.500/- Per Seat Per Annum(Subject to a maximum of Rs.35,000/- Per Annum.) Ordinary/express/semi Deluxe/Deluxe/Air-conditioned Buses (After Fifteen years from the date of Registration.- Rs.550/- Per Seat Per Annum(Subject to a maximum of Rs.35,000/- Per Annum.) Mini Buses (for First Fifteen years from the date of Registration). - Rs.500/- Per Seat Per Annum (Subject to a maximum of Rs.25,000/- Per Annum.) Mini Buses (After Fifteen years from the date of Registration. - Rs.550/- Per Seat Per Annum (Subject to a maximum of Rs.25,000/- Per Annum.)</p>	<p>Maxi Cab: Rs. 750/- Per Seat Per Annum(Subject to a maximum of Rs. 15,000/- Per Annum) Motor Cab: Rs. 350/- Per Seat Per Annum(Subject to a maximum of Rs. 10,000/- Per Annum) Auto Rickshaw: Rs.200/- Per Seat Per Annum(Subject to a maximum of Rs. 5,000/- Per Annum) Contract Carriage Buses: Rs.1000/- Per Seat Per Annum (Subject to a maximum of Rs. 35,000/- Per</p>
Jammu & Kashmir	<p>Bus with seating capacity 8 to 21 Passengers: Rs. 600/-p.q Bus with seating capacity 22 to 33 passengers: Rs. 1000/-p.q. Bus with seating capacity 34 passengers and more: Rs. 1100/-p.q.</p>	<p>Taxis/Auto Rickshaws Upto 5 seats: Rs.250/-p.q. More than 5 seats: Rs. 375/-p.q.</p>
Jharkhand	NA	NA

State	Stage Carriage	Contract Carriage
Karnataka	<p>Motor Vehicles other than those plying for hire and used for Transport of passengers.</p> <p>Vehicles permitted to carry (excluding driver)</p> <p>Note: in Notification No. HTD 74 TMT 2001 dated 02.08.2002, the tax payable in respect of Motor cabs (Meter taxi) permitted to carry not more than 5 passengers and complying with the requirements of Rule 128 of the KMV Rules, 1989, reduced to Rs. 60/0 per quarter w.e.f. 01.04.2002 : Rs. 60/-p.q.</p> <p>Not more than five passengers (motor cab) for every passenger: Rs. 100/-p.q.</p> <p>Vehicles permitted to carry more than 12 passengers (other than the driver and conductor) and plying exclusively on routes within the limits of cities and towns notified by the Government, for every passenger which the vehicle is permitted to carry. : Rs.300/-p.q.</p> <p>For every standing passenger, which the vehicle is permitted to carry : Rs. 100/-p.q.</p> <p>Vehicles permitted to carry more than 12 passengers (other than the driver and conductor)</p> <p>For every seated passenger, which the vehicle is permitted to carry: Rs. 500/-p.q.</p> <p>For every standing passenger which the vehicle is permitted to carry: Rs. 100/-p.q.</p> <p>Vehicles permitted to carry six passengers (Motor Cabs and maxi cabs):-</p> <p>Having a floor area not exceeding six square meters, for every square meter.: Rs. 750/-p.q.</p> <p>having a floor area exceeding six square meters for every square meter.: Rs. 700/-p.q.</p>	<p>Motor vehicles (Contract carriages) plying for hire or reward and constructed or adapted to carry more than 12 passengers (excluding driver and conductor/attendant) and complying with Rule 151(2) of the Karnataka Motor Vehicles Rules, 1989 for every passenger. : Rs. 1000/-p.q.</p> <p>Motor vehicles (Contract carriages) plying for hire or reward and constructed or adapted to carry more than 12 passengers (excluding driver and conductor/attendant) other than those liable to be taxed under item 5(a) (i) for every passengers. : Rs. 2500/-p.q.</p> <p>Motor Vehicles plying for hire or reward and constructed or adapted to carry more than 12 passengers (excluding driver and conductor/attendant) and complying with rule 151(2) of the Karnataka Motor Vehicles Rules, 1989 and covered by Special permit issued under section 88(8) of the Motor Vehicles Act, 1988 for every passenger. : Rs. 700/-p.q.</p> <p>Motor Vehicles (luxury buses) plying for hire or reward, constructed or adapted to carry more than 12 passengers (excluding driver and conductor/attendant) and complying with Rule 128 of Central Motor Vehicles Rules, 1989 or Motor Vehicles with permits granted under the Motor Vehicles (All India permit for Tourist – Transport Operators) Rules,1993,plying for hire or reward permitted to carry more than twelve passengers (Excluding driver and conductor/attendant). for every passenger: Rs. 2500/-p.q.</p> <p>Campers van used for hire or reward based on floor area for every square meter : Rs. 4700/-p.q.</p> <p>Motor Vehicles registered as sleeper coaches and permitted to carry more than 12 passengers (excluding the driver and conductor/attendant) for every sleeper which the vehicles is permitted to carry- : Rs. 3000/-p.q.</p>
Kerala	<p>Ordinary Services- For every seated passenger(other than driver and conductor) which the vehicle is permitted to carry- Rs. 600/- Per Quarter</p> <p>Fast Passenger and Express Services for every seated passenger (other than driver and conductor) which the vehicle is permitted to carry- Rs. 690/- Per quarter.</p> <p>For every Standing passenger the vehicle (whether ordinary, fast passenger or express service) is permitted to carry- Rs. 210/- Per Quarter</p> <p>For every Standing passenger if the vehicle with only city/town permit(whether ordinary, fast passenger or express service) is permitted to carry- Rs. 150/- Per Quarter</p>	<p>Not more than two passengers (Auto rickshaw)</p> <p>Three passengers (Auto rickshaw); Petrol driven: Rs.120/-p.q. and Diesel driven: Rs. 130/-p.q.</p> <p>More than 3 passengers but not more than 6 passengers other than tourist motor cabs (motor cab) Petrol driven: Rs.240/-p.q., and Diesel driven: Rs. 260/-p.q</p> <p>More than 6 passengers but not more than 12 passengers for every passenger Petrol driven: Rs.310/-p.q., and Diesel driven: Rs. 330/-p.q</p> <p>Vehicles permitted to operate within the State more than 12 passengers but not more than 20 passengers for every passenger.</p> <p>More than 20 passengers, for every passenger Petrol driven: Rs.530/-p.q., and Diesel driven: Rs. 750/-p.q</p> <p>Vehicles operating Inter-State more than 12 passengers, for every passenger: Rs.1540/-p.q.</p> <p>Tourist motor cabs Petrol driven: Rs.320/-p.q. Diesel driven: Rs. 340/-p.q</p>
Madhya Pradesh	<p>Vehicle Permitted to carry more than 6 passengers and plying as stage carriage on city routes/on adjacent area as notified by the State Government- Rs.80/- Per Quarter.</p> <p>In respect of vehicle permitted to ply as express service for every passengers which the vehicle is permitted to carry.- Rs. 60/- Per Quarter</p> <p>In respect of vehicles permitted to ply as air-conditioned service or deluxe or express service for every passengers which the vehicle is permitted to carry and where the total distance permitted to be covered by the service in a day- Does not exceeds 100 KM (for air –conditioned/deluxe service) – Rs. 250/- Per Seat Per Month</p> <p>Does not exceeds 100 KM (for express service)- Rs.200/- Per Seat Per month</p> <p>There after for each 10 KM or part thereof- (for air –</p>	<p>Vehicle permitted to carry more than six passengers and plying as contract carriage covered by all India tourist permit issued by Madhya Pradesh State under sub-vehicles (9) of section 88 of the motor vehicle Act. 1988 for which the vehicle is permitted to carry-</p> <p>For maxi cab vehicle having capacity Exceeding six and upto 12(excluding driver)- Rs 150/- per seat per month or lump sum</p> <p>tax at the rate of 10 percent of the cost of a new vehicle recoverable in two equal installments in a year. And 5 percent of the cost of older vehicles for which life time tax has already been paid.</p> <p>For vehicles having more than twelve seats (excluding driver)- Rs 800/- per seat per month</p>

State	Stage Carriage	Contract Carriage
	<p>conditioned/deluxe service) – Rs. 20/- Per Seat Per Month There after for each 10 KM or part thereof- (for express service) – Rs. 15/- Per Seat Per Month In respect of vehicles permitted to ply as ordinary service for every passenger which the vehicle is permitted to carry and where the total distance permitted to be covered by a vehicle in a day- Does not exceeds 100 KM- Rs. 160/- Per Seat Per Month There after for each 10 KM or part thereof- Rs. 10/- Per Seat Per Month</p>	<p>Vehicle permitted to carry more than six passengers and playing with in the state as contract carriage for each seat (other than the driver) which the vehicle is permitted to carry- For maxi cab vehicle having seating capacity exceeding six and upto 12 (excluding driver)- Rs.300/- Per Seat Per Quarter For vehicle having more than twelve seat (excluding driver)- For ordinary bus- Rs.500/- Per Seat Per Month For air-conditioned bus /deluxe bus - Rs.600/- Per Seat Per Month</p>
Maharashtra	<p>Stage Carriage Rs.71/- per seat per annum+ Rs. 18/- per standee per annum</p>	<p>Ordinary Buses-Rs.1500/-per seat per annum Tourist Buses-Rs.5500/- per seat per annum Air-condition Buses Rs.6500/-per seat per annum Sleeper Coaches (A/C) Rs.7500/-per seat per annum Non-A/C Sleeper Coaches Rs.5000/-per seat per annum School buses-1/3rd of the tax leviable for contract carriage buses Buses on Special permits Rs.5000/-- per seat per annum</p>
Manipur	<p><u>Motor Vehicles fitted with pneumatic tyres</u> IX. Motor Vehicle plying for hire or reward for the conveyance of passengers and light personal luggage of passenger under this Article: (a) Licence to carry in all not more than two (excluding driver) & conductor) Rs.100/-p.a (b) Licence to carry in all more than two but not more than four passengers (excluding driver & conductor): Rs.200/-p.a. (c) Licence to carry in all more than four but not more than six passengers (excluding driver & conductor): Rs.300/-p.a. (d) Licence to carry in all more than six but not more than eight passengers (excluding driver & conductor): Rs.400/-p.a. (e) Licence to carry in all more than eight but not more than twelve passengers (excluding driver & conductor): Rs.600/-p.a. (f) Licence to carry in all more than twelve but not more than sixteen passengers (excluding driver & conductor): Rs.1000/-p.a. (g) Licence to carry in all more than sixteen passengers (excluding driver & conductor): The rate specified in (f) above plus Rupees eighty for every additional passenger every year (or Rs.20/-every quarter) beyond 16 passengers.</p>	<p>Mini Bus (>12 seats <23): Rs.240.00/-p.q. Jeep Taxi (maxi cab): Rs.240.00/-p.q. Jeep Taxi (<12 seats & other taxis): Rs.200.00/-p.q. Tempo: Rs.125.00/-p.q. Auto Rickshaw: Rs. 75.00/-p.q.</p>
Meghalaya	<p>Mini Bus (upto 30 seats) for every seat authorised to carry passenger: Rs.25/-p.q. Omni Bus (above 30 seat) for every seat authorised to carry passenger: Rs.20/-p.q.</p>	<p>(Permit issued by STA for State permit or National Permit) Tourist Taxi Cabs (authorised to carry not more than 6 passengers):. Rs. 360/-p.q. Tourist Maxi Cabs – (authorised to carry more than 6 but not more than 12 passengers): Rs. 750/- Tourist Buses For every seat authorized to carry passenger: Rs. 30/-p.q. Auto Rickshaws, Jeeps, Taxis - (Permit issued by RTAs) Auto rickshaws: Rs. 50/-p.q. Taxi Cabs: Rs. 115/-p.q. Maxi Cabs: Rs. 500/-p.q. Jeeps: Rs. 45/-p.q. Station wagons: Rs. 175/-p.q.</p>
Mizoram	<p>Auto Rickshaw Rs. 250/-p.a Buses Rs. 100/-per seat annual (excluding two seats) Night buses Rs. 150/- per seat annual (excluding two seats)</p>	<p>Tourist Taxi to carry 5 persons Rs. 2000/-p.a Taxi to carry 5 persons (4+1) Rs. 700/-p.a Maxi cab Rs. 2000/-p.a.</p>
Nagaland	NA	NA

State	Stage Carriage	Contract Carriage
Orissa	<p>Stage Carriages - Tax for seating person excluding driver & conductor plying for hire and used for conveyance of passengers (Tax per seating per annum+ Addl. tax per seating per annum)</p> <p>Kms covered per day upto 160 kms as Ordinary: Rs.172/- p.a. + Rs.576/-p.a. Express: Rs.172/- + Rs.895/- Deluxe: Rs.172/- + Rs.1164/-</p> <p>Kms covered per day 161-240 Kms as Ordinary: Rs.196/- p.a. + Rs.720/- Express: Rs.196/- + Rs.1120/- Deluxe: Rs.196/- + Rs.1456/-</p> <p>Kms covered per day 241-320 Kms as Ordinary: Rs.245/- + Rs.955/- Express: Rs.245/- + Rs.1550/- Deluxe: Rs.245/- + Rs.2015/-</p> <p>Kms covered per day exceeding 320 kms as Ordinary: Rs.294/- + Rs.1146/- Express : Rs.294/- + Rs.1746/- Deluxe: Rs.294/- + Rs.2270/- Per Standee: Rs.152/- p.a.</p>	<p>Tax per seating per annum+ Addl. tax per seating per annum</p> <p>Seating capacity upto 3: Rs. 148/-p.a. Seating capacity between 4 – 25: Rs.307/- p.a. + Rs. 413/- p.a. Seating capacity exceeding 25: Rs. 768/-p.a. + Rs. 1032/-p.a.</p>
Punjab	<p>Ordinary Bus: Rs.650/- Per Seat per annum Road Tax plus SRT0.0518 paisa per seat per KM per day Express Bus: Rs.650/- Per Seat per annum Road Tax plus SRT 0.0719 paisa per seat per KM per day Semi Deluxe Bus: Rs.650/- Per Seat per annum Road Tax plus SRT 0.0863 paisa per seat per KM per day Deluxe Bus: Rs.650/- Per Seat per annum Road Tax plus SRT 0.1150 paisa per seat per KM per day A.C Bus: Rs.650/- Per Seat per annum Road Tax plus SRT 0.1438 paisa per seat per KM per day Mini Bus: Rs.7500/- p.a. Road Tax plus SRT Rs. 20,000/ Year</p>	<p>1 to 15 seats: Rs.200/Seat Road Tax per year plus SRT Rs.800/- per day for ordinary, Rs. 1200/- per day for deluxe, and Rs.1600/- per day for A.C. 16 to 30 seats: Rs.200/Seat Road Tax per year plus SRT Rs.1200/- per day for ordinary, Rs. 1600/- per day for deluxe, and Rs.2000/- per day for A.C. 31 to 54 seats: Rs.200/Seat Road Tax per year plus SRT Rs.1600/- per day for ordinary, Rs. 2000/- per day for deluxe, and Rs.2400/- per day for A.C. Vehicle More Than 6 seats: Rs.39.05 /Seat Road Tax per year plus SRT Rs. 10000/-p.a. for ordinary, Rs.20000/-p.a. for Deluxe, and Rs.25000/-p.a. for A.C. Tourist Bus: Rs.650/Seat Road Tax/ Year plus SRT Rs. 200000/-p.a. for ordinary, Rs.250000/- p.a. , and Rs.288000/-p.a.</p>
Rajasthan	<p>Purchased as Complete Vehicle: Cost of vehicle upto Rs. 4 lakh – 4.5% of the cost of vehicle (maximum of Rs. 12000) (Annual Road Tax) + Special Road Tax as applicable Cost of vehicle above Rs. 4 lakh –7.0% of the cost of vehicle (maximum of Rs. 12000) (Annual Road Tax) + Special Road Tax as applicable</p> <p>Purchased as Chassis : Cost of Chassis upto Rs. 4 lakh – 5.0% of the cost of vehicle (maximum of Rs. 12000) (Annual Road Tax) + Special Road Tax as applicable Cost of the Chassis above Rs. 4 lakh – 10.0% of the cost of vehicle (maximum of Rs. 12000) (Annual Road Tax) + Special Road Tax as applicable</p> <p><u>Special Road Tax</u> Stage carriage plying exclusively within municipal limits/U.I.T. Limits (Annual) Cost of vehicles Purchased as complete vehicle Cost of vehicle 0 to 2 lacs @1.2% of cost of vehicles Cost of vehicle 2.01 to 4.00 lacs @ 1.5% of cost of vehicles Cost of vehicle More than 4 lacs @ 1.5% of cost of vehicles</p> <p>Purchased as a chassis Cost of chassis 0 to 2 lacs @0.7% of cost of chassis Cost of chassis 2.01 to 4.00 lacs @ 0.7% of cost of chassis Cost of chassis More than 4 lacs @ 0.8% of cost of chassis Note: Maximum limit of road tax + SRT for vehicles with seating capacity of 26 in all is Rs. 4,000, 27 to 32 in all is Rs. 5,000 and for more than 32 in all is Rs. 10,000. Monthly rate of special road tax on stage carriage plying exclusively on sub-urban routes:</p>	<p>Lump sum tax on three wheelers Seating Capacity 3 in all : 8% of the cost of vehicle/chassis (Rs. 3000/- maximum) Seating Capacity 4 in all: 9% of the cost of vehicle/chassis (Rs. 6000/- maximum) Seating Capacity 5 in all: 10% of the cost of vehicle/chassis (Rs. 8000/- maximum)</p> <p><u>Road tax on four wheelers</u> Purchased as Complete Vehicle: Cost of vehicle upto Rs. 4 lakh – 4.5% of the cost of vehicle (maximum of Rs. 12000) (Annual Road Tax) + Special Road Tax as applicable Cost of vehicle above Rs. 4 lakh –7.0% of the cost of vehicle (maximum of Rs. 12000) (Annual Road Tax) + Special Road Tax as applicable</p> <p>Purchased as Chassis : Cost of Chassis upto Rs. 4 lakh – 5.0% of the cost of vehicle (maximum of Rs. 12000) (Annual Road Tax) + Special Road Tax as applicable Cost of the Chassis above Rs. 4 lakh – 10.0% of the cost of vehicle (maximum of Rs. 12000) (Annual Road Tax) + Special Road Tax as applicable</p> <p><u>Special Road Tax</u> Rate of special road tax for vehicles plying on other than tourist permits: Purchased as vehicle Seating capacity Upto 5 in all Special Road tax @ 0.80% of cost Seating capacity 6 to 9 in all Special Road tax @ 1.75% of cost Seating capacity 10 in all Road tax @ 3.0% of cost</p>

State	Stage Carriage	Contract Carriage
	<p>Seating Capacity upto 27 Purchased as chassis @ 0.73% of the cost Purchased as vehicle @ 0.53% of the cost Seating Capacity more than 27 Purchased as chassis: Ordinary@0.73% of the cost and Deluxe @ 0.37% of the cost Purchased as vehicle: Ordinary @ 0.50% of the cost and Deluxe @ 0.25% of the cost Monthly rate of SRT on stage carriages plying on rural routes of the state other than those owned by a fleet owner: Distance required to be covered by the service in one day Upto 200 Km. 0.20% of the cost of chassis 201 to 400 Km. 0.25% of the cost of chassis More than 400 Km. 0.30% of the cost of chassis Monthly rate of special road tax on stage carriage of the state other than owned by a fleet owner: Distance required to be covered per day Upto 150 Km. Seating Capacity 47 in all : Purchased as chassis @0.450% and Purchased as vehicle @ 0.315% More than 47 in all : Purchased as chassis @0.0.550% and Purchased as vehicle @ 0.0.385% Distance required to be covered per day More than 150 Km. Seating Capacity 47 in all : Purchased as chassis @0.130% for additional 25 km or part thereof in addition to rates as specified above Purchased as vehicle @ 0.091% for additional 25 km or part thereof in addition to rates as specified above More than 47 in all : Purchased Purchased as chassis @0.180% for additional 25 Km or part thereof in addition to rates as specified above Purchased as vehicle @ 0.126% for additional 25 Km or part thereof in addition to rates as specified above Monthly rate of SRT on stage carriage buses owned by a fleet owner Stage carriages other than those plying exclusively within municipal limits: 2.05% of the cost of the chassis of entire fleet of vehicles used or kept for use a stage carriage in the fleet, including vehicles hired by the owner during the month to which the tax relates subject to maximum limit of Rs. 25000 per month per vehicle. 1.05% of the costs of vehicle of entire fleet of vehicles used or kept for use a stage carriage in the fleet, including vehicles hired by the owner during the month to which the tax relates subject to maximum limit of Rs. 25000 per month per vehicle.</p>	<p>Seating capacity 11 to 14 in all Special Road tax @ 6.0% of cost Seating capacity 15 to 22 in all Special Road tax @9% of cost Seating capacity 23 to 32 in all Special Road tax @12% of cost Seating capacity 33 to 42 in all Special Road tax @16% of cost Seating capacity More than 42 in all Special Road tax @18% of cost Rate of special road tax for vehicles plying on other than tourist permits: <u>Purchased as Chassis</u> Seating capacity 11 to 14 in all Special Road tax @ 6.0% of cost Seating capacity 15 to 22 in all Special Road tax @12% of cost Seating capacity 23 to 32 in all Special Road tax @18% of cost Seating capacity 33 to 42 in all Special Road tax @21% of cost Seating capacity More than 42 in all Special Road tax @24% of cost Rate of special road tax on vehicles plying on Tourist Permits of this State: Purchased as vehicle Seating Capacity upto 5 in all: @0.80% of cost Seating Capacity 6 to 9 in all: @1.75% Seating Capacity 10 in all: @3.0% Seating Capacity 11 to 14 in all: @6.0% Seating Capacity 15 to 22 in all: @ 14% Seating Capacity 23 to 32 in all: @ 22% Seating Capacity More than 32 in all: @ 22% Four wheeled sleeper coaches Seating Capacity 23 to 32 in all: @ 20% Seating Capacity 33 to 42 in all: @ 24% More than 42 in all: @ 28% Purchased as chassis Seating Capacity 11 to 14 in all: @6.0% Seating Capacity 15 to 22 in all: @ 16% Seating Capacity 23 to 32 in all: @ 30% Seating Capacity More than 32 in all: @ 36% Four wheeled sleeper coaches Seating Capacity 23 to 32 in all: @ 30% Seating Capacity 33 to 42 in all: @ 36% More than 42 in all: @ 42%</p>
Sikkim	<p>Maxi cab, each seat based on seating capacity noted in the registration certificate provided that the maxi cab shall have a state carriage permit duly issued by the concerned Transport Authority: : Rs. 230.00/- p.a. For other vehicles, each seat based on the seating capacity noted in the registration certificate: Rs. 125.00/- p.a.</p>	<p>seating capacity upto 4 seats For three wheelers: Rs. 260.00/-p.a. For meter taxi : Rs. 600.00/-p.a. For vehicle other than meter taxi: Rs. 800.00/-p.a. Seating capacity more than 4 seats Meter taxi upto 5 seats: Rs. 800.00/-p.a. other than meter taxi: Rs. 1050.00/-p.a. For five seats plus: Rs. 225.00 for each additional seat beyond five. seating capacity of 4 persons including driver: Rs. 3250/- Seating capacity beyond 4 upto 7 persons: Rs. 3250/- for 4 plus Rs. 250/-including driver for every additional seat upto 7 including driver.</p>

State	Stage Carriage	Contract Carriage
Tamil Nadu	<p><i>Plying exclusively within the Chennai Metropolitan area: Rs.80/- p.q. plus Rs.20/- p.q. surcharge per seat</i></p> <p><i>Town Service Quarterly : Rs.325/- plus 10% surcharge per seat</i></p> <p><i>Mofussil Service Quarterly : Rs.400/- plus 25% surcharge per seat</i></p> <p><i>Express Service Quarterly : Rs.400/- plus 25% surcharge per seat</i></p> <p>Mini Bus Based on Seating Capacity : Rs.160/- + 25% Surcharge per seat per seat Quarterly Rs.100/- plus 25% surcharge in Ghat Section.</p>	<p>Omni Bus: Rs.3000/- per seat per quarter</p> <p>Maxi cab: Rs.275/- per seat per quarter</p> <p>Maxi cab (6 +1): Rs.500/- per seat per quarter</p> <p>Tourist Motor Cab: Rs.6500/- for 5 years</p> <p>Motor Cab (Ordinary): Rs.4000/- for 5 years</p> <p>Autorickshaw: Rs.1400/- for 5 years</p> <p>Share Auto rickshaw: Rs.4000/- for 5 years</p>
Tripura	<p>Annual tax on vehicle with seating capacity</p> <p>Not less than 8 but not more than 26: Rs. 425.00 for 8 plus Rs. 50.00 every seat beyond 8 and upto 26</p> <p>More than 26 but not more than 52.: Rs. 1420.00 for 27 plus Rs. 42.00 for every addl. seat beyond 27.</p>	<p>Annual tax on vehicle with seating capacity</p> <p>Not more than 3 passengers: Rs.150.00</p> <p>Not more than 5 passengers: Rs.400.00</p> <p>More than 5 passengers: Rs. 400.00 for 5 plus Rs. 40.00 for every additional seat beyond 5</p> <p>Tourist Cab upto 6 seats: Rs.500.00</p> <p>Tourist vehicle with more than 6 seats and upto 12 seats: Rs.1500.00</p> <p>Tourist Bus with more than 12 seats but upto 36 seats: Rs.5200.00</p>
U.P	<p>Seating capacity not more than three persons: Rs.95/-p.q.</p> <p>Seating capacity four persons: Rs.185/-p.q.</p> <p>Seating capacity for more than four but not more than six; Three wheelers: Rs.185/-p.q.and the other: Rs.230/-p.q.</p> <p>With seating capacity for more than six persons but not more than twelve persons exclusive of the driver: if intended for use on "A-Class" route; Rs. 350/-p.q. if intended for use on "B-Class" route; Rs. 201/-p.q.</p> <p>With seating capacity for more than twelve persons but not more than twenty persons exclusive of the driver: if intended for use on "A-Class" route; for the first twelve seats-Rs. 350/-p.q. and for every additional seats- Rs.30/-p.q. if intended for use on "B-Class" route; for the first twelve seats- Rs. 201/-p.q. and for every additional</p> <p>seats- Rs. 8/-p.q.</p> <p>With seating capacity for more than twenty persons but not more than thirty five persons exclusive of the driver: if intended for use on "A-Class" route; for the first twenty seats- Rs. 590/-p.q. and for every additional seats- Rs. 35/-p.q. if intended for use on "B-Class" route; for the first 20 seats- Rs. 265/-p.q. and for every additional seats- Rs. 11.50/-p.q.</p> <p>With seating capacity for more than thirty five persons exclusive of the driver: if intended for use on "A-Class" route; Rs. 1115.00+ Rs. 45.00 for every seat in excess of thirty five seats , if intended for use on "B-Class" route; Rs. 438.00+ Rs. 17.00 for every seat in excess of thirty five seats</p> <p><u>Rates of Additional Tax on each seat:</u> <i>Provided that the additional tax on a stage carriage operating within the limits of a corporations or a municipality shall be Rs. 4,620.00 per quarter in respect of a stage carriage having not more than 35 seats and Rs. 6,600.00 per quarter in respect of a stage carriage having more than 35 seats.</i></p> <p><u>Distance run in a Quarter (In Kms)</u> Upto 5700 On 'A' class routes Rs. 256/-p.q. and on 'B' class routes Rs.288/-p.q Exceeding 5700 but not exceeding 7200 On 'A' class routes Rs. 325/-p.q. and on 'B' class routes Rs. 361/-p.q. Exceeding 7200 but not exceeding 9000 On 'A' class routes Rs. 376/-p.q. and on 'B' class routes Rs. 393/-p.q.</p>	<p>Motor Cab:For Vehicles with seating capacity of 3 persons excluding driver: Rs. 300/-p.q.</p> <p>For vehicles with seating capacity of more than 4 persons but not more than 6 persons excluding driver: Rs. 600/-p.q.</p> <p>For vehicles excluding above: Rs.200/-p.q.</p> <p>Maxi Cab: Rs. 10000/-p.q.</p> <p>For vehicles with seating capacity for more than 12 persons but not more than 20 persons exclusive of the driver and conductor: Rs. 16588/-p.q.</p> <p>For vehicles with seating capacity for more than 20 persons but not more than 41 persons exclusive of the driver and conductor: Rs.22882/-p.q.</p> <p>For vehicles with seating capacity for</p> <p>more than 42 persons and above exclusive of the driver and conductor.: Rs.29815/-p.q.</p> <p>For Deluxe Bus: Rs.36042/-p.q.</p> <p>For Air-Conditioned Bus: Rs.41744/-p.q.</p>

State	Stage Carriage	Contract Carriage
	<p>Exceeding 9000 but not exceeding 11700 On 'A' class routes: Rs. 458/-p.q. and on 'B' class routes Rs. 511/-p.q. Exceeding 11700 but not exceeding 14400 On 'A' class routes: Rs. 565/-p.q. and on 'B' class routes Rs. 630/-p.q. Exceeding 14400 but not exceeding 18000 On 'A' class routes Rs. 705/-p.q. and on 'B' class routes Rs.787/-p.q. Exceeding 18000 On 'A' class routes Rs. 705.00 + 265.00 for every 5700 kms. Per quarter or part thereof and on 'B' class routes Rs. 787.00 + 288.00 for every 5700 kms. or part thereof</p>	
Uttaranchal	<p>Seating capacity not more than three persons: Rs.95/-p.q. Seating capacity four persons: Rs.185/-p.q. Seating capacity for more than four but not more than six; Three wheelers: Rs.185/-p.q.and the other: Rs.230/-p.q. With seating capacity for more than six persons but not more than twelve persons exclusive of the driver: if intended for use on "A-Class" route; Rs. 350/-p.q. if intended for use on "B-Class" route; Rs. 201/-p.q. With seating capacity for more than twelve persons but not more than twenty persons exclusive of the driver: if intended for use on "A-Class" route; for the first twelve seats-Rs. 350/-p.q. and for every additional seats- Rs.30/-p.q. if intended for use on "B-Class" route; for the first twelve seats- Rs. 201/-p.q. and for every additional seats- Rs. 8/-p.q. With seating capacity for more than twenty persons but not more than thirty five persons exclusive of the driver: if intended for use on "A-Class" route; for the first 20 seats- Rs. 590/-p.q. and for every additional seats- Rs. 35/-p.q. if intended for use on "B-Class" route; for the first 20 seats- Rs. 265/-p.q. and for every additional seats- Rs. 11.50/-p.q. With seating capacity for more than thirty five persons exclusive of the driver: if intended for use on "A-Class" route; Rs. 1115.00+ Rs. 45.00 for every seat in excess of thirty five seats , if intended for use on "B-Class" route; Rs. 438.00+ Rs. 17.00 for every seat in excess of thirty five seats <u>Rates of Additional Tax on each seat:</u> Upto 4500 kms; Plain routes Rs.154.00/- p. q. per seat and Hill Routes Rs. 146.00/-p.q. per seat For each km exceeding 4500 kms Plain routes Rs.154.00/- p. q. per seat and Hill Routes Rs. 146.00/-p.q. per seat +0.04 per seat per km to be added after 4500 kms. For a vehicle operating within the limits of a corporation or municipality Upto 35 Seats: Rs. 4620.00/-p.q. per seat and More than 35 seats Rs. 6600/-p.q. per seat</p>	<p><u>Additional Tax</u> Three Wheeler with seating capacity not more than six persons excluding driver: Rs. 30/- per Seat per Month Taxicab: Rs.85/- per Seat per Month Maxicab: Rs.125/- per Seat per Month For a vehicle with seating capacity more than 12 persons exclusive of driver and conductor: Rs.160/- per Seat per Month Semi Deluxe Bus: Rs.200/- per Seat per Month Deluxe Bus: Rs.225/- per Seat per Month Air Conditioned Bus: Rs.255/- per Seat per Month</p>
West Bengal	<p>Maxi cab: Rs.230 per passenger Other :Rs. 125 per passenger</p>	<p>Taxi: Seating capacity up to 4: Rs.600/-p.a 3 wheeler: seating capacity up to 4: Rs.260/-p.a Others: seating capacity up to 4: Rs. 700/-p.a. Above 4: Rs. 900/-p.a.</p>

Toll Charges for Financing of Highways

Toll charges or toll taxes are user charges upholding the concept of the “user-pays”. Tolls are paid only when a particular facility is used and the tolls paid cover operating and maintenance costs as well as debt retirement of the facility. It is a form of pay-as-you use. This involves less cross-subsidy amongst road users and makes the incidence of tolls more visible and real to the user. Further, it permits rapid construction, inclusion of adequate operating and maintenance costs in the toll rates and the use of tolls as a form of congestion pricing.

Introduction

Developed and developing countries are finding it increasingly difficult to maintain their road systems and provide for road expansion. This is mainly because prevalent sources of funding are inadequate to meet the growing requirements. Given the persistent pressure on resources, often the need has been felt to explore more extensive use of alternatives i.e. unconventional sources of funding for road construction and maintenance. One such alternative is toll financing of roads which is in limited use in the United States and in some countries of Europe and Asia. A significant number of toll roads have been built since World War II particularly in France, Italy, Japan, Spain, Portugal and the United States. In these countries, toll roads actually form a system of roads which, in general, is crucial, though its proportion in the total road system is often minimal.

Historically, toll road project financing has been based on estimates of future toll revenue. However, increasing cost and rising

interest rates have placed severe restrictions on this approach. Few recent projects have been financed without support or participation from other sources of revenue. Thus, traditional concepts have changed and also continue to change to meet new conditions and requirements. Against the background of the toll road experience in several countries, India has also started using this method of financing road network.

Road Network Scenario

India has a vast network of National Highways (NHs) totaling 70,548 km and connecting important towns, cities, ports and industrial centres of the country. For the purpose of management and administration, roads in India are divided into National Highways (NH), State Highways (SH), Major District Roads (MDR), Other District Roads (ODR), and Village Roads (VR)¹.

The National Highways are intended to facilitate medium and long distance inter-city passenger and freight traffic across the country. The State Highways are supposed to carry the traffic along major centres within the State. Other District Roads and Village Roads provide villages accessibility to meet their social needs as well as the means to transport agriculture produce from village to nearby markets. Major District Roads provide the secondary function of linkage between main roads and rural roads.

National Highways constitute only about 2% of the road network but carry about 40% of the total road traffic. While the traffic on National Highways has been growing at a rapid pace, it has not been possible for the Government to provide matching funds due to competing demand from other priority sectors. This has led to a large number of deficiencies in the network. Many sections of the national highways are in need of capacity augmentation by way of widening grade separation, construction of bypass bridges and expressways etc. Many bridges are in need of replacement. The traffic movement on national highways is also hindered due to a large number of rail-road crossings where road traffic is forced to stop due to the frequent closures. The overall scenario on the highways has

¹ The Road network in India is extending to 33 lakh kms. The different type of roads are as follows: Expressways 200 km, National Highways 70,548 km, State Highways 1,31,899 km, Major District Roads 4,67,763 km, and Rural and Other roads 26,50,000 km.

led to economic losses due to the longer time taken by the vehicles, rising vehicle operating costs, and dissipation of human energy while driving.

The Government of India, in consonance with its general policy of liberalization (globalization) of the country's economy now welcomes private investment in National Highways. This has been done to motivate the inflow of resources for the development, maintenance and management of national highways and to improve their efficiency, productivity and quality of service. This will also bring in competitiveness in providing highway services to the road users. The Indian Government hopes that this measure will facilitate improvement of the existing highways and bring in the latest technology and improved management techniques. The users are already accustomed to pay fee for the use of bridges on national highways for the last two decades. Other highway projects have also been awarded to the private sector recently and the experience gained in the process has been utilized in framing these guidelines.

Existing System of Management of Roads: Roads are primarily funded through budgetary allocations. Central Government provides funds for national highways and State Government for other roads. Presently the total allocations, Central and State, available for road development are to the tune of Rs 110 billion, which is just 42% of the total transportation revenue received by the Government. This indicates the inefficiency of our system which consumes 58% of the total revenue received by the transportation sector. The amount will be used for partly financing the Rs 54,000 crore (at 1999-2000 prices) project, which entails four-six laning of 13,252 km of national highways in the country. The remaining portion, amounting to Rs 14,000 crore, would come from market borrowings and through private participation. National Highway Authority of India (NHAI) would raise Rs 13,500 crore through market borrowings over the next four years, of which Rs 663 crore have already been raised through two tranches of capital gains exempt bonds.

Development of roads and highways has been taken up by the Union Government as a major step in augmenting the infrastructure of the country. For the financing of the Rs 54,000 crore National Highway Development Project (NHDP), the NHAI has been authorized to issue bonds.

The development, maintenance and management of National Highways are carried out by the Central Government under the provisions

of National Highways Act, 1956. The Act has been amended in June, 1995 to permit private sector participation.

The National Highways Act, 1956, empowers the Central Government to enter into agreement with any person capable of financing with his own resources the development and maintenance of National Highways. Upon expiry of the concession period, the right of the person to collect the fee and his obligation to operate and maintain the project will cease and the facility will stand transferred to the Central Government.

The Central Government has decided that the policy of privatization of National Highways will be implemented by the National Highways Authority of India (NHAI). In exceptional cases, the Central Government may also assign the functions of the implementing agency (IA) to the States. NHAI was established under the National Highways Authority of India Act, 1988, but was operationalised in February 1995. It is an autonomous body with executive responsibility for the development, maintenance and operation of National Highways and associated facilities vested in it by the Ministry of Surface Transport. It is intended to take over the management of the entire National Highways on an agency basis in a phased manner.

Statutes and Institutional Structure: In order to improve the road network on a country wide level, the NHDP was set up by the Prime Minister's Office (PMO). The NHDP is the largest highway project ever undertaken by the country to be implemented by the NHAI. The project aims to develop the Golden Quadrilateral and the North South as well as the East West corridor as these are the high volume sectors carrying a substantial portion of the road traffic in India.

Presently, National Highways are being developed, maintained and managed under an agency system. The execution of works and day-to-day management are looked after by the Public Works Department and those in the border areas are developed and maintained by the Border Roads Organization (BRO). The Ministry of Surface Transport (MOST), Govt. of India, has the overall responsibility (including planning, budgeting and standardization) for maintaining the National Highways.

Management of Highways Built through Private Investment: For the purpose of proper management of the highway stretch built through private investment, the enterprise will have powers to regulate and control the traffic on the highway stretch. This is in accordance with the

agreement between the Government and the enterprise. In order to reduce interference from other authorities, no sales tax and octroi barriers will be established on the highway stretch, but properly designed unified check barriers may be allowed at the inter-state borders located outside the right-of-way with proper entry/exit layouts.

Regulatory Framework: The Implementation Agency will carry out the regulatory functions. The upper limit of the user fee applicable for the initial years will be stipulated in the agreement together with the fee revision formula applicable for the subsequent years; the appropriate upper limit of fees shall be notified by the Government from time to time. The enterprise will be free to charge less than such notified fees. The Implementation Agency will ensure that the highway facility is available to all the users on equal terms and no user is charged more than the notified fee or harassed in any manner, and that the private facility does not result in the creation of private monopolies. The Implementation Agency will also ensure that the highway stretch is maintained to the proper standards. The Implementation Agency may carry out surprise and periodic checks, and in case of any default by the enterprise, suitable penalties on the defaulting enterprise may be imposed by the Implementation Agency.

The enterprises will be obliged to protect the national interests (like national security) whenever necessary and required. They will abide by various statutory requirements relating to protection of environment, safety etc.

Transfer of the Project to the Government: For the purposes of transfer, the project will consist of the assets built within the right-of way and the junction/inter-section areas and the enroute highway related facilities. At the end of the concession period, the project, in sound condition, shall be transferred by the enterprise to the Government free of any cost. The standards to which the project must conform to, at the time of its transfer to the Government, will be laid down in the concession agreement. Even after the transfer of the project to the Government, the Implementation Agency will continue to exercise control on the highway related developments at the entry/exit points and the advertisements.

Key Issues Facing the Road Sector:

Although the Indian transportation infrastructure is one of the largest in the world, it is far from being the best. The population of the

country is almost four times that of the U.S. and has one of the highest growth rates in the world. The existing transportation system is not adequate to sustain the current rates of economic and industrial development in the country. Demand has constantly outstripped the supply of transportation over the last fifty years. Compared to the U.S., the amount of freight traffic carried by highways in India is quite meagre. This is partially due to poor surface quality of the roads. The Indian automobile industry today manufactures a large variety of multi-axle vehicles with turbo-charged engines, but most of these are currently exported. The Indian industry needs large freighters to transport goods. The automobile industry has necessary facilities to manufacture these in sufficient quantities. The inadequate road infrastructure hence acts as an economic bottleneck impeding the growth of both of these industries.

Financing Highway Development

The road sector in India has relied entirely on budgetary resources, which stagnated at about 3 per cent of the total plan expenditure. In absolute terms, the funds allocated have proved grossly inadequate. Given the emphasis on expansion of basic social services coupled with the pressure on fiscal deficit, any major shift of budgetary resources in favor of highways seems unlikely, and cannot in any case be justified in the overall context of Government's commitment to commercialize infrastructure services.

It is felt that the budgetary resources of the government should be deployed mainly for leveraging private capital and market borrowings, and for up gradation and strengthening of the two-lane and single-lane highways.

For several years, it was believed that like elsewhere in the world, highways in India could not be tolled unless a free alternative was provided. This argument is certainly valid for local users who depend on a highway as their only means of transportation. However, for commercial traffic and cars plying between two cities, improved services for a small fee can hardly be questioned if such a fee is earmarked for servicing the investment on augmentation and upkeep of the respective highway. It is only through the levy of toll (user) charges that the Government will be able to develop the national highways on a sustainable basis, and attract the requisite private investment for this purpose. The toll charges could be real tolls, shadow tolls or in terms of annuity schemes, as given below:

Shadow tolls: While toll charges are paid by the users, 'shadow' tolls (as opposed to real tolls) are those paid by the Government and not by the user. Shadow toll projects are predicted on recovery of user charges for the use of the highway by each vehicle in accordance with a pre-determined tolling structure.

Annuity Scheme: The annuity scheme, a modified version of shadow tolls, has also been in debate during the recent past. Under this arrangement, payments to the BOT concessionaire are determined in absolute terms, irrespective of the number vehicles using the highway.

Shadow toll and annuity payments essentially entail budgetary funding on a deferred basis. In the Indian context, the constraint of budgetary allocations, present as well as future, makes both options unviable as these can at best sustain only a fraction of the highway development programmes.

It should be recognized that the shadow toll and annuity schemes are predicated on private entities setting up the project companies and raising resources from the market for funding their respective projects. The debt as well as the equity deployed by such companies would be significantly costlier as compared to the debt raised by the Government/NHAI. The shadow toll/annuity scheme would, therefore, imply a comparatively smaller programme as compared to an arrangement where funds are raised and serviced by the Government/NHAI since the size of either programme will have to be capped by the ability of the Government/NHAI to contract deferred payments. It may be argued that the higher cost of private capital will be offset by efficiency gains, but this proposition would need to be closely scrutinized in the context of the emerging framework and practices.

It is argued that the resources required for development of the national highways can be raised by private entrepreneurs who will be compensated by way of annuity payments, which in turn will be sustained by a cess on fuels. Alongside, some of the highways are proposed to be funded through user-paid tolls. It seems doubtful whether, legally as well as from the economic stand point, the user of a road can be expected to pay a toll while the fruits of a cess recovered from him are enjoyed by a user in another State or region using the same class of road. It may rather be appropriate to use the cess mainly for two-laning and strengthening of highways across the country while all four-laning should be sustained by tolls.

Here it is important to note that if the cess is used to maintain the highways across the country, the issue of the cess collected in a State being used for some highways in another State which are in bad shape might lead to a conflict between the two States.

The more significant concern in relation to the shadow toll/annuity is the identification of toll roads and toll-free roads; it is difficult to visualize how the Government will be able to justify the toll roads in one State or region and build toll-free roads in another. The States subjected to toll roads may refuse to accept them if they find that no toll is being levied in another State or region. The political fall-out of such discrimination may also not be easy to deal with. In fact, even an experimental initiation of shadow tolls/annuity scheme may deal a fatal blow to the very concept of toll roads, which is still in its nascent stage in India.

The fallout of the shadow toll or annuity scheme would have its adverse impact on development of the state highways. If the Government of India were to abandon the commercialization of highways, it would be difficult for the State Governments to pursue development of highways. With the imposition of a cess on motor fuels by the Union Government, the State may not find it possible to tax fuels any further for raising resources to fund their highway programmes. A holistic view of the entire sector is, therefore, essential for ensuring a balanced and coordinated approach for restructuring the highways.

Reform and Restructuring of Highway Financing

The blue print for the national highway development should envisage four-laning of national highways in the first phase to be followed by six-laning, along with the setting up of service lanes, after a gap of 7-9 years. At the six-laning stage, access control may be introduced for effecting better traffic management and confining slow moving traffic to service lanes. At that stage, the national highways would be close to expressway standards, catering to a much greater volume of traffic. Given the resource constraints, phased development alone would be a sustainable option.

A programme of such magnitude can succeed only if a holistic approach is adopted towards reforms and the restructuring of the highways sector. First and foremost, the NHAI Act would have to be amended for empowering NHAI to grant BOT concessions to private entities. More teeth may also need to be provided to NHAI and BOT concessionaires for

managing and maintaining highways and the appurtenant lands. There is also need to modify the structure and operations of NHAI to make it more conducive to play a major role in the development of highways through BOT contracts.

Model Framework: Whatever is the nature and ownership of four-laning projects, the framework governing their operations would have to be uniform so as to provide an assured minimum level of service and safety to the users across the country. Ensuring a level playing field for all the investors would require that a common framework, whether owned by the Government/NHAI or by private entities, governs all project companies. An appropriate framework would also virtually eliminate the scope for increasing the liabilities of NHAI as compared to the present arrangement where the gap between the tender price of highway projects and their out-turn price is very wide and unsustainable. Such a framework would also save on time and transaction costs, besides imparting transparency and fairness.

In this context, it is important to note that a Model Concession Agreement has been prepared which deals with all the critical issues relevant to limited recourse financing of infrastructure projects, and tries to address equitably the concerns of all principal stakeholders, viz. the investor, lenders, Government and NHAI, with an emphatic orientation in favor of the user. It is expected that adoption of this framework would accelerate the pace of highway development by motivating both the NHAI as well as the prospective entrepreneurs to improve the performance and achieve the targets of growth and development of highways in India.

Public Private Partnership (PPP): The requirement of galloping resources and the concern for managerial efficiency and consumer awareness in recent times has led to an active involvement by the private sector. With a view to doing so, the Department of Road Transport and Highways has laid down comprehensive policy guidelines for private sector participation in the Highway sector. The Government has also announced several incentives such as tax exemptions and duty free import of road building equipment and machinery to encourage private sector participation in the Highway sector. It has been decided that all the sub-projects in NHDP Phase-III to Phase VII would be taken up on the basis of Public Private Partnership (PPP) on a Build, Operate and Transfer (BOT) mode or Annuity mode. The private sector participation envisaged in Phase II of NHDP has also been increased.

Revised strategy for implementation of the NHDP: A Committee on NHDP was constituted by the Prime Minister on 8th August, 2009, under the chairmanship of B.K. Chaturvedi with the proviso that the financing plan for 2010-11 onward would be considered by the Empowered Group of Ministers for further action, including such changes to the work plan as may become necessary.

Frame work for Commercialization of Highways: In the context of the NHDP, the framework for commercialization of highways as proposed by Mr. Gajendra Haldia has been studied to evolve a comprehensive policy for improving the private sector participation in the road sector. The Model Agreement, as proposed by him, takes into account the deficiencies in the present framework of private participation.

The model attempts to address the concerns of all the stakeholders like the investor, lenders, the Government and NHAI, with an emphatic orientation in favor of the user. The model proposes a phased development of the Project Highway to avoid huge capital commitment and thus encourage private participation. The agreement also provides for strict definition of technical parameters from the users point of view. Issues such as risk allocation, concession period and concession fee are clearly analyzed with special focus on encouraging private participation. It also provides for substantial flexibility to the Concessionaire in terms of operation, construction, monitoring and supervision. The obligations of the Concessionaire and the NHAI are clearly spelt out. Thus, the Model Agreement Framework has been well drafted and can be used as a foundation for developing policy initiatives for improving private participation in the roads sector.

User Fee

The agreement provides for indexation of user fees to the extent of 30% linked to WPI and exchange rate variations (20% indexed to WPI and 10% to exchange rate variations). A higher level of indexation is not being favored due to the following reasons:

- It would require users to pay more for a declining (more congested) level of service when they should be receiving the benefit of a depreciated fee;
- A higher indexation would also add to uncertainties in the financial projections;

- At the time of six-laning however, a one time increase in toll rates has been proposed for neutralizing inflation occurring between project commencement and the six- laning;
- Since the user fee has also been linked to the exchange rate variations, it allows the bidders to individually determine the extent of foreign equity and external loans that such a linkage would sustain;
- In order to improve the financial viability of the toll roads, a predetermined increase in user fee has been provided during the first 5 years. This is done to improve the revenue streams; and
- The user fee in the first year has not been kept at a very high level to avoid the risk of user resistance.

Finance Mechanism

Apart from financing projects from budgetary allocation, the NHAI proposes to finance its projects by a host of financing mechanisms. Some of them are as follows:-

Cess: In a historic decision, the Government of India introduced a Cess on both petrol and diesel. This amount at that time (at 1999 prices) came to a total of approximately Rs. 2,000 crores per annum. Further, Parliament decreed that the fund so collected was to be put aside in a Central Road Fund (CRF) for exclusive utilization for the development of a modern road network. The developmental work that it could be tapped to fund and the agencies to whom it was available were clearly defined as the construction and maintenance of State Highways by State Governments; development of rural roads by State Governments; construction of rail over- bridges by Indian Railways; and construction and maintenance of national highways by NHDP and Ministry of Road Transport & Highways. Presently, the cess contributes between Rs 5 and 6 thousands crores per annum towards NHDP.

Loan assistance from international funding agencies: Loan assistance is available from multilateral development agencies like Asian Development Bank and World Bank or other overseas lending agencies like Japanese Bank of International Co-Operation.

Market borrowing: NHAI proposes to tap the market through securities cess receipts.

Private sector participation: Major policy initiatives have been taken by the Government to attract foreign as well as domestic private investment. To promote involvement of the private sector in construction and maintenance of National Highways, some Projects are offered on Build, Operate and Transfer (BOT) basis to private agencies. After the concession period, which can range up to 30 years, this road is to be transferred back to NHAI by the Concessionaries.

NHAI funds are also leveraged by the setting up of Special Purpose Vehicles (SPVs): The SPVs will be borrowing funds and repaying these through toll revenues in the future. This model will also be tried in some other projects. Some more models may emerge in the near future for better leveraging of the funds available with NHAI such as Annuity, which is a variant of the BOT model

Toll Rates

The levy of user's fee is governed by National Highways Fee (Determination of Rates and Collection) Rules, 2008², the National Highways (collection of fees by any person for the use of section of National Highways/Permanent Bridge/Temporary Bridge on National Highways) Rules, 1997, and the National Highways (Fees for the use of National Highways section and permanent Bridge-Public Funded Project) Rules, 1997.

Base rate of fee:

(1) the rate of fee for use of the section of national highway, permanent bridge, bypass or tunnel constructed through a public funded project or private investment project shall be identical.

(2) the rate of fee for use of a section of national highway of four or more lanes shall, for the base year 2007-08, be the product of the length of such a section multiplied by the following rates, namely:-

Type of vehicle	Base rate of fee per km (in Rupees)
Car, Jeep, Van or Light Motor Vehicle	0.65
Light Commercial Vehicle, Light Goods Vehicle or Mini Bus	1.05
Bus or Truck	2.20

² The notice dated the 7th May, 2010, and 25th May 2010 with file No. F. No. RT-16031/3/2009-T.

Heavy Construction Machinery (HCM) or Earth Moving Equipment (EME) or Multi Axle Vehicle (MAV) (three to six axles)	3.45
Oversized Vehicles (seven or more axles)	4.20

(3) the rate of fee for use of a section of national highway, having two lanes and on which the average investment for upgradation has exceeded Rupees one crore per kilometer, shall be sixty percent of the rate of fee specified under sub-rule (2) of rule 4

(4) the rate of fee for use of permanent bridge, bypass or tunnel constructed with the cost exceeding Rupees ten crore, shall for the base year 2007-08 be as follows

Base rate of fee (Rupees per vehicle per trip)

Cost of permanent bridge, bypass or tunnel (Rupees 1 crore)	Car, Jeep, Van or Light Motor Vehicle	Light Commercial Vehicle, Light Goods Vehicle or Mini Bus	Bus or Truck	Heavy Construction Machinery (HCM) or Earth Moving Equipment (EME) or Multi Axle Vehicle (MAV) (three to six axles)	Oversized Vehicles (seven or more axles)
10 to 15	5	7.50	15	22	30
For every additional Rupees five crore or part thereof, exceeding Rupees fifteen crore and upto Rupees one hundred crore	1	1.50	3	4.50	6
For every additional Rupees five crore or part thereof, exceeding Rupees one hundred crore and up to Rupees two hundred crore	0.75	1.15	2.25	3.40	4.50
For every additional Rupees five crore or part thereof, exceeding Rupees two hundred crore	0.50	0.75	1.50	2.25	3

Provided that while computing the fee for the section of national highway on which a permanent bridge, bypass or tunnel costing Rupees

fifty crore or more is situated, the length of such a permanent bridge, bypass or tunnel shall be excluded from the length of such section of national highway and fee shall be levied at the rates specified for such permanent bridge, bypass and tunnel.

Provided further that where the cost of such a permanent bridge, bypass or tunnel, as the case may be, is less than rupees fifty crore, and the paid permanent bridge, bypass or tunnel forms a part of the section of the national highway, then instead of above rate of fee, the rate of fee specified under sub-rule (2) of rule 4 shall be applicable for such a permanent bridge, bypass or tunnel.

(5) Annual Revision of Rate of Fee:

- (i) The rates specified under rule 4 shall be increased, without compounding, by three per cent each year with effect from the 1st day of April, 2008, and this increased rate shall be deemed to be the base rate for the subsequent years.
- (ii) The applicable base rates shall be revised annually with effect from April 1 each year to reflect the increase in wholesale price index between the week ending on January 6, 2007, and the week ending on or immediately after January 1 of the year in which such a revision is undertaken but such a revision shall be restricted to forty per cent of the increase in wholesale price index.
- (iii) The formula for determining the applicable rate of fee shall be as follows:-

$$\text{Applicable rate of fee} = \text{base rate} + \text{base rate} \times \frac{(\text{WPI A} - \text{WPI B})}{(\text{WPI B})} \times 0.4$$

Illustration: If the revision is to be made for the year 2008-09 by applying the wholesale price index of the week ending on 5th January 2008, then the rate for car jeep or van will be 0.6796 as computed below:

$$\text{Applicable rate of fee: } 0.6695 + .6695 \times \frac{(216.6 - 208.7)}{(208.7)} \times 0.4 =$$

0.6796.

- (iv) Annual revision of rate of fee under this rule shall be effective from first of April every year.

(6) Discounts:

- i. The executing authority or the Concessionaire, as the case may be, shall upon request provide a pass for multiple journeys to cross a toll plaza within the specified period at the rate specified in sub-rule (2) of rule 9.
- ii. A driver, owner or person in charge of a mechanical vehicle who makes use of a section of national highway, permanent bridge, bypass or tunnel, may opt for such a pass and he or she shall have to pay the fee in accordance with the following rates, namely:-

Amount payable	Maximum number of one way journeys allowed	Period of validity
One and half times of the fee for one way journey	Two	Twenty four hours from the time of payment
Two-third of amount of the fee payable for fifty single journeys	Fifty	One month from date of payment

- (iii) A person who owns a mechanical vehicle registered for non-commercial purposes and uses it as such for commuting on a section of national highway, permanent bridge, bypass or tunnel may obtain a pass, on payment of fee at the base rate for the year 2007-08 of Rupees one hundred and fifty per calendar month and revised annually in accordance with rule 5, authorizing him to cross the toll plaza specified in such pass;

Provided that such a pass shall be issued only if the driver, owner or person in charge of such a mechanical vehicle resides within a distance of twenty kilometers from the toll plaza specified by such a person and the use of such section of national highway, permanent bridge, bypass or tunnel, as the case may be, does not extend beyond the toll plaza next to the specified toll plaza.

Provided further that no such pass shall be issued if a service road or alternative road is available for use by such a driver, owner or person in charge of a mechanical vehicle.

Exemption from Payment of Fee: No fee is levied and collected from a mechanical vehicle transporting and accompanying some important dignitaries³ and when used for official purposes by the Ministry of Defence including those which are eligible for exemption in accordance with the provisions of the Indian Toll (Army and Air Force) Act, 1901, and rules made there under, as extended to the Navy also; the Central and State armed forces in uniform including para military forces and police; an executive Magistrate; a fire-fighting department or organization; the National Highway Authority or any other organization or person using such a vehicle for inspection, survey, construction or operation and maintenance thereof; and used as ambulance.

Management of Toll Collection

The collection of toll in India is following the Metro Road Systems (MRS) which stands out for its versatile design and thorough project management. MRS systems provide better traffic management and reduce operations costs. By using state of the art technology and modular designs that can easily be adapted for a particular project's need, MRS is able to provide cost-effective cutting-edge electronic toll systems.

Metro's electronic toll collection system is designed to assist in the management of toll operations through technology that aids in streamlining traffic movement and through collecting data that can be used to make operational changes. Metro's systems gather and analyze data on traffic volumes, vehicle classifications, vehicle speeds, and the fares expected and collected. Metro's database and report capabilities allow for better management of tolling operations, ensuring maximum revenue.

Metro is able to provide three different levels of toll collection systems, chosen carefully to meet the client's financial and operating needs.

Fully Automatic - Electronic Toll Collection Systems: On its fully automatic toll collections systems, Metro works together with world leader Kapsch TrafficCOM AG which has pioneered automatic toll collections

³ These include the President of India; the Vice-president of India; the Prime-Minister of India; the Chief Justice of India; the Governor; the Lieutenant Governor; the Union Minister; the Chief Minister; the Judge of Supreme Court; the Chairman of the Council of State; the Speaker of the House of People; the Chairman of the Legislative Council of the State; the Speaker of the Legislative Assembly of the State; the Chief Justice of High Court; the judge of High Court; Ministers of States; and Foreign dignitaries on State visit.

systems worldwide for the last decade. This partnership ensures that the best intelligent toll technology and experience is available for use on the project. For the electronic toll collection systems Metro offer the CEN 278 Microwave Technology through M/s Kapsch TrafficCOM AG. These electronic toll collection systems are a combination of completely automated toll collection systems (requiring no manual operation of toll barriers or collection of tolls) and semi-automatic lanes. Various traffic and payment data are collected and stored by the system as vehicles pass through. The different technologies involved are logically integrated with each other but remain flexible for upgrades. They also include sophisticated video/image capturing equipment for full-time violation enforcement.

Some of the security components included are real-time toll plaza surveillance system; automatic vehicle identification system (based on in-road sensors); license plate recognition; zoom capability on captured images; and laser based toll audit system. The system effectively correlate captured video images with toll transaction data to provide a state-of-the-art, accurate, and cost-effective violation enforcement system. Lanes at the toll plaza can be configured for optimal traffic management, including some which are restricted to pure electronic tolling and others which use manual fare collection.

Semi Automatic Toll Collection Systems: Metro's Semi-Automatic Toll Collection system has many of the features of the fully automatic system, but also relies on human operators to collect the tolls. Software collects and records data, generates traffic reports, and audits the collection of money and class of vehicles. The toll barrier opens and closes automatically in synchronization with the receipt of payment and exit of vehicle. The system creates an audit of the vehicle class identified by the operator and by the system, and makes a recording of the violating incidents.

Basic Toll Collection Systems: The basic toll management system uses software to provide real-time control, monitoring, and management of the toll revenues. System devices such as toll gates, and traffic lights, if any, are still operated manually. To check revenue leakage from toll collection, the government is planning to make the same agency responsible for toll collection and maintenance. The agency will be awarded work through competitive bidding on the basis of operate-maintain-transfer (OMT). At present, operation and maintenance of

independent toll audit systems and actual collection are done by two different agencies. In 90% of the cases, toll collection is being sponsored by the Directorate General of Resettlement (DGR). DGR is an inter-service organization functioning directly under the Ministry of Defence. For the remaining 10%, the agency is selected through an auction system.

The toll collection agency deposits the collections on behalf of the National Highways Authority of India (NHAI). In return, NHAI pays them a monthly sum for their services. The operations and maintenance agency, in the present system, is selected through a standard bidding system. Under the new system, a single agency will be responsible for both works, and will be selected through competitive bidding on the basis of the highest upfront payment the agency is willing to make to NHAI. The latter has selected OMT as the financing model. This will check leakage in toll collection since the agency will have to recover its costs. The Government is in the process of finalising the bidding document. There are nearly 60 toll plazas across the country at the moment and the figure is likely to go up with the Government giving highest priority to build-operate-transfer (BOT) toll projects. A new tolling technology committee headed by Mr Nandan Nilekani is expected to work out a single, smooth toll collection system across the country's highways.

To conclude, the NHAI is constructing highways and expressways on the principle of BOT (build- operate- transfer) for which toll fee is levied from the users. This will help India to develop its network of highways through public-private-participation (PPP) mode. However, the studies⁴ indicate that the existing toll rates are already high; these need not be revised upward every year; the revision should not be related to whole sale price index for the whole amount as the capital cost is incurred earlier. Only working cost should be related to the wpi; the period of collection of toll (which is 15 to 20 years) is very high; and the investment in the highway is recovered in approximately 3 to 4 years.

In view of the above, it is important that the assumptions and the criteria that form the basis of determining the rates and the time period at Toll Plaza need intense scrutiny for all the 20 odd projects under BOT category all over the country.

⁴ Lall, B.R. (2009), "National Highways Toll Plazas: A Source of Open Loot", available: http://voi.org/index2.php?option=com_content&task=view&id=106&pop=1&page=0&Itemid=93

Eco-taxes for Vehicles

The issue of vehicular pollution is of critical importance in metropolitan cities. Any discussion on fiscal instruments which have an impact on the road transport sector cannot afford to ignore the possible repercussions on environment. This is so as there already exists widespread public apprehension that further growth in road transport will aggravate the already existing environmental problems.

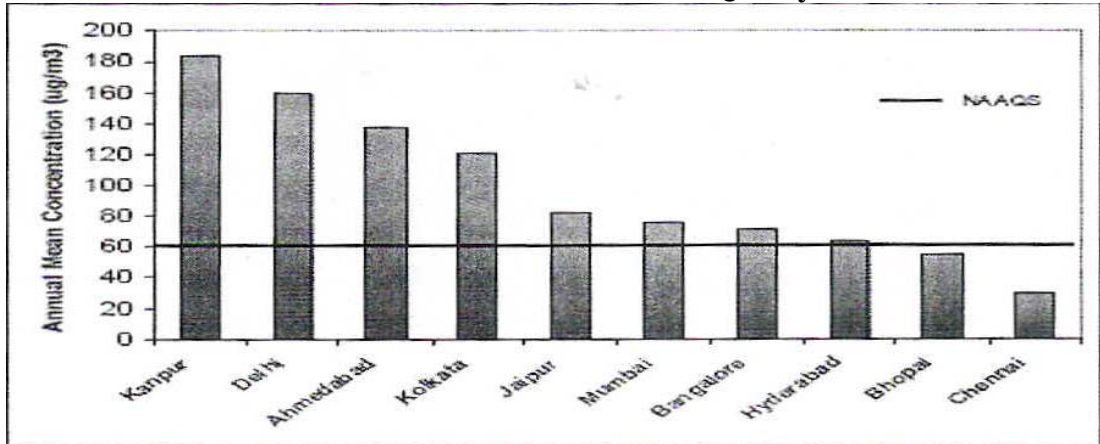
In India, the pollution content in the air is very high. It is of a relatively high order in the metropolitan cities of Delhi, Mumbai, Kolkata and Chennai. The results of the ambient air quality monitored in Delhi suggest a relatively high frequency of Suspended Particulate Matter (SPM), Sulphur Dioxide (SO₂), Nitrogen Dioxide (NO₂) and minute particles of heavy metals in the air. The status of the quality of air in the other cities is also not very satisfactory.

In most of the Indian cities, the annual average concentration of Respirable Suspended Particulate Matter (RSPM) and Suspended Particulate Matter (SPM) exceeds the ceiling prescribed by the national ambient air quality standards (Exhibit 6.1).

There is considerable inter-state variation in Carbon Dioxide (CO₂) emissions (Table 6.1). State level CO₂ emissions figures for 2000 indicate that Uttar Pradesh has the highest level of pollution followed by Madhya Pradesh, Maharashtra, Andhra Pradesh, West Bengal, Gujarat, and Tamil Nadu. Per capita CO₂ emission figures show that Madhya Pradesh has the highest emission at 660 metric tonnes followed by the 440 metric tonnes in Delhi, Orissa and Goa. Punjab has a per capita CO₂ emission of 450 metric tonnes. High per capita emissions may be due either to the State undertaking production of polluting material as is the case in the States of Madhya Pradesh, Chhattisgarh, and Bihar or it may be due to high per

capita consumption as in Delhi, Goa, Gujarat and Maharashtra. States like Jharkhand, Orissa, Chhatisgarh and Andhra Pradesh have India's major steel plants that consume a lot of coal. This makes their emission levels disproportionately high compared to their income. Looking at the all India figures, nearly 77 percent of the CO₂ emissions are from coal. About 70 percent of the coal in India is consumed in the power sector.

Exhibit 6.1: Deviation in the National Ambient Air Quality Standards



Source: Madras School of Economics (2010), "Eco-Taxes in a GST Regime", Discussion Paper, March 2010, Chennai.

Table 6.1: State level CO₂ Emissions: 2000

('000 metric tons of carbon)

State	Aggregate	Per Capita
Jammu & Kashmir	696.5	0.07
Himachal Pradesh	659.1	0.11
Punjab	10845.7	0.45
Haryana	5460.5	0.26
Uttar Pradesh	44268.3	0.27
Rajasthan	8929.3	0.16
Delhi	6033.8	0.44
Bihar	9012	0.11
Orissa	16172.3	0.44
West Bengal	23363.7	0.29
Assam	1097	0.04
Gujarat	18461.5	0.37
Maharashtra	35595.4	0.37
Goa	652.2	0.44
Madhya Pradesh	39279.4	0.66
Andhra Pradesh	30126	0.4
Karnataka	9059.6	0.17
Kerala	3034.2	0.1
Tamil Nadu	17584.9	0.28
Others	43712.6	0.62

Source: Ghoshal, Tapas and Ranajoy Bhattacharya (2007), "State Level Carbon Dioxide Emissions of India: 1980-2000", <http://ssrn/abstract=999353>.

The ambient air quality is affected by many factors such as the industrial structure of the place/region, household activities and transport system. However, the available data¹ for some of the metro cities suggests that automobiles are one of the major contributors to the overall pollution level in the city (Table 6.2). In fact, the trends in growth and composition of the type of vehicles affect the motor vehicle emission which ultimately affects the ambient air quality of the town.

In terms of relative share of total number of vehicles amongst the major States, Maharashtra had the highest share (12.1%), followed by Tamil Nadu (11.9%). Gujarat was the next with a share of 9.7%, followed by Uttar Pradesh with a share of 8.8%. In terms of two wheelers, Tamil Nadu had the highest share (13.2%) followed by Maharashtra (11.8%). In terms of cars, Maharashtra had the largest share but in terms of goods vehicles, Tamil Nadu has a higher share.

Since quantitative information on the pollution source inventory is not available, it is difficult to assess the exact impact of motor vehicles *vis-a-vis* other sources to the pollution load in Indian cities. A few independent studies indicate the contribution of motor vehicles to the total pollution load in Delhi and Bombay² (Table 6.2).

Table 6.2: Contribution from Vehicle Exhaust to the Total Pollution Load
(per cent)

Pollutants	Sectors		
	Transport	Industry	Domestic & Others
Delhi			
CO	76-90	37-13	10-16.3
NO _x	66-74	13-29	1-2
SO ₂	5-12	84-95	0-4
PM	3-22	74-16	2-4
Mumbai			
CO	92	8	0
NO _x	60	40	0
SO ₂	2-4	82-98	0-16
PM	0-16	34-96	53-56

Note: This summary is based on air quality studies undertaken by different agencies from 1988 to 1995 as given in Table 4.6 of Government of India (2002), *Report of the Expert Committee on Auto Fuel Policy*, pp. 44-45

¹ Government of India (2006), *Report of the Working Group on Automotive Industry, Eleventh Five Year Plan (2007-2012)*, Ministry of Heavy Industries & Public Enterprises, New Delhi.

² Chelliah, R. J., Paul. P. Appasamy, U. Shankar, and Rita Pandey (2007), *Ecotaxes on Polluting Inputs and Outputs*, Academic Foundation, New Delhi.

In other cities too, motor vehicles contribute significantly to the total pollution load. It is, therefore, important to control motor vehicle emission by using fiscal instruments. This difficult task is possible only if we can measure and monitor emissions which occur at the consumption stage and which are generated by a number of small diffused / non-point sources. In fact, it is not only technically complex to measure vehicular emission but it is also a costly exercise. Therefore, it is easy to use tax measures related to inputs or products that indirectly affect emission. For example, the tax could be related to the engine specifications and/or quality of fuel which could significantly control auto emissions.

A recent report of the Expert Committee on Auto Fuel Policy has opined that the market based instruments designed to change the behaviour of the vehicle owner have either not been employed or have been employed to a limited extent for pollution control and its abatement. It has suggested that the Auto Fuel Policy should be so designed that it introduces economic instruments that set in motion processes that would lead to improvement in the air quality³.

Public versus Private Transport

More pollution is generated by the users' choice in favour of private transport in comparison to public transport. People opt for private vehicles instead of public transport as the total cost of travel (*i.e.* fuel, wear and tear, time and effort etc.) is more in the latter mode of transport than in the former or as the difference between the two modes is negligible. It may be noted that as rational human beings, consumers take into account the implicit cost of travel in both modes of transportation while making a choice. The cost of public transport goes up if public transport does not have a point to point network and does not adhere to a time schedule or is excessively overcrowded.

Public transport usually charge a variable price based on the distance travelled. The real cost of commuting by these means on the part of commuters is the purchase cost of ticket and the cost of time lost and hassles encountered in purchasing it. The cost involved in the ownership of a private vehicle, on the other hand, is purchase cost, fuel cost as per travel length, parking charges, and wear and tear. An analysis of the individual components comprising maintenance cost shows that parking

³ Government of India (2003), *Auto Fuel Policy*, Ministry of Petroleum and Natural Gas, New Delhi.

cost in India has never been a deterring factor. In the absence of overnight parking charges on city roads, owning a garage is not a precondition for owning a vehicle. For a vehicle in good condition, the expenses related to repair works is negligible. The payment of taxes for owning a vehicle is one-time. Thus, if one could afford to buy a vehicle, the cost of maintaining it is more or less confined to its fuel cost. Going by such calculations, the expenses incurred in travelling a stipulated distance by city bus and by two-wheeler are almost the same. The cost of travel is slashed to one-half if a pillion rider is also included. For example, in Delhi, travelling about five kilometers by DTC buses (considering ticket cost only) and by two-wheeler (for single commuter) costs about five rupees. Allowing a pillion rider in two-wheeler makes it cheaper by about 20 paise per km⁴. If one includes implicit cost of time and trouble, associated cost is much higher. This forms the basis of a general psyche that using a two-wheeler is economical and convenient as compared to public transport.

Under these circumstances, the commuter prefers to use his own vehicle as compared to public transport. In doing so, a vehicle generates pollution causing health hazards to others. The owner does not bear any cost towards pollution abatement portraying a conspicuous 'free-rider' case. In addition, the owner derives benefit from the lower cost of commuting compared to public transport.

The solution to such a problem involves three options: First option is to rely upon moral persuasion, that is, appealing to people to lessen the use of private transport and share vehicles with others wherever possible. The second option is the imposition of legal coercive controls on users of vehicles. The third option is to devise methods to bring about changes in the price structure so that commuting cost in one's own vehicle is higher than that in public transport. Of these three, the effectiveness of moral persuasion is questionable as it leaves decision-making to the foresight and awareness of people, particularly when economic rationality works to the contrary. Reliance on command and control measures such as strict vigilance on pollution emission and tightening emission norms will not ameliorate the situation in the event of the growing number of vehicles. While pollutants dumped into the atmosphere grow proportionately with

⁴ See Bariv, Kaustuva, "Vehicular Pollution in India: Let Polluters Pay", <http://www.ignou.ac.in/openchannel/feb/page11.htm>.

the number of vehicles, tightening of standards may not be technically feasible after a certain level. This leaves scope for the third option.

With a view to implementing the above, it is suggested that a presumptive tax is imposed on vehicles. The design of the tax should be such that it fulfils the objectives of correcting the distorted price structure; acts as a deterrent to the rapid growth in the number of vehicles; and also generates substantial revenue. To illustrate this fact, let us make a conservative estimate that a private vehicle commutes about 6000 km. per annum. The cost advantage to be neutralized is Rs. 0.25 per km. through a tax. That is, the tax should be Rs. 1500 per annum per vehicle. In a city like Delhi, with 30 lakh vehicles, such a measure can generate revenue worth Rs. 450 crore. Simulation shows that a Rs. 0.30 per km increase in commuting cost will justify a tax amount of Rs. 1800 per annum per vehicle and will generate revenue of Rs. 540 crore. The level of presumption tax can be city-specific keeping in view the cost advantage and desired growth in number of vehicles. While the proposed tax can be levied on all vehicles, exemption may be provided to public transport vehicles. This is because the tax is not levied on the basis of ability to pay or carbon content of the emission. The ultimate objective of the tax is to correct the distorted price structure where two-wheelers enjoy fuel economy thereby operating at a lower cost.

General Taxes on Motor Vehicles in OECD Countries

Most OECD countries levy three type of taxes on motor vehicles. These are value-added tax, sales tax (or registration tax) and annual circulation tax. Value Added Tax (VAT) is levied in all OECD countries except US where a sales tax is levied. Tax rates vary from 5% (in Japan) to 25% (Sweden and Denmark). In principle, VAT affects only purchase for private consumption. If a motor vehicle is purchased for business purpose, the tax is refunded. A number of countries levy a one-time sales tax or a registration tax in addition to a general VAT. Countries apply various methods to calculate the tax. The calculation of the tax normally depends on the weight or the size or fuel consumption of the vehicle. It could also be a percentage of retail prices. The level of sales tax differs widely amongst the countries. In Finland and Denmark, the sales tax amounts to 100%, and 200%, respectively. Generally, the sales tax is high on vehicles for private use (e.g. passenger cars), while vehicles for commercial use (e.g. heavy goods vehicles) face a lower tax, except in US where heavy goods vehicles are taxed at a higher rate than passenger cars.

In addition, all the countries levy some form of circulation tax. These are charged on a periodic basis, and usually confer the right to use the public road network. These taxes are charged according to various criteria such as engine capacity, horsepower, fuel type, region of registration etc. In some countries, the tax is a fixed amount per vehicle, while other countries relate the rate to the weight of the vehicle. Heavy goods vehicles are commonly taxed higher than passenger cars. A number of countries apply a system where diesel powered passenger cars face a higher circulation tax than petrol-powered cars to compensate for the lower diesel tax.

Eco-Taxes in OECD Countries

In addition to the above taxes, almost all OECD countries levy some form of tax (direct or indirect) on the production, sale and use of motor vehicles. These taxes have been restructured to incorporate environmental concerns.

One-off vehicles sales or registration taxes are most often differentiated by the weight or engine size of cars and lorries. The tax bases used in annual taxes for vehicle usage include weight, engine size, the number of axles etc. Taxes on production have been differentiated based on the type of vehicle and fuel used (Norway, Netherlands, Sweden); age (Germany); fuel economy (Canada, Denmark, USA); engine power (Austria, Belgium); cylinder capacity (Ireland, Iceland) and whether or not the vehicle is fitted with a catalytic converter (Finland, Greece).

The eco-taxes levied in EU countries varies from country to country (as given in Table 6.3). Vehicle excise duty is levied according to type, weight and fuel used in Netherlands and according to type, weight, number of axles and fuel used in Norway and Sweden. The annual tax on motor vehicles not meeting the ED emission standards is differentiated by age of the car in Germany; and in Canada, a tax is levied on the purchase of fuel inefficient passenger and sport utility vehicles and a subsidy of \$100 is provided to cars with a highway fuel efficiency rating of less than 6 litres per 100 km. In Denmark, annual passenger car fuel consumption tax is levied according to the fuel efficiency of the vehicle.

Thus, there is considerable global evidence on the use and application of economic instruments in addressing the issues of emission and fuel consumption of vehicles. In view of the wide use of taxes and

subsidies in providing incentives to fuel efficient vehicles there is a strong case to consider the feasibility of introducing incentives for improving the fuel economy in the Indian context. The incentive structure can be linked to (a) the cost of upgrading the engine technology and (b) the benefits derived from such up-gradation which is the health damage cost forgone due to less fuel burnt per km. and resultant lower emissions. The incentive structure can also be a weighted average of both the above factors.

Instituting Eco-Taxes⁵

The above analysis indicates that the taxes on a vehicle is levied at the time of its purchase, or at the time of its registration and while using the same. All these taxes can be used to pursue different policy goals. While taxes on purchase and ownership could motivate manufacturers to develop low carbon engine vehicles and people to buy them, taxes on the use of vehicle could affect the use of a particular type of fuel. Therefore, the eco-taxes must be used to reduce carbon emissions as well as for managing the overall demand of the transport sector.

Some studies⁶ point out that the emission of carbon could be reduced by following the strategies of (i) supporting a shift to new technologies and fuels; (ii) promoting lower carbon transport choices, and (iii) using market-based measures to encourage a shift to lower carbon transport. The studies also point out that tax concessions and subsidies could be used for promoting the production as well as the consumption of electric/cleaner vehicles. This could be attempted by re-circulating revenues from other taxation sources.

Transport taxes may be levied at various points of the transport system depending upon whether the purpose is to manage vehicle choice or travel behaviour. Focus on both of these purposes can contribute to a wider policy objective such as the reduction of carbon emissions from transport.

As stated in Chapter 4, taxes on motor vehicles are levied at three specific points, *viz.*

 at the time of purchase

⁵ This section is based on Government of UK (2010), “Reducing Carbon Emission Through Transport Taxation”, Briefing Paper Six, *GreenFiscal Commission*, London.

⁶ Department for Transport (2009) *Low Carbon Transport: A Greener Future. A Carbon Strategy for Transport*, Department of Transport, London.

- ✚ on ownership of the vehicle, i.e. when the vehicle is registered in the State (annual registration fee) and
- ✚ on the use of vehicles (such as taxes on fuel, tolls, permit fee, passengers and goods tax etc.)

Taxes related to purchase of vehicle such as cenVAT, state VAT, CST etc. have a strong influence on the choice of vehicle and depending on the tax-design, also on the choice of technology associated with the fuel it uses.

Circulation taxes, although distanced from purchase, also largely have an impact upon vehicle choice rather than use.

Taxes on various aspects of the use of vehicles (fuel, road user charges and parking) have the strongest impact upon decisions to use a vehicle once it is purchased. The latter are, therefore, the main taxes related to managing transport demand. Transport demand depends on a number of factors which together determine the total volume of travel⁷. These include total number of trips, trip length, mode of transport used and vehicle occupancy. Policies for reducing congestion as well as those considering the total volume of travel also require focus on the location and time of trips. During the last decade, the UK and many other developed nations have reformed existing forms of road transport taxation to address a number of transport policy goals. This has involved modifying the design of purchase, circulation and fuel taxation to promote:

- ✚ More fuel efficient vehicles
- ✚ Alternative fuel vehicles
- ✚ Cleaner fuels (lower carbon and/ or other emissions)
- ✚ Modal shift and traffic volume
- ✚ Congestion reduction.

Overall, when looking at the role of taxation in transport policy it should be recognised that some important tax measures are primarily to influence vehicle technology, the type of fuel used and vehicle fuel economy. If the aim is to manage transport demand, then a comprehensive approach which covers all its component aspects needs to be adopted.

⁷ Potter, S (2007), 'Sustainability, energy conservation and personal transport'. Chapter 1 (pp 9-35) of Warren, J, (Ed) Managing Transport Energy, Oxford University Press, Oxford.

Purchase Taxation Measures

Many countries, and most European Union States, have a specific car purchase tax in addition to VAT, although the UK and Germany are notable exceptions. The UK did have a 10 per cent Car Purchase Tax, but in 1992 it was replaced by the UK Government policy of raising fuel duty. In a number of EU countries, existing car purchase taxes have been reformed to promote cleaner and low-carbon vehicle technologies. For example, the Netherlands has introduced a series of reforms to its original 42 per cent car purchase tax that has led, from mid 2006, to registration taxes being reduced for the most fuel efficient A- or B- rated cars⁸. An ex post evaluation of the trial that preceded the full introduction of this measure⁹ found that, compared to 2001, the market share of the A-labelled cars in 2002 increased from 0.3 to 3.2 per cent, while that of B-labelled cars rose from 9.5 to 16.1 per cent. This was a much greater increase than had been anticipated¹⁰. VAT is also a purchase tax, and a variable rate of VAT could be levied. Italy does this. Italians pay two rates of VAT on car purchases; a standard 19 per cent on cars with an engine capacity of less than 2,000cc (2,500cc for diesels), and 38 per cent for those above this threshold.

'Circulation' Tax Measures

Most developed countries have an annual registration (or 'circulation') tax entitling owners to use the public highway. In many countries, this circulation tax varies according to the engine size or power of a car. However, some nations have implemented reforms to address fuel efficiency or environmental policy objectives. The UK has had a CO2 emission based circulation tax (Vehicle Excise Duty) for cars since 2001. Initially the range of charges was small, but this has gradually been widened. In May 2009, VED in the UK was restructured into 13 narrower CO2 bands (see Table 6.4). The separate 'Alternative Fuel' category will be phased out by 2011 to make the whole system based on CO2 emissions. From 2010, there will be a different rate of VED in the first year for brand-new cars. This rate will be much higher for vehicles in Bands H-M and zero for those in Bands A-D. Company car taxation is a sector specific

⁸ Skinner, I. Fergusson, et.al., (2006), *Car Taxation and CO2 in Europe*, Report for the Energy Saving Trust, Institute for European Environmental Policy, London

⁹ VROM (2003), Evaluatie studie Energiepremie. Notitie van de staatssecretaris van VROM aan de Tweede Kamer.

¹⁰ EEA (2005) Market-based instruments for environmental policy in Europe, European Environment Agency (EEA), Technical Report No 8/2005

circulation tax. In the UK, around half of the cars are purchased by commercial organizations for their employees, for both business and private use. A major reform in UK company car taxation took effect from 2002, when the tax charge was related to a car's CO2 emissions, on a sliding scale, up to a maximum charge of 35 per cent of a car's purchase price. Moreover, in 2002, discounts for high business mileage were abolished together with the most age-related discounts. These had provided an incentive to drive further and to use older, more polluting cars.

An assessment of the impact of this tax change¹¹ showed that in the first year of the new system, the average CO2 emissions of new company cars decreased from 196 g/km in 1999 to 182 g/km in 2002. Because of the abolition of the high mileage tax discount, the number of business miles has decreased by over 300 million miles per year. It is notable that this tax measure affected both vehicle choice and vehicle use. The size of the tax is important. This is illustrated by the evidence from UK on the strong impact of the relatively large reforms in company car taxation as compared to the initial discernable effect of the (much smaller) VED reforms. The 2007-09 changes to VED bands in the UK (particularly the introduction of the higher CO2 bands, see Table 6.3) and the rise in rates now appears to be having an effect on vehicle choice. In combination with the 2009 scrappage subsidy scheme, fiscal measures in the UK have begun to shift purchase patterns towards lower CO2 vehicles. The average CO2 emissions for the cars scrapped under the 2009 scheme is around 179g/km as compared to 134g/km for new cars bought to replace them¹².

Thus, experience indicates that complementary purchase and circulation tax measures can have a significant policy impact on the type of cars purchased. Studies¹³ indicate that the combined effect of well established highly graded purchase and circulation tax systems in Italy and Denmark has provided for a 20 per cent better fuel economy than that prevailing in UK. Such tax systems can play an important role in the uptake of cleaner vehicle technologies and low-carbon fuels.

¹¹ Inland Revenue (2004), *Report of the Evaluation of Company Car Tax Reform*, Inland Revenue, London.

¹² Lane, Ben (2009): Is the car scrappage scheme helping the environment? Green Living Blog, The Guardian 21, August 2009.

¹³ Potter, S. and Parkhurst, G., (2005), 'Transport Policy and Transport Tax Reform'. *Public Money and Management*, 25 (3), June 171-178

Table 6.3: Application of Economic Instruments in Various Countries

Country	Economic Instruments
Australia	<p>Tax on sale or initial registration of vehicles. Rate of tax varies on the basis of value of vehicles.</p> <p>Higher annual registration fee on commercial vehicles compared to private vehicles</p>
Austria	<p>Environmental tax on car registration was introduced in 1992. While the base is the selling price of cars the tax rate depends on the standard petrol consumption.</p> <p>Since May 1, 1993, the annual vehicle tax on passenger cars is assessed on the basis of engine power and no longer on cylinder volume. From January 1, 1995, cars without catalytic converters are imposed a surtax of 20 percent.</p> <p>At the same time, VAT on new vehicles was reduced from 32 percent to 20 percent and the VAT rate on electric cars was cut by half to 10 percent.</p> <p>Tax is based on net weight for buses and on loading capacity for trucks.</p>
Belgium	<p>An annual tax on registration was introduced for new motorcars on June 1, 1992, and it has been extended to in-use cars since June 1, 1993. This tax is based on the engine power of the car.</p> <p>Road tax on power (passenger transport vehicles) or weight (goods transport vehicles) adjusted annually on 1 July with CPI.</p>
Brazil	<p>Penalty system for violation of air pollution standards since 1981. Fines are arbitrary as the level of emission from trucks is generally visually assessed. Fines are related to frequency of violation rather than intensity or toxicity of pollution.</p>
Britain	<p>Sales tax on new cars (17.5 percent) and annual vehicle excise duty.</p> <p>Higher taxes on commercial vehicle sales, ownership (excise duty based on axles and weight) and use than on private cars.</p>
Canada	<p>A tax on purchase of fuel inefficient passenger and sport utility vehicles. A subsidy of \$100 is provided to cars with a highway fuel efficiency rating of less than 6 litres per 100 km.</p> <p>All provinces impose annual fees for the registration or use of motor vehicles. In general, the fees depend on the type of vehicles and in most cases the weight of vehicles.</p>
Denmark	<p>Annual passenger car fuel consumption tax according to the fuel efficiency of vehicle. The tax rates vary between 440 and 16100 DKK per year for petrol driven vehicles and between 1720 and 22020 DKK per year for diesel driven passenger cars.</p>
Finland	<p>Annual tax on diesel vehicles and passenger cars of 150 FIM/100 kg of weight, and on delivery vans of 27 FIM/1000 kg of weight.</p> <p>Environmental taxes on cars, differentiated on the basis of whether or not these are equipped with catalytic converters.</p> <p>Annual tax on diesel driven vehicles levied on all vehicles using fuel other than petrol.</p> <p>Annual tax on motor vehicles levied on passenger cars and delivery vans 300 FIM/a for old vehicles (registered before 1994) 500 FIM/a for new vehicles</p>
France	<p>Accelerated depreciations allowed for electrical vehicles.</p>
Germany	<p>Annual tax on motor vehicle not meeting the EU emission standards to accelerate the introduction of cleaner vehicles. Rates are differentiated by age of the car.</p> <p>A higher tax has been imposed on diesel cars as compared to petrol cars since 1994.</p>
Greece	<p>Since 1990, exemption from the road surtax and initial lump sum tax for a period of 5 years for new cars fitted with a catalytic convertor, subject to scrapping of old car by the buyers of the new car. About 3 lakh old cars were scrapped.</p>
Hungary	<p>New cars with catalytic convertors get a discount of Forint 50000 from consumption tax.</p>
Iceland	<p>IKr 330 is charged for a mandatory annual emission test. Inspection fee charged for annual inspection of vehicles over 2 years old. Rate of charge is on the basis of weight of vehicles.</p> <p>Excise duty based on cylinder capacity of vehicles</p>
Ireland	<p>Sales tax on retail price of private vehicles based on cylinder capacity.</p>

	Road Tax on private cars based on cylinder capacity.
Italy	<p>One-off Registration tax on purchase of new and used vehicles depending on type and size of vehicles.</p> <p>Annual tax on all motor vehicles and caravans. Tax levied in relation to cylinder volume (light motorcycles), power (motorcycles, cars, coaches), load (lorries and trailers or lump sum (caravans). Power is measured in fiscal CV- an <i>ad-hoc</i> unit based on cylinder volume. Further, different rates of tax apply to petrol and gas oil motor vehicles. Tax rates are the sum of components for central and regional governments; the latter can be varied within limits by the regional authority and there is thus some regional variation in overall tax rates.</p>
Japan	<p>Tax deductions for cars with low emissions, electric cars and cars on alternative fuels.</p> <p>One-off consumption tax on new or old car registration at 3 percent.</p> <p>Annual tax in relation to power and load of vehicles.</p> <p>Automobile Tax levied according to cylinder capacity.</p> <p>Light vehicle tax levied on motorcycles and light vehicles according to cylinder capacity.</p>
Korea	<p>Introduced environmental quality improvement charges, in 1991. Besides other economic activities it covered vehicles (buses and trucks using diesel). The charge is computed by the price of catalytic converter.</p> <p>Vehicle excise duty levied according to type, weight, and fuel used.</p>
Netherlands	<p>Lower sales tax on cars that complied with future ED standards.</p> <p>Consequently, share of future ED standard cars rose from 37% to 70%, faster than expected by the government.</p> <p>Vehicle excise duty levied according to type, weight, number of axles and fuel used.</p>
Norway	<p>Differentiated taxes on car prices, with a tax advantage given to cars fitted with catalytic converters and cars powered by electricity or gas</p>
Portugal	<p>Vehicle excise duty levied on cylinder capacity.</p>
Singapore	<p>Additional registration charge at 150 percent, since 1983, of the cost of the car to discourage ownership. A rebate on tax is given if an old vehicle is scrapped simultaneously.</p>
Sweden	<p>Vehicle taxes based on weight and environmental characteristics (.type, weight, number of axles and fuel used)</p> <p>Subsidy on cars with catalytic converters, special tax on cars without catalytic converters.</p>
Turkey	<p>Motor Vehicle Tax levied on 1111 motor vehicles based on weight, type and cylinder capacity.'</p> <p>Environment Fund at 25% of the Supplementary Motor Vehicles Acquisition Tax.</p>
United State	<p>Higher excise tax (12 percent) on trucks, annual use tax on "heavy vehicles", excise tax on tyres weighing over 40 pounds, a "Gas Guzzler" tax on automobiles with unsatisfactory fuel economy ratings.</p> <p>The Gas Guzzler excise tax is imposed on the sale of autos whose fuel efficiency is less than 22.5 miles per gallon. The tax varies from \$ 1000 to \$ 7700 depending on the fuel efficiency.</p> <p>Non-conformance charge on heavy vehicles and engines are based on the degree of non-compliance.</p>
Australia	<p>Petrol taxes were increased. Differential pricing for leaded and unleaded petrol was introduced in favour of the latter.</p>
Belgium	<p>Higher excise duty on leaded petrol.</p>
Britain	<p>Tax Differential has been gradually increased and now stands at 4.8 pence per litre.</p> <p>The proportion of unleaded in total petrol sales rose to 50% in 1993 from a negligible share in 1986. bullet in first line</p>
Denmark	<p>Fuel tax based on CO2 content at combustion was introduced in 1992.</p> <p>Since the mid-1980s, differential tax on leaded and unleaded gasoline. In 1994 the market share of unleaded petrol rose to nearly 100%.</p>

Finland	Lower tax on lead free petrol than on leaded petrol since 1986. Lower excise duty on sulphur free diesel since 1993. Carbon tax on fuel since 1994.
Germany	Duty differential between leaded and unleaded petrol at the rate of DM 0.10 per litre.
Hungary	In 1992, a tax at the rate of 0.7% of the price was introduced on motor vehicle fuels. The revenue is earmarked for environmental expenditure relating to vehicular traffic.
Ireland	Higher excise duty on leaded petrol than on the unleaded petrol.
Luxembourg	Higher excise duty and VAT rates of 2-3% on leaded petrol than on unleaded petrol.
Mexico	Higher excise tax on leaded petrol than on unleaded variety.
Netherlands	Environmental charges on fuel since 1988. These charges were revised in 1990 to include CO2 emissions. Unleaded petrol was cheaper than leaded petrol.
New Zealand	Tax treatment in favour of unleaded petrol vis-à-vis leaded petrol. A fee of NZ\$ 0.066 i.e. US\$ 0.039 per gram was levied on lead added to gasoline.
Norway	Fuel tax based on sulphur, carbon and lead content. CO2 tax since 1991
Sweden	High gasoline taxes. Differential tax in favour of unleaded petrol. A carbon tax was imposed on motor and other fossil fuels since 1991. The part of the tax levied on motor fuels amounted to SKI 0.58 per litre for petrol and 0.92 for diesel. . System of tax rebate for producers of cleaner diesel fuel since 1991.
Switzerland	The market share of unleaded petrol increased to 65% in 1992 due to a tax differential of ECU 0.04/l in favour of unleaded petrol.
Taiwan	Differential price in favour of unleaded petrol. This led to an increase in the market share of unleaded petrol from 18.7 per cent in 1990 to 51.84 per cent in 1993.
Thailand	Differential price in favour of unleaded petrol. A surtax on leaded gasoline to finance the subsidy on unleaded gasoline.
US	Trade in lead credits, to phase out lead in gasoline in 1982-87.
Chile	In 1990, the city allocated bus transit rights and auctioned routes based on fares and types of buses.
Norway	In 1986 to control congestion, the city of Bergen introduced toll for motorists entering the city between 6 a.m. to 10 p.m. on weekdays. The rate is differentiated on the basis of loading capacity of vehicles. The revenue so collected is used to finance the construction of by-passes.
Singapore	Implemented a licence ticket scheme for entering some identified zones during peak hours. Fine for non-compliance was 10 times the licence price. It helped reduce the traffic flow and thus pollution. These zones also have higher parking fee.

Notes: 1. In Norway, since 1995 gasoline tax differential was introduced for leaded petrol based on emissions of lead per litre.

2. In Canada, British Columbia introduced permit fees on pollutant emissions in 1992. The fees are reduced if the actual emissions are less than the permitted emissions.

Sources: Pandey and Bhardwaj (2000). *Economic Policy Instruments for Controlling Vehicular Air Pollution*, Mimeo, National Institute of Public Finance and Policy, New Delhi.

Table 6.4.: Rates of UK Vehicle Excise Duty from 1st May 2009

Car registered on or after 1 March 2001 based on CO ₂		Diesel car Tax Class 49		Petrol car Tax Class 48		Alternative fuel car Tax Class 59	
Bands	CO ₂ emission figure (g/km)	12 month	Six month	12 month	Six month	12 month	Six month
Band A	Up to 100	£0		£0		£0	
Band B	101 to 110	£35		£35		£15	
Band C	111 to 120	£35		£35		£15	
Band D	121 to 130	£120	£66	£120	£66	£100	£55
Band E	131 to 140	£120	£66	£120	£66	£100	£55
Band F	141 to 150	£125	£68.75	£125	£68.75	£105	£57.75
Band G	151 to 165	£150	£82.50	£150	£82.50	£130	£71.50
Band H	166 to 175	£175	£96.25	£175	£96.25	£155	£85.25
Band I	176 to 185	£175	£96.25	£175	£96.25	£155	£85.25
Band J	196 to 200	£215	£118.25	£215	£118.25	£200	£110
Band K*	2001 to 225	£215	£118.25	£215	£118.25	£200	£110
Band L	226 to 255	£405	£222.75	£405	£222.75	£390	£214.50
Band M	Over 255	£405	£222.75	£405	£222.75	£390	£214.50

*Band K includes cars that have a CO₂ emissions figure over 225g/km but were registered before 23 March 2006. Source: Driver and Vehicle Licensing Agency 2009.

Taxes for Demand Management

As noted above, well-designed purchase and circulation taxes can stimulate cleaner car technologies and fuels. These taxes have a small direct influence on transport demand, but they can affect it indirectly. The economics of low carbon vehicles are currently such that they have high capital costs and lower running costs. The net impact of strong purchase and circulation tax incentives is to reduce relative purchase costs, and the parallel fuel tax concessions on cleaner fuels stimulates the take up of fuel-efficient low-carbon cars with very low running costs. However, extending the use of lower-cost, fuel-efficient vehicles will cut the cost of motoring and this will promote car use.

The use of low-carbon vehicles reduces the adverse effects of transport on the environment. But if this tax system in the transport sector increases the use of these vehicles, then it will raise travel demand. This in turn will reduce the savings in CO₂ emissions from the low-carbon vehicles. For improvements in fuel efficiency to be translated into reduced overall emissions, tax (and other policy measures) are needed to impact upon both vehicle design and vehicle use.

Giving New Thrust to Road Fuel Taxes

Taxation measures to influence transport demand need to be positioned to influence not only the type of vehicles purchased, but decisions about the amount of travel and mode of transport used. Transport demand management measures include charges on using road

space such as bridge/tunnel tolls, road tolls and cordon/congestion charging in city centres.

There are a number of reasons for road user charges becoming important in the future. There are two key considerations as to whether any new road user charges should replace or be in addition to fuel duties and other taxes. Firstly, there is the view point that fuel and vehicle duties serve important transport and environmental policy objectives that are not addressed by road pricing. If fuel and vehicle excise duties were entirely removed then this would sweep away the existing incentives for fuel efficiency and the promotion of low-carbon fuels.

Secondly, studies modelling the impacts of a national road user charge in the UK have suggested that replacing fuel duties with road user charges in a revenue neutral package could actually increase traffic (and emissions) because it would result in motoring costs falling in less congested areas where traffic growth is already rising rapidly (e.g. rural areas and city fringes). It would also lead to activity patterns of redistributing vehicular transport to low-charge areas¹⁴. A green fiscal reform involving a Fuel Duty Escalator-type arrangement with a transparent reduction of other taxes would contribute to the reduction of both congestion and emissions.

To conclude, taxes on purchase, circulation and fuel taxation can be used to promote a variety of transport and environmental policy goals. In exploring the use of these tax measures, it is important to distinguish between policy measures to influence vehicle characteristics (technology, the type of fuel used and fuel economy) as distinct from vehicle use. Well-designed purchase and circulation taxes can stimulate cleaner car technologies and fuels, but their incidence on car ownership rather than use means that they are not an appropriate means of reducing traffic. Indeed, if successful, they could increase road traffic if they were to reduce the cost of motoring. Road fuel duties can be used to reduce traffic as well as pursue other environmental policy goals related to transport. Rather than replacing fuel duties, evidence is mounting that to manage transport demand and transport emissions any shift to road pricing needs to be in addition to (rather than a mere replacing) fuel and vehicle excise duties.

¹⁴ Wenban-Smith, A. (2006), 'Road User Charging – wider purposes and effects', Seminar on Road User Charging: the big picture, Transport 2000, February 2006, London.

Reforms in the Structure of Road User Taxes

The road user taxes are an instrument to regulate and control the vehicles rather than to mobilise resources. This is amply clear from the Constitutional provisions relating to motor vehicles tax and passengers and goods tax, given in chapter 4.

Assessment of the Existing Taxes

An assessment of the existing structure of road user taxes presented in chapters 4 to 6 suggest that the current system of road user taxes is characterized by the following features:

Multiplicity of Taxes: Transport vehicles are taxed by different tax structures. Some of the taxes are levied directly on the vehicle, the others indirectly. The major taxes levied on the vehicle are CenVAT, motor vehicles tax, passengers and goods tax, state VAT and octroi. All these taxes, levied by different tiers of governments, subject the transport industry in three different aspects viz. related to purchase of vehicles, those concerning ownership of vehicles, and finally, those affecting the operation of vehicles.

High Incidence of taxes: The overall burden of taxes on road transport industry has to take into account the burden of all the taxes directly on the vehicles, on its components (spares), on fuel, and finally on the operation of vehicles, such as registration fee, motor vehicles tax, license fee, passengers and goods tax, and permit fee. The rates of taxes levied by the Central Government are uniform through out the country. However, variations exist in the rates of taxes levied by the States.

Table 7.1: Incidence of Tax on Motorcycle in India
 [Motorcycle with engine capacity 60cc, ULW 95 kg, cost Rs. 45,000]

States	Taxes on Purchase of Vehicle			Taxes on Ownership of Vehicles		Taxes on Operation of Vehicles				Total Cost of One year Driving
	Tax on Motor Vehicle			MVT	Registration Fee	Driving License fee	Tax on Fuel			
	CenVAT Rs.	StVAT Rs.	CST Rs.	One time Rs.	Rs.	Rs.	Cess on Petrol	CenVAT Rs.	VAT on Petrol Rs.		Rs.
Andhra Pradesh	2880	6525	900	4050	60	200	88	442	1460	16605
Arunachal Pradesh	2880	5625	900	400	60	200	88	442	885	11480
Assam	2880	6075	900	3500	60	200	88	442	1139	15285
Bihar	2880	5625	900	1200	30	200	88	442	1084	12449
Chhattisgarh	2880	6300	900	1800	60	200	88	442	973	13644
Delhi	2880	5625	900	1220	60	200	88	442	885	12300
Goa	2880	5625	900	2250	60	200	88	442	796	13242
Gujarat	2880	5625	900	2700	60	200	88	442	885	13780
Haryana	2880	5625	900	500	60	200	88	442	885	11580
Himachal Pradesh	2880	5625	900	1800	60	200	88	442	1106	13102
Jammu & Kashmir	2880	6075	900	4000	60	200	88	442	885	15530
Jharkhand	2880	5625	900	1200	60	200	88	442	885	12280
Karnataka	2880	6075	900	3600	60	215	88	442	1106	15367
Kerala	2880	5625	900	2700	60	200	88	442	1151	14047
MP	2880	5625	900	2250	60	200	88	442	1272	13717
Maharashtra	2880	5625	900	3150	60	200	88	442	885	14230
Manipur	2880	5625	900	1125	60	150	88	442	885	12155
Meghalaya	2880	5625	900	1000	60	200	88	442	885	12080
Mizoram	2880	5625	900	1500	60	250	88	442	885	12630
Nagaland	2880	5625	900	1200	60	150	88	442	885	12230
Orissa	2880	5625	900	2000	60	150	88	442	796	12942
Punjab	2880	5625	900	1350	60	200	88	442	1216	12762
Rajasthan	2880	5625	900	2250	60	200	88	442	1238	13684
Sikkim	2880	5625	900	1000	60	200	88	442	885	12080
Tamil Nadu	2880	5625	900	3600	30	60	88	442	1327	14953
Tripura	2880	5625	900	1100	60	200	88	442	885	12180
Uttar Pradesh	2880	5625	900	1600	60	200	88	442	1045	12840
Uttarakhand	2880	5625	900	1500	60	200	88	442	885	12580
West Bengal	2880	5625	900	1560	60	200	88	442	885	12640

Table 7.2: Incidence of Tax on Motor Car (Personal) in India

[Motor car with engine capacity 1000 cc, ULW 1000 kg, Cost Price Rs. 5 lakh, floor area upto 5 Sq. Mtrs, Seating capacity 5 person excluding driver and 14 HP, for personal use (Diesel Driven)]

States	Taxes on Purchase of Vehicle			Taxes on Ownership of Vehicles		Taxes on Operation of Vehicles				Total Cost of One year Driving
	Tax on Motor Vehicle			MVT	Registration Fee	Driving License fee	Tax on Fuel			
	CenVAT Rs.	StVAT Rs.	CST Rs.	One time Rs.	Rs.	Rs.	Cess on Diesel (Rs.)	CenVAT Rs.	VAT on Diesel (Rs.)	Rs.
Andhra Pradesh	32000	72500	10000	45000	200	200	458	2290	5095	167742
Arunachal Pradesh	32000	62500	10000	2000	200	200	458	2290	4579	114227
Assam	32000	67500	10000	20000	200	200	458	2290	3549	136197
Bihar	32000	62500	10000	3750	200	200	458	2290	4204	115602
Chhattisgarh	32000	70000	10000	25000	200	200	458	2290	5037	145185
Delhi	32000	62500	10000	20000	200	200	458	2290	4579	132227
Goa	32000	62500	10000	25000	200	200	458	2290	4350	136998
Gujarat	32000	62500	10000	30000	200	200	458	2290	4808	142456
Haryana	32000	62500	10000	5000	200	200	458	2290	2015	114663
Himachal Pradesh	32000	62500	10000	12500	200	200	458	2290	3206	123353
Jammu & Kashmir	32000	67500	10000	6000	200	200	458	2290	4579	123227
Jharkhand	32000	62500	10000	15000	200	200	458	2290	3297	125945
Karnataka	32000	67500	10000	60000	200	215	458	2290	4579	177242
Kerala	32000	62500	10000	2150	200	200	458	2290	5150	114947
MP	32000	62500	10000	25000	400	200	458	2290	5266	138114
Maharashtra	32000	62500	10000	35000	200	200	458	2290	5266	147914
Manipur	32000	62500	10000	2925	200	150	458	2290	4579	115102
Meghalaya	32000	62500	10000	2250	200	200	458	2290	4579	114477
Mizoram	32000	62500	10000	5000	200	250	458	2290	4579	117277
Nagaland	32000	62500	10000	2400	200	150	458	2290	4579	114577
Orissa	32000	62500	10000	25000	200	150	458	2290	4121	136719
Punjab	32000	62500	10000	10000	200	200	458	2290	2015	119663
Rajasthan	32000	62500	10000	10000	200	200	458	2290	4121	121769
Sikkim	32000	62500	10000	12000	200	200	458	2290	4579	124227
Tamil Nadu	32000	62500	10000	40000	200	60	458	2290	4907	152415
Tripura	32000	62500	10000	27501	200	200	458	2290	2862	138011
Uttar Pradesh	32000	62500	10000	25000	200	200	458	2290	3700	136348
Uttarakhand	32000	62500	10000	25000	200	200	458	2290	4808	137456
West Bengal	32000	62500	10000	9900	200	200	458	2290	4579	122127

Table 7.3: Incidence of Tax on Ordinary Private Stage Carriage
(Total distance permitted to be covered 150 kms per day, ply on other than town routes, permitted to carry 25 passengers, Total Cost Rs. 10 lakh)

States	Taxes on Purchase of Vehicle			Taxes on Ownership of Vehicles			Taxes on Operation of Vehicles					Total Cost Rs.
	Tax on Motor Vehicle			MVT (annual) Rs.	Registrati on Fee Rs.	Drivin g Licens e fee Rs.	Permit fee Rs.	Passenger Tax Rs.	Tax on Fuel			
	CenVAT Rs.	StVAT Rs.	CST						Cess on Diesel (Rs.)	CenVAT Rs.	VAT Diesel Rs.	
Andhra Pradesh	64000	145000	20000	2444	400	200	15000	NA	10759	53794	119692	431289
Arunachal Pradesh	64000	125000	20000	40000	400	200	15000	NA	10759	53794	107588	436741
Assam	64000	135000	20000	8000	400	200	15000	NA	10759	53794	83381	390534
Bihar	64000	125000	20000	5000	400	200	15000	No Tax	10759	53794	98766	392919
Chhattisgarh	64000	140000	20000	10000	400	200	15000	NA	10759	53794	118347	432500
Delhi	64000	125000	20000	3875	400	200	15000	No Tax	10759	53794	107588	400616
Goa	64000	125000	20000	1250	400	200	15000	NA	10759	53794	102209	392612
Gujarat	64000	125000	20000	3480	400	200	15000	159687.5	10759	53794	112968	565288
Haryana	64000	125000	20000	13750	300	200	15000	228125	10759	53794	47339	578267
Himachal Pradesh	64000	125000	20000	12500	400	200	15000	365000	10759	53794	75312	741965
Jammu & Kashmir	64000	135000	20000	4000	400	200	15000	NA	10759	53794	107588	410741
Jharkhand	64000	125000	20000		400	200	15000	NA	10759	53794	77464	366617
Karnataka	64000	135000	20000	50000	400	215	15000	No Tax	10759	53794	107588	456756
Kerala	64000	125000	20000	60000	400	200	15000	NA	10759	53794	120983	470136
MP	64000	125000	20000	63000	600	200	15000	NA	10759	53794	123727	476080
Maharashtra	64000	125000	20000	1775	400	200	15000	NA	10759	53794	123727	414655
Manipur	64000	125000	20000	1720	400	150	15000	1580	10759	53794	107588	399991
Meghalaya	64000	125000	20000	2500	400	200	15000	6175	10759	53794	107588	405416
Mizoram	64000	125000	20000	2500	400	250	15000	1400	10759	53794	107588	400691
Nagaland	64000	125000	20000	3000	400	150	15000	NA	10759	53794	107588	399691
Orissa	64000	125000	20000	18700	400	150	15000	No Tax	10759	53794	96829	404632
Punjab	64000	125000	20000	16250	400	200	15000	NA	10759	53794	47339	352742
Rajasthan	64000	125000	20000	10000	400	200	15000	30000	10759	53794	96829	425982
Sikkim	64000	125000	20000	3125	400	200	15000	NA	10759	53794	107588	399866
Tamil Nadu	64000	125000	20000	50000	200	60	15000	No Tax	10759	53794	115281	454094
Tripura	64000	125000	20000	1375	400	200	15000	NA	10759	53794	67243	357771
Uttar Pradesh	64000	125000	20000	3060	400	200	15000	NA	10759	53794	86931	379144
Uttarakhand	64000	125000	20000	3060	400	200	15000	NA	10759	53794	112968	405181
West Bengal	64000	125000	20000	3125	400	200	15000	No Tax	10759	53794	107588	399866

Note: NA: Not Available

Table 7.4: Incidence of Road Tax on Goods Carriages
 [with Laden Weight or Gross Vehicle Weight 10,000 kg (10 M.T.), Carrying
 Capacity 8,000 kg (8 MT), and Cost Price Rs. 10 lakhs]

States	Taxes on Purchase of Vehicle			Taxes on Ownership of Vehicles		Taxes on Operation of Vehicles						Total Cost Rs.
	Tax on Motor Vehicle			MVT (annual) Rs.	Registrati on Fee Rs.	Drivin g Licens e fee Rs.	Permit fee Rs.	Goods/ Passenger Tax Rs.	Tax on Fuel			
	CenVA T Rs.	StVAT Rs.	CST						Cess on Diesel (Rs.)	CenVA T Rs.	VAT Diesel Rs.	
Andhra Pradesh	64000	145000	20000	9748.2	400	200	15000	NA	8020	40100	89223	391691
Arunachal Pradesh	64000	125000	20000	2960	400	200	15000	NA	8020	40100	80200	355880
Assam	64000	135000	20000	7000	400	200	15000	NA	8020	40100	62155	351875
Bihar	64000	125000	20000	5500	400	200	15000	No Tax	8020	40100	73624	351844
Chhattisgarh	64000	140000	20000	2400	400	200	15000	NA	8020	40100	88220	378340
Delhi	64000	125000	20000	3320	400	200	15000	No Tax	8020	40100	80200	356240
Goa	64000	125000	20000	4900	400	200	15000	NA	8020	40100	76190	353810
Gujarat	64000	125000	20000	6550	400	200	15000	NA	8020	40100	84210	363480
Haryana	64000	125000	20000	2400	300	200	15000	NA	8020	40100	35288	310308
Himachal Pradesh	64000	125000	20000	2000	400	200	15000	40000	8020	40100	56140	370860
Jammu & Kashmir	64000	135000	20000	4400	400	200	15000	NA	8020	40100	80200	367320
Jharkhand	64000	125000	20000	NA	400	200	15000	NA	8020	40100	57744	330464
Karnataka	64000	135000	20000	7200	400	215	15000	No Tax	8020	40100	80200	370135
Kerala	64000	125000	20000	8360	400	200	15000	NA	8020	40100	90184.9	371265
MP	64000	125000	20000	8400	600	200	15000	NA	8020	40100	92230	373550
Maharashtra	64000	125000	20000	7500	400	200	15000	NA	8020	40100	92230	372450
Manipur	64000	125000	20000	3280	400	150	15000	3000	8020	40100	80200	359150
Meghalaya	64000	125000	20000	3120	400	200	15000	6568	8020	40100	80200	362608
Mizoram	64000	125000	20000	3710	400	250	15000	2500	8020	40100	80200	359180
Nagaland	64000	125000	20000	2410	400	150	15000	NA	8020	40100	80200	355280
Orissa	64000	125000	20000	4955	400	150	15000	No Tax	8020	40100	72180	349805
Punjab	64000	125000	20000	3410	400	200	15000	NA	8020	40100	35288	311418
Rajasthan	64000	125000	20000	13350	400	200	15000	4000	8020	40100	72180	362250
Sikkim	64000	125000	20000	4033	400	200	15000	NA	8020	40100	80200	356953
Tamil Nadu	64000	125000	20000	7600	200	60	15000	No Tax	8020	40100	85934	365914
Tripura	64000	125000	20000	2100	400	200	15000	NA	8020	40100	50125	324945
Uttar Pradesh	64000	125000	20000	3400	400	200	15000	NA	8020	40100	64802	340922
Uttarakhand	64000	125000	20000	3400	400	200	15000	NA	8020	40100	84210	360330
West Bengal	64000	125000	20000	3700	400	200	15000	No Tax	8020	40100	80200	356620

Note: NA: Not Available

The estimates of combined incidence of tax on passengers and goods vehicle in the different states is a stupendous task for the simple reason that neither there is a uniformity in the base, nor in rates. We have, therefore, attempted to estimate the incidence of taxes on a sample vehicle. In the case of a motor cycle we take a model bike with engine capacity of 60cc, with ULW of 95 kg, and with the purchase price of Rs. 45,000. To estimate the tax on fuel we presume that the would run 6300 km per year. This is based on the estimates of *Report of the Expert Group on A Viable and Sustainable System of Pricing of Petroleum Product* (Government of India, Feb. 2010, Table 1). The estimates for different type of vehicles are given in Tables 7.1 through 7.4, which is in the range of Rs. 12,000 to 17,000. Similarly, the incidence of all the taxes on a personal diesel driven car with engine capacity 1000 cc, ULW 1000 kg, 14 HP, cost price of Rs. 5 lakh, floor area 5 Sq. Mtrs, seating capacity of 5 person excluding driver is estimated to be Rs. 1 lakh. (see Tables 7.1 to 7.4).

Barriers to inter-state movement: An important feature of the existing tax system is the existence of a large number of check points. Although the importance of these check points lies in the fact that these posts help the department to monitor the flow of goods into the state, these check points, interfere with the flow of trade and traffic and cause harassment to a large body of transporters, the majority of whom are not liable to pay any tax. In fact, studies undertaken regarding the efficiency of the check points in different states reveal that the larger the number of check points cause considerable waste of time arising from the stoppage of traffic. Even a conservative estimate shows that the money value of the loss of time suffered by the transporters due to the check points is tremendous. Also, the existence of a large number of check points is a source of irritation and harassment to the transporters. In fact, it is generally agreed by administrators as well as policy makers that the check points are a source of corruption. Hence, it is a sound policy to keep their number down to the barest minimum. In fact, the Government should replace transport check gates with the integrated check gates combining check posts of sales tax, forest etc. into one.

Corruption: The procedures of assessment and collection, cause waste of time and provide high degree of discretion in the assessment of these taxes, especially when the tax is levied according to the weight or passengers carried. This generates an agency of intermediaries and consequently causes corruption.

Reforms in Road User Taxation

The assessment of the motor vehicles tax and other taxes on goods and vehicles indicates that it is important to take note of the above aspects and introduce reforms in the existing rate structure of road user taxation. While efforts have been made in India to reform the existing commodity taxes to have an efficient and neutral tax system, so far no attempt has been directed towards these taxes.

The existing structure shows wide variations in tax rate. In fact, it is difficult to make comparisons of rates levied on different types of vehicles in different states. First, there are differing schemes for classification of vehicles. Second, there is no uniformity in the bases of various levies. Third, the tax is at times specific while in some cases it is *ad valorem*. Finally, in some states there is a one time levy and in others there is an *ad valorem* levy payable every year.

To illustrate, in the case of scooters (two wheelers), some states levy on the basis of the capacity of engine defined in terms of CC while in others it is on the basis of unladen weight (ULW). Andhra Pradesh and Maharashtra levy on *ad valorem* basis. Karnataka, Tamil Nadu and West Bengal adopt the basis of CC, while states like Bihar, Gujarat, Haryana, Himachal Pradesh, Kerala, Madhya Pradesh, Orissa, and Uttar Pradesh levy tax based on ULW. Similarly, in the case of cars, the rate of tax on personal cars is levied on the basis of ULW and also on the basis of the number of built in seats. Bihar and Punjab levy the tax on the basis of the number of seats while, Andhra Pradesh, Gujarat, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Orissa, Tamil Nadu and West Bengal follow the basis of ULW. Likewise, in the case of passenger transport vehicles, like stage or contract carriage, the seating capacity and the route length on which the carriage plies, form the base of levying tax. The period of payment also varies; some states charge the tax quarterly while others charge, annually. The tax on goods transport vehicles is primarily based on weight, i.e. registered laden weight (RLW) or unladen weight (ULW). The tax rates on specific categories of vehicles are given in Tables 7.5 to 7.7. These are the taxes levied on different stages such as purchase of vehicles, ownership of vehicles and operation of vehicles.

In view of the varying structures of base, rates, nature and the types of taxes levied in different states, it is important that the tax system should be reformed in such a way that it is (i) neutral, (ii) efficient in allocation of resources, (iii) administratively expedient and (iv) avoids cascading in the economy. Keeping these objectives in

Table 7.5: Tax on Motorcycle in India
 [Motorcycle with engine capacity 60cc, ULW 95 kg, cost Rs. 45,000]

States	Taxes on Purchase of Vehicle			Taxes on Ownership of Vehicles		Taxes on Operation of Vehicles			
	Tax on Motor Vehicle			MVT	Reg. Fee	DL fee	Tax rates fuels		
	CenVAT	SVAT	CST	One time			CenVAT	VAT on Petrol	VAT on Diesel
Andhra Pradesh	8	14.5	2	4050	60	200	10	33	22.25
Arunachal Pradesh	8	12.5	2				10		
Assam	8	13.5	2	3500			10	25.75	15.5
Bihar	8	12.5	2	1200	30		10	24.5	18.36
Chhattisgarh	8	14	2	1800			10	22	22
Delhi	8	12.5	2	1220	60		10		20
Goa	8	12.5	2	2250	60	200	10	18	19
Gujarat	8	12.5	2	2700			10		21
Haryana	8	12.5	2	500	60	200	10	20	8.8
Himachal Pradesh	8	12.5	2	1800	60		10	25	14
Jammu & Kashmir	8	13.5	2	4000	60		10		
Jharkhand	8	12.5	2				10	20	14.4
Karnataka	8	13.5	2	3600	60	215	10	25	
Kerala	8	12.5	2	2700	60	200	10	26.03	22.49
MP	8	12.5	2	2250	60		10	28.75	23
Maharashtra	8	12.5	2	3150	60		10		23
Manipur	8	12.5	2	1125		150	10	20	
Meghalaya	8	12.5	2	1000			10		
Mizoram	8	12.5	2	1500	60	250	10		
Nagaland	8	12.5	2		60	150	10		
Orissa	8	12.5	2	2000	60	150	10	18	18
Punjab	8	12.5	2	1350	60	200	10	27.5	8.8
Rajasthan	8	12.5	2	2250			10	28	18
Sikkim	8	12.5	2	1000			10		
Tamil Nadu	8	12.5	2	3600	30	60	10	30	21.43
Tripura	8	12.5	2	1100			10	20	12.5
Uttar Pradesh	8	12.5	2	1600	60	200	10	23.62	16.16
Uttarakhand	8	12.5	2	1500	60	200	10		21
West Bengal	8	12.5	2	1560			10		

Table 7.6: Tax on Motor Car (Personal) in India

[Engine capacity 1000 cc, ULW 1000 kg, Cost Price Rs. 5 lakh, floor area upto 5 Sq. Mtrs, Seating capacity 5 person excluding driver and 14 HP, for personal use (Diesel Driven)]

States	Taxes on Purchase of Vehicle			Taxes on Ownership of Vehicles		Taxes on Operation of Vehicles			
	Motor Vehicle			MVT	Reg. Fee	DL	Tax rates fuels		
	CenVAT	SVAT	CST	One time			CenVAT	VAT on Petrol	VAT on Diesel
Andhra Pradesh	8	14.5	2	45000	200	200	10	33	22.25
Arunachal Pradesh	8	12.5	2				10		
Assam	8	13.5	2	20000			10	25.75	15.5
Bihar	8	12.5	2	3750	200		10	24.5	18.36
Chhattisgarh	8	14	2	25000			10	22	22
Delhi	8	12.5	2	20000	200		10		20
Goa	8	12.5	2	25000	200	200	10	18	19
Gujarat	8	12.5	2	30000			10		21
Haryana	8	12.5	2	5000	200	200	10	20	8.8
HP	8	12.5	2	12500	200		10	25	14
J&K	8	13.5	2	6000			10		
Jharkhand	8	12.5	2				10	20	14.4
Karnataka	8	13.5	2	60000	200	215	10	25	
Kerala	8	12.5	2	2150	200	200	10	26.03	22.49
MP	8	12.5	2	25000	400		10	28.75	23
Maharashtra	8	12.5	2	35000	200		10		23
Manipur	8	12.5	2	2925		150	10	20	
Meghalaya	8	12.5	2	2250			10		
Mizoram	8	12.5	2		200	250	10		
Nagaland	8	12.5	2		200	150	10		
Orissa	8	12.5	2	25000	200	150	10	18	18
Punjab	8	12.5	2	10000	200	200	10	27.5	8.8
Rajasthan	8	12.5	2	10000			10	28	18
Sikkim	8	12.5	2	12000			10		
Tamil Nadu	8	12.5	2	40000	200	60	10	30	21.43
Tripura	8	12.5	2	27501			10	20	12.5
Uttar Pradesh	8	12.5#	2	25000	200	200	10	23.62	16.16
Uttarakhand	8	12.5	2	25000	200	200	10		21
West Bengal	8	12.5	2	9900			10		

Note: #: 2% of additional tax with effect from 19 February 2010. All types of motor vehicles including chassis thereof, but excluding tractors.

Table 7.7: Tax on Ordinary Private Stage Carriage

(Total distance permitted to be covered 150 kms per day, ply on other than town routes, permitted to carry 25 passengers)

States	Taxes on Purchase of Vehicle			Taxes on Ownership of Vehicles		Taxes on Operation of Vehicles					
	Motor Vehicle			MVT	Reg. Fee	DL	Permit fee	P&G Tax	Tax rates fuels		
	CenVAT	SVAT	CST	per year	Medium MPV				CenVAT	VAT on Petrol	VAT on Diesel
Andhra Pradesh	8	14.5	2	2444.4	400	200	15000	NA	10	33	22.25
Arunachal Pradesh	8	12.5	2				15000	NA	10		
Assam	8	13.5	2	8000			15000	NA	10	25.75	15.5
Bihar	8	12.5	2	5000			15000	No Tax	10	24.5	18.36
Chhattisgarh	8	14	2	10000			15000	NA	10	22	22
Delhi	8	12.5	2	3875	400		15000	No Tax	10		20
Goa	8	12.5	2		400	200	15000	NA	10	18	19
Gujarat	8	12.5	2	3200			15000	17.5% of fare	10		21
Haryana	8	12.5	2	13750	300	200	15000	25% of fare	10	20	8.8
Himachal Pradesh	8	12.5	2	12500	400		15000	40% of fare	10	25	14
Jammu & Kashmir	8	13.5	2	4000			15000	NA	10		
Jharkhand	8	12.5	2				15000	NA	10	20	14.4
Karnataka	8	13.5	2	12500	400	215	15000	No Tax	10	25	
Kerala	8	12.5	2	60000	400	200	15000	NA	10	26.03	22.49
MP	8	12.5	2	48000	600		15000	NA	10	28.75	23
Maharashtra	8	12.5	2	1775	400		15000	NA	10		23
Manipur	8	12.5	2	1720		150	15000	Rs.1580/-p.a	10	20	
Meghalaya	8	12.5	2	2500			15000	Rs.6568/-pa. (or Rs. 247/-pp	10		
Mizoram	8	12.5	2	25000	400	250	15000	Rs. 1400/-p.a.	10		
Nagaland	8	12.5	2		400	150	15000	NA	10		
Orissa	8	12.5	2	18700	400	150	15000	No Tax	10	18	18
Punjab	8	12.5	2	18979	400	200	15000	NA	10	27.5	8.8
Rajasthan	8	12.5	2	10000			15000	3% cost of Vehicle	10	28	18
Sikkim	8	12.5	2	3125			15000	NA	10		
Tamil Nadu	8	12.5	2	50000	200	60	15000	No Tax	10	30	21.43
Tripura	8	12.5	2	875			15000	NA	10	20	12.5
Uttar Pradesh	8	12.5#	2	765	400	200	15000	NA	10	23.62	16.16
Uttarakhand	8	12.5	2	765	400	200	15000	NA	10		21
West Bengal	8	12.5	2	3125			15000	No Tax	10		

Note.: #: 2% of additional tax with effect from 19 February 2010. All types of motor vehicles including chassis thereof, but excluding tractors

view, we present below reforms in the rates and the bases of the road user taxation.

In view of the varying structures of base, rates, nature and the types of taxes levied in different states, it is important that the tax system should be reformed in such a way that it is (i) neutral, (ii) efficient in allocation of resources, (iii) administratively expedient and (iv) avoids cascading in the economy. Keeping these objectives in view, we present below reforms in the rates and the bases of the road user taxation.

Uniformity in the structure: Lack of uniformity in the structure of motor vehicles tax and passengers and goods tax as well as the discretion in assessing the actual tax payable by the owner of vehicle not only causes diversion of vehicle registrations, but also encourages corruption in the system. It is, therefore, essential to have uniformity in the tax system in all the states.

One-time tax: Some of the taxes, such as road tax, levied on most of the users not involved in commercial activities, could fruitfully be collected as one-time tax. This would not only save administrative costs of handling the same taxpayer perpetually but also save time and compliance costs of taxpayers. Many states have already implemented one-time (life-time) tax. It is high time that others also follow suit. However, keeping in view the issues of pollution emission through vehicles, the one time tax should be limited to the first ten years of the life of the vehicle. Thereafter, based on the emission of the vehicle and its age the charge should be graduated over time. The vehicle should be condemned after 20 years of life.

A combined tax on vehicles, passengers and goods: Although the objectives of motor vehicles tax and the passengers and goods tax were initially different, over period of time both the taxes are structured and administered by the same department with primarily the same objectives. It is, therefore, important that the motor vehicle and passengers and goods tax be levied through one tax, as is being done by some of the states. The combined incidence of tax could be worked out to have one rate and one administration for the combined tax. It could be known as Vehicle Tax for personal vehicles and Road Tax for the commercial vehicles. In addition, the combined tax should be based on cost of purchase of vehicles. Since the purchase price automatically flows from manufacturers, it takes away the discretion of the officer dealing with assessment of tax liability of vehicles. In addition, if necessary some of the additional factors of occupancy/ length of routes or goods carried be used for transport vehicles. To ensure that there is

no interaction with the taxpayer and the discretion is not with the tax official, the tax liability should be indicated through a ready reckoner.

Ad valorem rate: The rate of the tax must be *ad valorem*. The comparative picture of different taxes levied by all the states, indicates that to have buoyancy in the tax system, it is useful to resort to a tax system that is based on cost of purchase of vehicles with additional factors of (i) occupancy and (ii) length of routes or goods carried. The purchase price, which automatically flows in from the manufacturers, would take away the discretion of the administrative assistant (RTI) or the officer (RTO) dealing with assessment of tax liability of vehicles. The tax liability should be indicated through a ready reckoner.

Encouraging national permit: The national permits for stage and contract carriage as also for public and private carriers are fixed for three to five years. The procedure for grant of such permits for private carriers is relatively simple than for stage carriage and public carriers. For the national permits an annual composite fee per state (other than the home state, where full taxes have to be paid) is charged in lieu of the countersignature fee. Thus, prescribed fee is marginally lower than the full taxation for other inter-state permits and single-point taxation. Notwithstanding the low tax incidence of the national permits, it would be desirable for the smooth flow of goods and passengers across states to encourage the use of national permits. It is suggested that there should be no freezing of the number of such permits. Also, attempts must be made to have proper evaluation of the incidence of tax through national permit. If necessary, the composite tax could be increased to have parity with the existing state taxes on vehicles. Above all, the procedure for issue of such permits must be further simplified. This would help augmenting long-distance goods movement in the country.

Pollution abatement incentives: Some incentive could be built into the tax system to give initiative for the use of non-polluting instruments in each of the vehicles. The structure of tax on motor vehicles in other countries, as presented in chapter 6, reveals that most countries follow differentiation on the basis of fuel, use of catalysts or use of leaded or unleaded petrol. It is, therefore, useful to adopt built-in fiscal incentives for pollution abatement.

Tax incentives for other policy objectives: In addition to incentives for pollution abatement, it is advisable to use taxes on road transport as an instrument that could achieve certain policy objectives. First, these taxes could be introduced in such a way that they encourage the use of multi-axled vehicles (MAVs). This is important in

the context of over-loading of two-axled vehicles (TAVs) and their consequent damage to the roads. Here it is important to note that the damaging power of vehicles increases exponentially with their weight. A nominal increase of 10 percent over the permissible loading can lead to a reduction of about one-third in the pavement life necessitating much earlier investment for pavement strengthening. While movement of goods by road has increased over time, the introduction of MAVs has been rather slow. TAVs continue to account for a major proportion (approximately 96 percent) of the total goods fleet in the country. Transportation of heavy loads without causing excessive damage to pavement can be best achieved by using MAVs, as they can distribute the load on the pavement uniformly. Also, these vehicles are fuel-efficient, economical and facilitate container movement. Studies indicate that MAVs can affect savings ranging between 4 and 6 percent for transport operators but could reduce pavement cost by 8 percent. Second, the tax concession should be used to have noise-reduction and high value vehicles. That is, the tax rate could be inversely related to noise pollution and positively to the value of vehicles.

Total Tax Revenue from Road User Taxes be made to follow the Objectives of Vehicle Taxation: Currently the total tax burden on vehicles is through tax on purchase, on tax on ownership, and through tax on operations. The taxes levied on the purchase account for 63%, and tax on fuel 11%. Only about 1/4th of the tax on the vehicles could be made to follow some principles under the present tax policy frame. Taxes on purchase and ownership should motivate manufacturer to develop low carbon engine vehicles (use of catalyst) and people to buy them. Taxes on use of vehicle should incentivize the use of a particular type of fuel. Fuel duties can be used to reduce traffic as well as pursue other environmental policy goals related to transport. The State-VAT on fuel and on vehicles should be reduced to the normal state-VAT rate (or now GST rate) and any additional tax be levied on the principles of MVTs. Incidence of the tax on use would suggest that there could be some other appropriate means of commuting. This would help reducing traffic.

Abolition of octroi: Various committees have recommended abolition of octroi because it is highly regressive, hampers growth of trade as well as industrial activities, and wastes considerable amount of time of the transporters. The main irritant of the tax is corruption at the octroi barriers and hindrance in the free flow of goods in the country. Following such recommendations most of the states, as stated earlier, have replaced this tax by an entry tax - an account based levy mainly in the form of a piggy back to the sales tax. The tax now exists in 16

municipal corporations of Maharashtra only. The time is now ripe to abolish the tax in these municipal corporations as well.

The reforms suggested above would have a rational and efficient tax policy for the transport sector. At the state level, it would be extremely important to have free flow of inter-state trade and commerce.

Annexure A.7.1

Assumptions for Calculating Tax Burden of Newly Purchased Vehicle for the First Year of Purchase

Type of Vehicle	Feature of vehicle	Base price of CST	Base price for StVAT	Rate of CST	Tax on fuel
Motor Cycle ¹	Engine Capacity 60 CC ULW 95 kg Cost Market price Rs. 45000	80% of Market price of vehicle is taken for CST Tax Rate @8%	Tax imposed on Market price of Vehicle Tax Rate as per the existing rates in differed states.	Tax imposed on market price of Vehicle Tax Rate @2%	Annual consumption of petrol 86 liters (average distance covered by motorcycle assumed 6300 km and petrol consume 1litre for 73 km) 2 Price of petrol in Delhi Rs.51.43 per liter Cess on petrol @2% CenVAT on Petrol @ 10% StVAT rates are different for different state
Motor Car (Personal) 1	[Motor car with engine capacity 1000 cc, ULW 1000 kg, Cost Price Rs. 5 lakh, floor area upto 5 Sq. Mtrs, Seating capacity 5 person excluding driver 14 HP, for personal use Diesel Driven	Factory cost of vehicle assumed 80% of Market price taken for CST Tax Rate @8%	Tax imposed on Market price of Vehicle Tax Rate as per the existing rates in differed states.	Tax imposed on market price of Vehicle Tax Rate @2%	Annual consumption of Diesel 571 liters (average distance covered by motor car assumed 8000 km and diesel consume 1litre for 14 km) 2 Price of diesel in Delhi Rs.40.10 per liter Annual cost of diesel Rs.22897 Cess on diesel @2% CenVAT on diesel @ 10% StVAT rates are different for different state
Bus (Ordinary Private Stage Carriage) 1	Total distance permitted to be covered 150 kms per day, ply on other than town routes, ,permitted to carry 25 passengers, Total Cost Rs. 10 lakh)	Factory cost of vehicle assumed 80% of Market price taken for CST Tax Rate @8%	Tax imposed on Market price of Vehicle Tax Rate as per the existing rates in differed states.	Tax imposed on market price of Vehicle Tax Rate @2%	Annual consumption of Diesel 13415 liters (average distance covered by bus assumed 55000 km and diesel consume 1litre for 4.1km) 2 Price of diesel in Delhi Rs.40.10 per liter Annual cost of diesel Rs.537941.5 Cess on diesel @2% CenVAT on diesel @ 10% StVAT rates are different for different state
Truck (Goods Carriages) 1	Laden Weight or Gross Vehicle Weight 10,000 kg (10 M.T.), Carrying Capacity 8,000 kg (8 MT), and Cost Price Rs. 10 lakhs]	Factory cost of vehicle assumed 80% of Market price taken for CST Tax Rate @8%	Tax imposed on Market price of Vehicle Tax Rate as per the existing rates in differed states.	Tax imposed on market price of Vehicle Tax Rate @2%	Annual consumption of Diesel 10000 liters (average distance covered by truck assumed 3000 km and diesel consume 1litre for 3.34km) 2 Price of diesel in Delhi Rs.40.10 per liter Annual cost of diesel Rs.401000 Cess on diesel @2% CenVAT on diesel @ 10% StVAT rates are different for different state

Notes: 1Rates of motor vehicle tax and passenger and goods tax are given in Annexure to Chapter 4.

2 Source: Government of India (2010), *Report of the Expert Group on A Viable and Sustainable System of Pricing of Petroleum Products*, February, New Delhi. Table 1

8

Management of Road User Taxes

The desired objectives of a tax cannot be achieved unless it is properly administered. In fact, as stated by Milka Casanegra, an expert from the fiscal affairs department of the International Monetary Fund, in developing countries such as India, “tax administration *is* tax policy.”¹ Also, it is important to realise that failure to properly administer the tax defeats its very purpose and threatens the canon of equity because only those who cannot avoid it then make full payment of the tax. Thus, a badly administered tax further increases the evasion of tax affecting adversely the morale of the honest tax payers. Consequently, the administrator collects large proportion of tax from easy-to-tax sectors² and increases inter-sector inequity in the incidence of the tax.

Improvement in the administration of the tax is, therefore, of paramount importance. This could be attempted by improving the activities that the Department performs. Broadly speaking, the motor vehicles tax department as any other tax department performs two types of activities, *viz.*, the functional and the institutional. While the former is performed to fulfil the purposes for which the department exists, the latter refers to the type of activities the department must concern itself with, in order to enable it to serve as a department. In

¹ Casanegra de Jantscher, Milka (1990), “Administering the VAT” in *Value-Added Tax in Developing Countries*, ed. by Malcolm Gillis, Carl S. Shoup, and Gerardo P Sicat, World Bank, Washington; p. 179.

² Bird, Richard M. and Milka Casanegra de Jantscher (Eds) (1992), *Improving Tax Administration in Developing Countries*, International Monetary Fund, Washington, D.C., p.1

fact, the institutional activities relate to the pattern of internal organisation that can directly contribute success in the execution of the primary or the functional activities of the department. A proper and effective performance of these activities is, therefore, crucial to any study of the organisation.

An efficient and vibrant road transport system is the important ingredient for the long-term socio-economic and cultural prosperities. It has direct bearing on the quality of the life of the people. With enormous implications embodied, the efficacy of road transport system is inextricably linked with the types and extent of regulatory, management and administrative setup in the State.

The MV Act of 1939 laid the foundation of formal administrative machinery in road transport. The old enactment has been replaced by a new enactment known as Indian Motor Vehicles Act, 1988 and Central Motor Vehicles Rules, 1989, prescribing some changes in the administrative machinery for the tax.

The Act, besides enforcing restrictions on the movements of vehicles on road in terms of registrations, licensing, permits and penalties prescribes elaborate procedures and rules, ensures the creation of State and Regional Transport Authorities at State and District level all over the country in complete collaboration with Police Department.

Over time, the administrative structure of the road transport in the States have been reshaped, streamlined and more reorganized from time to time with the subsequent enactment of Motor Vehicles Acts and their amendments.

Organization for Administration

With about 90 crore registered vehicles and annual generation of Rs. 15,143 crore (in 2007-08) revenue for the States' exchequer, the administrative machinery of the road transport department of the States functions in a multidisciplinary approach. Its administration is manned by combined network of civil servants, automobile engineers, police personnel, statisticians and judicial experts.

The main objectives of transport administration are:

- To maintain and improve the skill management for the department personnel.
- To ensure transparency in the day-to-day management and administration of the officials.

- To enhance the scope of additional resource mobilization in road transport sector.
- To provide a road user friendly transport administration in the State.
- To protect the public interest by making their mobility safe and comfortable on road.
- To expedite the process of modernization for a more efficient, vibrant and productive road transport management system in the State.

Structure and Functions

The Motor Vehicle Department in each State is headed by the Transport Commissioner, under the Transport Department of the State Commissionerate is the apex body for enforcing & regulating road transport administration in the State. It discharges its responsibilities through the following administrative network:

A. Head Quarters Organization: Transport Commissioner as the head of the State Transport Authority ensures

- ✚ appropriate implementation of provision of Motor Vehicles Act and Rules made there under;

- ✚ regulation of passenger and goods transport by road for delivering an efficient, convenient and safe transport system to the population of the State; and

- ✚ collection of Motor Vehicles Tax revenue.

All the RTOs, Border Check gates, Dy Commissioner's offices and Driving Training School are under the administrative control of Transport Commissioner.

In most of the States the following officers manage the operations of the tax.

i.) **Addl Commissioner, Transport (Administration):** One senior officer from State Administrative Service holds the post of Addl Commissioner Transport (Admin) which has overall responsibility of maintaining administrative discipline and reforms in the department.

ii.) **Addl. Commissioner, Transport (Enforcement):** One senior officer from Indian Police Service in the rank of D.I.G holds the

post of Addl. Commissioner of Transport to ensure timely and effective enforcement of the MV Act and Rules.

iii.) **Secretary, State Transport Authority -cum-Addl Commissioner, Transport (Permit):** The post is discharged by one Senior State Administrative Service Officer who is responsible for issuing inter-district permits, inter-state permits to stage carriages and national permits to goods vehicle to ply in other states.

iv.) **Additional Commissioner, Transport (Technical):** One senior Technical Officer holds the post with the responsibility to monitor and administer the works of IMVs and Jr. IMVs of the department.

v.) **Joint Commissioner Transport (Tax):** One Class I officer from OAS cadre discharges this duty by monitoring, reviewing and auditing the tax revenue collection of all RTOs and check gates.

B. Regional Transport Office (RTO): There are a few dozen RTO's distributed geographically in the state, keeping the public convenience in mind and vehicle population within the region. The staffing pattern of each RTO includes one Regional Transport Officer (RTO), Inspector of Motor Vehicle IMV, Addl RTO (Enforcement), Addl RTO (General), Asst RTO, Traffic Inspectors, Traffic Sub-Inspectors, Constables (Enforcement) and Ministerial Staff. RTO is in overall charge of transport administration in the region. They act as the key personnel in field offices to enforce the Motor Vehicle Act and Rules.

C. Border Check Gates:- There are border check gates in most of the States under the administrative control of motor vehicles department, of which a few are major check gates catering almost three-fourth of the total traffic. These check gates mostly operate jointly with the Commercial Tax Department. Each check gate is controlled by one ARTO and Junior IMVs. They watch on the movement of interstate vehicles.

D. Deputy Commissioner of Transport:- In some of the States, there are Range offices headed by Deputy Commissioner, Transport. They monitor & supervise the functions of RTOs under their jurisdiction. They review the work performances of the RTOs at regular time intervals and report to the STA head quarters.

Similar structure of administrative organization exists in all the States. A sample of organizational structure of some of the States is given in Exhibit 8.1 to 8.3.

Procedures of Road User Tax

Importance of efficient operations of tax cannot be over emphasised. Operations are important from two significant aspects. First, higher tax yields are directly a result of the efficient operations of the tax. It, therefore, increases income elasticity of the tax. And, secondly, as a converse corollary, inefficient operations of tax causes extreme inconvenience to tax paying dealers who come into direct contact with the tax department. Criticism of the tax, therefore, stems largely from the deficiencies in tax operations.

Vehicle Registration

Vehicle registration is compulsory to drive motor vehicle. No owner of a vehicle can use or allow or permit to any one else to use the unregistered vehicle. Vehicle is registered with Regional Transport Officer (RTO). There are three types of registrations: temporary registration, registration of New Vehicle; and registration of vehicle arrived from outstate or assignment of new registration mark (R.M.A).

Temporary Registration: To take vehicle from the dealer's premises, it needs a temporary registration. In case of non-transport vehicles, to take the vehicle to the place of registration from the dealer's premises it needs to be registered temporarily. In case of transport vehicle one needs some time to construct the body of vehicle over the chassis hence it needs a temporary registration. Temporary registration is valid for 7 days initially and can be extended up to 30 days incase of non transport vehicles. An application for temporary registration is made in the prescribed form.

Registration of New Vehicle: To apply for the permanent registration of new vehicle, it should be produced to the RTO for inspection. The vehicle is inspected by an inspector who confirms to the provision of Act and rules and then the vehicle tax is paid along with Form -20, sale certificate in form 21 (to be given by dealer), roadworthiness certificate in form 22, and 22-A from the manufacturer. In addition, the following certificates are also required: roadworthiness certificate in form 22-A part II from the body builder for transport vehicles; transport commissioner's approval; purchase invoice (for vehicles attracting life time tax); temporary registration if any; valid insurance certificate; address proof; entry tax payment proof if any vehicle, body or tanker is purchased from outside the state; octroi receipt if registering in municipal limits; PAN number or Form-60 in two copies (except 2 wheelers); manufacturers certificate for invalid carriage; customs clearance certificate in case of imported vehicles along with license and bond if any.

Bill of entry is required for imported vehicles. In the case of a trailer, it is also important to produce design approval from transport commissioner. In the case of a trailer 7/12 abstract or *tahasildar* certificate in the case of agricultural tractor & trailer is required.

Vehicle from Outstate for Assignment of New Registration Mark (R.M.A)

If the vehicle is registered in one state and is kept or used in other state for the period of more than a year then the vehicle needs to be registered in the later state for a new registration number to be assigned. For this the NOC from original registering authority and consent of financier is needed to be furnished. In addition, apart from payment of the requisite fee, the following documents have to be submitted:

Form - 20,26,27.

Form 29,30 - incase of transfer of ownership.

Form 33 - incase of change of address only.

NOC in form 28 with chassis print affixed on it from the original registering authority along with consent from financier.

Form FT, AT.

Form TCA, TCR - incase of transport vehicles only.

Proof of payment of entry tax in case vehicle has arrived within 30 months of date of it's first registration.

An affidavit from the owner of the vehicle stating that vehicle is concerned in not involved in any accident, theft or crime.

All valid documents of the vehicle.

With all above forms and certificates the vehicle is to be produced for inspection at the R.T.O office.

Licenses:

To drive a motor vehicle in any public place a valid driving license is necessary. That is, a person must possess a license authorizing him/her to drive vehicle of that particular category. There are different types of licenses issued by the RTO offices.

There is a temporary license that is valid up to 6 months from the date of issue. It is basically issued to learn driving of Motor Vehicles. Permanent driving license is issued to those who become

eligible for it after thirty days (to apply within 180 days) from the date of issue of the learner license. Person suppose to get permanent driving license should be conversant about the vehicle systems, driving, traffic rules & regulations. In case of loss, theft, or on mutilation, a duplicate License is issued. The documents to be produced are FIR of the lost license, challan clearance report from RTA Office (in case of Commercial licence renewal) and an application in Form LLD. The particulars are verified by the authority from the records. The duplicate license will have the valid period same as the previous license. The motor licensing authority also issues international driving license. The validity of this license is for one year. Person visiting the country is required to collect the license from there within one year period. Apart from address proof and birth certificate, one has to produce a valid passport and valid visa while applying. Two-wheeler license is issued by the Regional Transport Authority (RTO) to permit driving of only two-wheeler vehicles like bike, scooter and moped. Light motor vehicle license is issued to drive light vehicles like auto rickshaws, motor car, jeep, taxi, three-wheeler delivery vans, etc. Heavy motor vehicle (HMV) License is issued to drive heavy vehicles like trucks, buses, tourist coaches, cranes, goods carriages, etc. A person with HMV license can drive light vehicles but light motor vehicle license do not permit to drive heavy vehicles.

Documentation Formalities for Different Operations

A review of different operations and procedures of the motor vehicles department indicates that for each and every activity there are different documents (forms) are prescribed to be filled in. Many of the forms call for the information that is useful for the department to take necessary action for the activity concerned. However, it is noticed that in all there are 58 forms prescribed in the Central Motor Vehicle Rules 1989. A study of the details of each Form indicates that in all, 186 different kinds of basic data are collected by the various Transport Departments of States/UTs through these forms. The description of the various formats and important data/information collected through these forms are given at Annexure A.8.1.

A review of formats of the 58 forms, given in a matrix in Annexure A.8.2, reveals that the forms are not user-friendly. Much of the information sought in these forms is repetitive in nature and redundant. For example, every application for issue of a learning license shall be accompanied by a medical certificate in Form No. 1. An application for a medical certificate (form No. 1) contains applicant's declaration pertaining to his/her physical fitness. The

information sought under "declaration" in form No.1 is repeated in form No. 1-A under item No. 3. Moreover, once physical fitness of the applicant is certified by the competent authority (medical officer), the applicant's declaration in this regard does not serve any purpose. The applicant's address is classified into permanent address, temporary address, official address, etc. Sub-classification of applicant's address leads to unnecessary complications and does not serve any specific purpose. Therefore, it is suggested that it should be enough to seek applicant's residential address only.

Both the date of birth and age of the applicant are to be furnished in many of the forms. It should be enough to furnish the date of birth alone as it will help calculate the age of the applicant. Form No.2, form No.4, form No.6 and form No.8 contain the details of vehicle classification as motor cycle without gear, motor cycle with gear, invalid carriage, light motor vehicle, heavy motor vehicle, medium goods vehicle, medium passenger motor vehicle, heavy goods vehicle and heavy passenger motor vehicle with the intention that the applicant should tick mark one of the vehicle categories. It is suggested that, instead, the applicant may be asked to fill in the suitable vehicle category in the given vacant space. However, to have justice to the operational requirements and convenience of taxpayers, it is suggested a Committee of Experts be appointed to examine all these aspects minutely.

Also, a detailed scrutiny of the operations at the office of the RTO suggests that for most of the activities the person has to move around to two or three windows causing waste of time and making him stand in the queue again and again. In most cases to save time people are forced to use middle man for getting things done at a cost. It is, therefore, suggested that a single window system be introduced for each of the operations.

Transfer of Vehicle

One of the activities of the RTO is to ensure smooth transfer of vehicles if a person moves from one State to another State. However, it is observed that the person going in for transfer of vehicle is put to great inconvenience, especially in relation to obtaining 'no objection certificate' from the origin state. In general, the department does not respond to letters. The NOC could be obtained only by personal visit, which very time consuming and costly affair. The department must evolve methods where minimum inconvenience is caused to the customer coming especially in the case vehicle transfers from one State to another and non-refund of one-time tax paid etc.

Introducing Suitable MIS

The States should introduce suitable computer technology to ensure transparent, citizen friendly services. As explained in the next chapter, it is high time that a requisite management information system is introduced in the department to have transparency, responsiveness and accountability, as per the details given in chapter 9 *supra*.

The above measures would pave way for the better governance of the system of road transport taxation.

To conclude, the existing system of taxation of road transport performs an important function of raising resources for the centre and the states. However, the procedures need further improvements to remove delays. Efforts must be made to curtail the role of intermediaries and curb the corruption in the system. The following reforms could be implemented:

- ◆ The responsibility of registration of new vehicles must be given to the dealers selling vehicles.

- ◆ A ready reckoner for determining tax liability should be printed and distributed by the department for the use of taxpayers. This would make the tax system transparent.

- ◆ The use of intermediaries must be discontinued. The responsibility for doing so be given to the RTO concerned.

- ◆ A single window system for providing all services must be introduced.

- ◆ Procedures for national permits should be simplified.

The above reforms in management of transport taxes would streamline the procedures and do away with most of the irritants in the system.

Exhibit 8.1 Organization for Administration of MVT: Illustration of Haryana

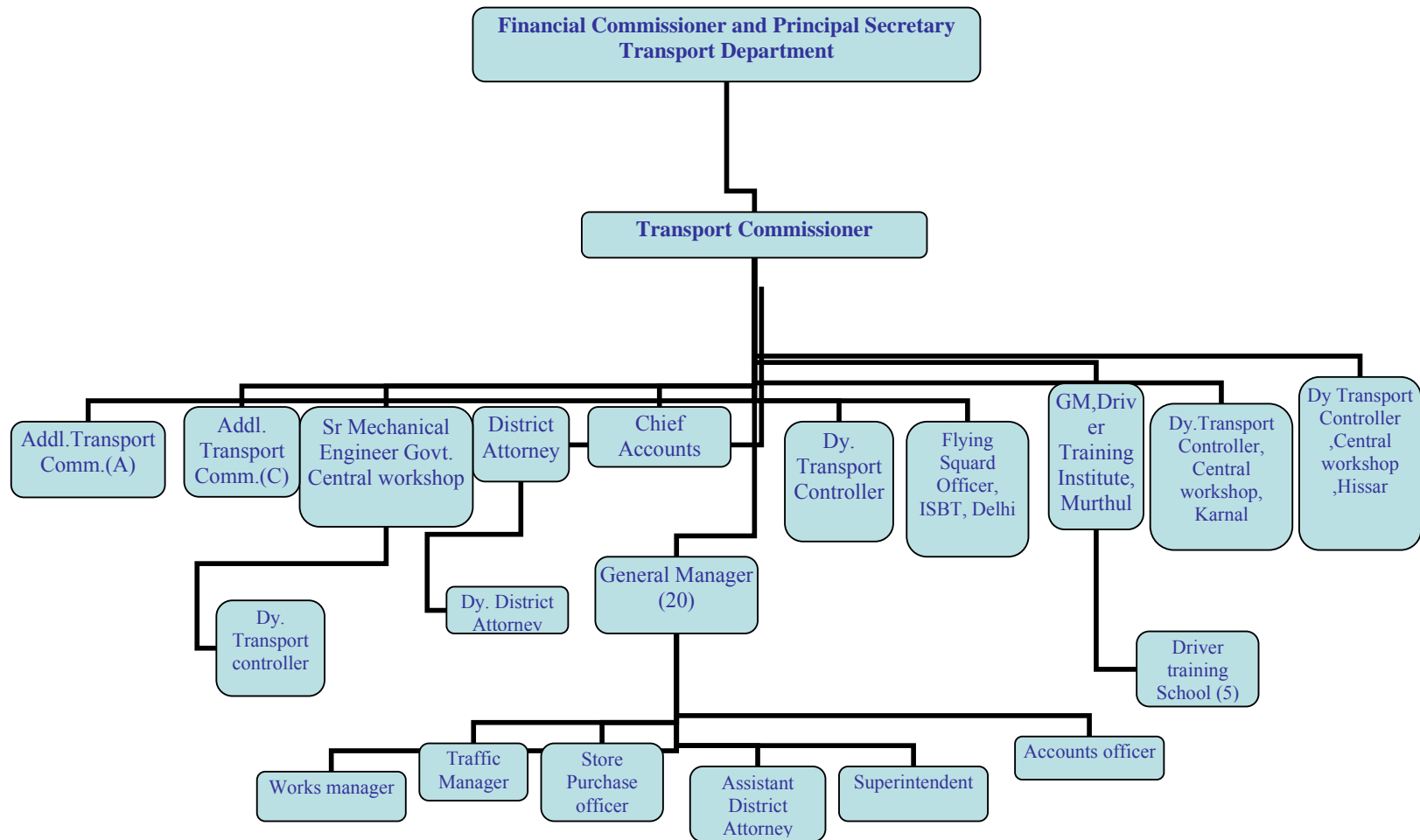


Exhibit 8.2 Organization Chart of Transport Department of Orissa

**ORISSA MOTORVEHICLES DEPARTMENT
ORGANISATION STRUCTURE**

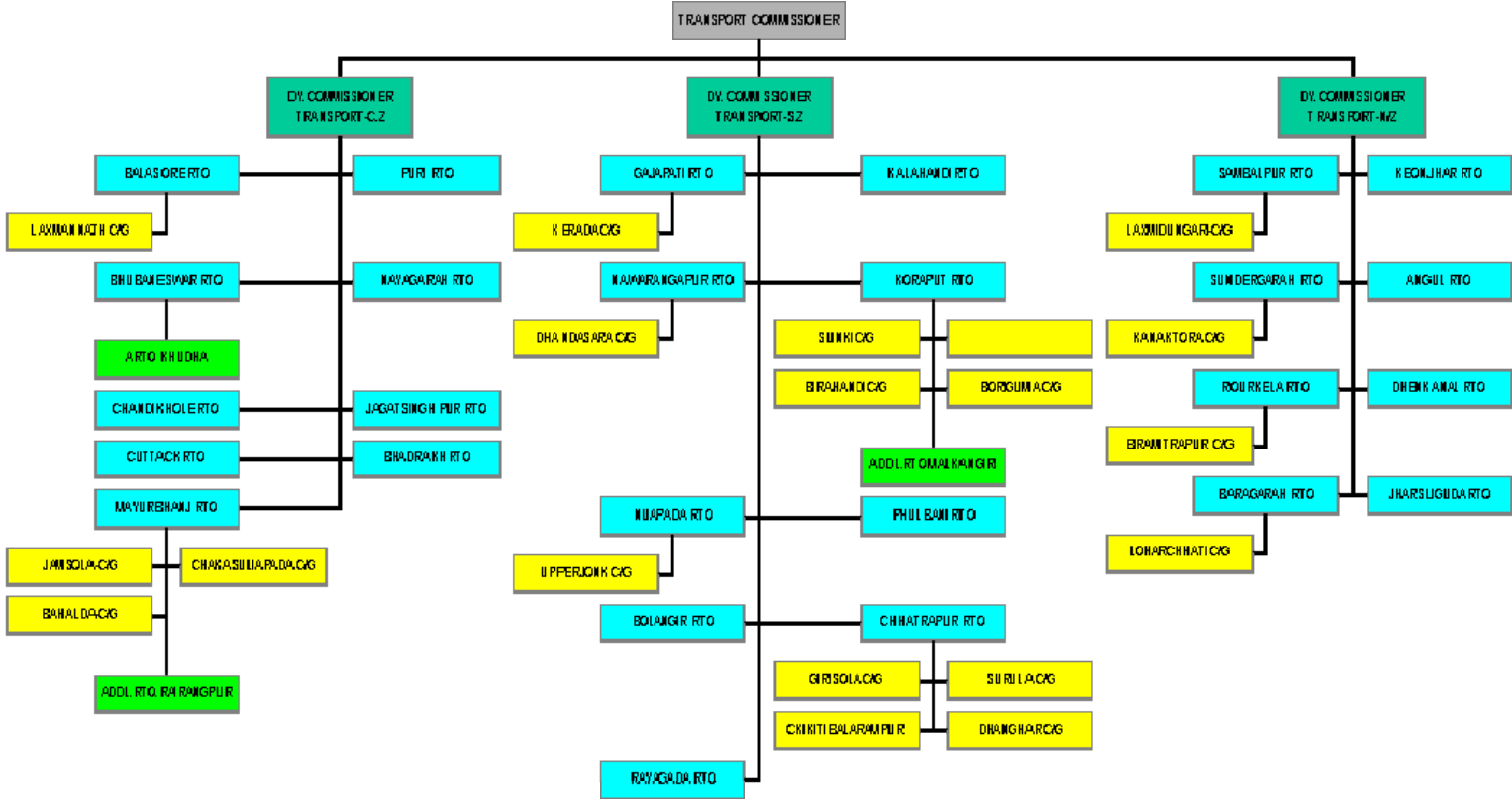


Exhibit 8.3 Organization Chart of Transport Department of UP

<p>Principal Secretary, Transport Department, Government of Uttar Pradesh</p>
<p>Transport Commissioner's Office (Transport Commissioner)</p>
<p>Zones (6) Dy. Transport Commissioners (DTC)</p>
<p>Regions (19) Regional Transport Officer (RTO)</p>
<p>Sub-Regions (70) Asst. Regional Transport Officers (ARTO)</p>

Description of forms prescribed under Moter Vehicle Act and the
important data/ information collected through them

Form 1

Application cum declaration
to the Physical Fitness

Name of the Applicant.....
Son/Wife/ daughter of
Permanent Address.....
Temporary Address.....
Office Address (If any).....
Date of Birth.....
Age on the date of Application.....
Medically fit/not fit hold a
Driving licence.....

Form 2

Application for the grant or renewal
of Learner's License

Type Motor Vehicle.....
Education Qualification.....
Details of the previously holding
Driving Licence.....
Written consent of parent/guardian
(in case of applicant being a minor).....
Payment of Fee for the Licence.....
Passed/Failed the test.....

Form 3

Learner's Licence

Licence number with date.....

Form 4

Form of application for Licence
to drive a Motor Vehicle

Description of Motor Vehicle.....
Whether exempted form the medical test
under rule 6 of the Motor Vehicles
Rules, 1989.....
Whether Exempted form preliminary test
Under Rules 11(2) of the central Motor
Vehicles Rules, 1989.....
Passed/Failed the test.....

Form 5

Driving Certificate issued by
Driving School or establishing

Course of Training of class of Vehicle
Period of course training.....
Sense of responsibility

Form 6.

Form of Driving Licence

Driving Licence No.....
Date of Issue.....
Description of Motor Vehicle.....
Validity of Motor Vehicle.....
Validity period of the Licence
Badge Number.....

Form 7.

Form of Driving Licence
(Laminated and card Type)

Driving Licence No.....
Date of Issue.....

Form 8

Application for the addition of new
class of vehicle to a driving licence

Description of Motor Vehicle to be added.....
Passed/ Failed the test.....

Form 9

Form of Application for the renewal
of Driving Licence

Driving Licence No.....
Date of Issue.....
Licence is renewed within 30 days/not
Renewed with reasons.....

Form 10

State Register of Driving Licence

Driving Licence No. and date of
initial issue.....
Licensing Authority which issued the
Licence.....
Name and address of the officer who has
taken driving test.....
Date of passing the test by the holder
of the Licence.....
Date of expiry of the licence and further
renewal.....

Form 11

Term of licence for the Establishment
of Motor Driving School

Driving Licence No.....
Description of Motor Vehicle.....
The period of Validity of licence.....

Form 12

Form of application for a Licence to
engage in the business of imparting
Instructions in driving of

Place where the applicant desires to
Start his business
Required facilities available/not

Motor Vehicles

available

Qualification of staff engaged for imparting
Instructions.....

Whether model of engine to be used for
Training purposes is made or not.....

Details of the registration marks of the vehicles
used for imparting driving

Instructions.....

Form 13

Form of application for renewing
a licence to engage in the business of
imparting instructions in the driving of
Motor Vehicles

Form 14

Register showing the enrolment
of trainees(s) in the driving school
establishments

Enrolment number.....

Class of vehicle for which training
imparted.....

Dated of enrolment.....

Learner's licence number and date of
its expiry.....

Date of completion of the course.....

Date of passing the test of competence to
Drive.....

Driving licence number and date of issue

Form 15

Register showing the driving hours
spent by Trainee

Hours spent in actual driving

<p>Form 16 Form of application for grant or renewal of trade certificate</p>	<p>Whether the applicant is a manufacturer or dealer in Motor Vehicles, approved repairer of vehicles, engaged in building bodies to vehicles, engaged in the business of hire purchased/lease/hypothecation of vehicles Numbers if certificates required..... Class of Motor Vehicle(s) in respect of which each (Certificate) is required.....</p>
<p>Form 17 Form of Trade Certificate</p>	<p>Serial number of certificate..... Full name and address of certificate Holder..... Trade number of assigned in respected of the Certificate..... Class of Motor Vehicle..... Date of expiry of certificate.....</p>
<p>Form 18 Intimation of loss or destruction of as trade certificate and application for duplicate certificate</p>	<p>Trade certificate No..... Validity of the certificate.....</p>
<p>Form 19 Register to be maintained by the holder of Trade Certificate</p>	<p>Date..... Trade certificate No..... The registration No. of Vehicle..... Description of Motor Vehicle..... Driver's name..... Licence No..... Hours of leaving the premises by the Vehicle..... Mileage covered.....</p>
<p>Form 20 Application for the registration of Motor Vehicle</p>	<p>Name of the person to be registered as registered owner son / wife/daughter..... Age of the person to be registered as registered Owner..... Permanent address of the person to be registered as registered owner..... (Evidence to be produced) Temporary address of the person to be registered as registered owner..... Name and address of dealer or manufacturer From whom the vehicle was purchased..... Whether the vehicle is held under an agreement of hire purchase/ Leased Hypothecation Assigned registration No.....</p>
<p>Form 21 Sale Certificate</p>	<p>Brand name of the vehicle..... Name if the buyer..... Son/wife/daughter Address (permanent & Temp.)..... Date of delivery.....</p>

	Agreement of Purchase/ Lease/hypothecation.....
Form 22 Initial certificate of compliance with pollution standards, safety standards of components and road worthiness	Brand name of the vehicle..... Chassis No. Engine No..... Complies with the provisions of the MV Act 1988.....
Form 23 Certification of registration	Registration No..... Description of vehicle..... Purchase form the dealer name & Address..... Name of the registered owner..... Son/Wife/daughter of..... Address (permanent & Temp.).....
Form 24 Register of Motor Vehicle	Description of registration of motor vehicle..... Full name of owner on registration..... Son/Wife/daughter of..... Full address..... Purchase of agreement like hire purchase Lease hypothecation..... Registration No..... Date of Registration..... Dealer name and address..... Previously registration under Hire Purchase/ Leased Hypothecation..... Financier's name and address.....
Form 25 Form of application for renewal of certificate of Registration of a Motor Vehicle other than a Transport Vehicle	Registration No..... Date of Issue..... Date of expiry..... Registering authority.....
Form 26 Application for the issue of duplicate certificate of Registration	Registration mark of the certificate..... Complaint no. and date with police..... Date and duplicate registration no.....
Form 27 Application for assignment of new Registration mark to a Motor Vehicle	Name..... Son/Wife/daughter of..... Motor Vehicle no..... Chassis No.....Engine No..... Type of Vehicle..... Registered State..... Date of valid registration Assigned new registration mark.....
Form 28 Application for grant of no	Name and address, son/wife/daughter

objection certificate	of Registration number of the Vehicle Class of Vehicle..... Registering authority which originally registered the vehicle..... Engine Number..... Chassis number..... Period of stay in the state..... Period upto which motor vehicle tax has been paid..... Pending action under section 53,54 or 55 of the MVA 1988..... Prohibited goods to be transported by the vehicle..... Name/ address of the financier under an agreement or HP/ Lease/Hypothecation..... No objection certificate granted/not granted .....granted.....
Form 29 Notice of transfer of ownership of a Motor Vehicle	Vehicle No..... Make Chassis No..... Engine No..... Name of the transferee..... Under the agreement of hire purchase/lease hypothecation..... Date of transfer effected from.....
Form 30 Application for intimation and transfer of ownership a Motor Vehicle	Name of the transferor..... Son/Wife/daughter of..... Full Address..... Date of selling of the vehicle..... Name of transferee..... Son/Wife/daughter of..... Address of transferee..... Full name address of the financier..... Date of registration of transfer.....
Form 31 Application for transfer of ownership in the name of the person succeeding the possession of the vehicle	Vehicle registration No..... Make and model..... Chassis No..... Type of Vehicle..... Name of the deceased registered owner..... Name and age of the person succeeding to the possession of the vehicle..... Son/Wife/daughter of..... Full Postal address..... Relationship with the deceased Registered owner..... Date of registration of transfer of Ownership.....
Form 32	

Application for transfer of ownership in case of Motor vehicle purchased or acquired in public auction	Name..... Son/Wife/daughter of..... Full address..... Vehicle No..... Make..... Model..... Type of Vehicle..... Name of the auctioneer.....
Form 33 Intimation of change of address for recording in the certificate of Registration and office Records	Name..... Son/Wife/daughter of..... Full address..... Date of change of address..... Present address..... Name & Full address of financier.....
Form 34 Application for making an entry of an agreement of hire-purchase/lease/ hypothecation subsequent to registration	The Motor Vehicle No..... Registration No..... Agreement of hire purchase/ lease hypothecation Name and full address of the financier.....
Form 35 Notice of termination of an agreement of hire purchase/ lease/hypothecation	Vehicle No..... Date of cancellation of the entry of an agreement.....
Form 36 Application for issue of a fresh certificate of Registration in the name of the Financier	Name of the Financier..... Motor Vehicle No..... Make..... Model..... Defaulted registered owner's name..... Full address of the defaulter..... Agreement of hire purchase/ license /hypothecation
Form 37 Notice of the Registered Owner of the Motor Vehicle to surrender the certificate of registration for Cancellation and issue of fresh Registration certificate in the name of the Financier	Name of registered owner..... Name of the Financier..... Registration No..... Agreement of hire purchase/lease/hypothecation
Form 38 Certificate of Fitness (in the case of Transport vehicle only)	Vehicle No..... Expiry date of certificate..... Date of renewal of fitness certificate.....
Form 39 Form of letter of Authority issued to an authorized testing station	Letter of Authority No..... Date..... Name of the Authority Holder..... Address of the Authority holder..... Address of the Testing station premises

	<p>The validity period of authority..... The period of renewal of authority.....</p>
<p>Form 40 Application for grant or renewal of Letter of Authority</p>	<p>Name of the Applicant..... Son/wife/daughter of Address..... Qualification of the applicant..... Experience in automobile workshop..... Whether connected direct of..... Indirectly in transport business..... Machinery & equipment..... Staff engaged in different cadres (i) Manager..... (ii) Mechanic..... (iii) Helpers..... (iv) Other administrative staff..... Particulars of a person required under clause(a) of sub- rule(3) of rule 63 of Central Motor Vehicles, Rules, 1989 (a) Name..... (b) Age..... (c) Qualification automobile engineering..... (d) Actual experience in automobile workshop..... (e) Name of firm with full address..... (f) Driving experience of various types of transport vehicles (i) Driving Licence No..... (ii) Issued by (iii) Date of issue..... (iv) Type of Vehicle (v) Period of Validity of driving licence, if any..... (vi) Endorsement on driving licence, if any..... Proof of land owned by or hired by the applicant..... Whether garage is equipped with following facilities: (i) Water supply (ii) Electricity (iii) Toilet (iv) Rest room Source of finance..... Number of existing letter of authority..... Date of issue..... Period of validity.....</p>
<p>Form 41 State Register of Motor Vehicles</p>	<p>Registration No..... Previous registration No..... Whether the motor vehicle is (a) New Vehicle (b) Imported Vehicle (C) Ex- army Vehicle Maker's name..... Year of manufacture..... Engine No.....</p>

	Chassis No..... No. of Cylinders..... Cubic capacity/horse power..... Type of fuel used..... Class of Motor vehicle..... Name and full address of the registered owner... Seating capacity..... Gross weight of the vehicle.....
Form 42 Form of application of r the Registration of Motor vehicle by or on behalf of a Diplomatic/Consular Officer	Full name, designation and address of the diplomatic officer/consular officer..... Age of the person to be registered as registered owner..... Name and address of the person from whom the vehicle was purchased/name of the port through which the vehicle was imported/ name of the person or company form. Whose bonded stocks the vehicle was purchased and the name of the port..... Country from which imported..... Class of vehicle..... Type of body..... Maker's name..... Year of manufacture..... Number of cylinder..... Horse power..... Maker's classification or, if not know, Wheel base..... Chassis number..... Engine number..... Seating capacity (including driver)..... Unladen weight..... Particulars of previous registration and registered number (if any).....
	* Number description and size of tyre.....
	a. Front axle
	b. Rear axle
	c. Any other axle
	* Maximum laden weight kgs.
	* Maximum axle weight (in the case of heavy motor vehicle only).....
	a. front axle kgs.....
	b. rear axle kgs.....
	c. any other axle kgs.....

Form 43	* Registration No.
Certificate of registration of a motor vehicle belonging to a diplomatic or consular officer	* Description No. * Full name and address of the diplomatic officer/consular officer.....
	* Class of vehicle.....
	* Maker's name.....
	* Type of body.....
	* Year of manufacture.....
	* Number of cylinders.....
	* Engine numbers.....
	* Horse power.....
	* Maker's classification or wheel base.....
	* Seating capacity (including driver).....
	* Unladen weight.....
	* Registered laden weight.....
	* Size of front axle.....
	* Size of rear axle.....
	* Size of any other axle.....
	* Registered axle weight (in the case of heavy motor vehicle only).....
	(a) front kgs.....
	(b) rear kgs.....
	(c) any other axle kgs.....
Form 44	
Intimation of change of state of residence and application for assignment of fresh registration	* Name and designation..... * Type of motor vehicle.....

mark by or on behalf of a diplomatic or consular officer	* Motor vehicle No. * Place of registration.....
	* Period of stay in the state.....
Form 45	
Application for grant of permit in respect of tourist vehicle	* Name of the applicant * Status of the applicant (whether individual, company, firm etc.).....
	* Name of father or husband (in the case of individual) and in the case of firm or company the particulars of managing partner or managing director as the case may be.....
	* Full address a. whether applicant himself intends to drive the vehicle?
	b. If so, whether applicant
	i) holds heavy passenger motor vehicle driving licence
	ii) the number, date and validity period of driving licence
	iii) name and address of the licensing authority
	* Registration certificate along with the date of first registration, insurance certificate No.
	* Details of other permits if any held in respect of particular vehicle.....
	* Details of total number of tourist permit held by the vehicle.....
Form 46	* Name of the applicant(s) in full.....
Form of application for grant of authorization for Tourist Permit or National Permit	* Son/wife/daughter of..... * Address.....
	* Registration mark and year of manufacture and date of registration of the motor vehicle.....
	* Engine number of the motor vehicle.....
	* Chassis number of the motor vehicle.....

	* Permit number, the authority which has issued the permit and date of issue and date of expiry of the permit.....
	* Unladen weight of the motor vehicle.....
	* Gross vehicle weight of the motor vehicle.....
	* Pay load of the motor vehicle (seating capacity in the case of tourist vehicle).....
	* Period for which the authorization is sought from.....
Form 47	
Authorisation for Tourist Permit or National Permit	* Authorisation No. * Date of authorization.....
	* Authorised throughout India/state(s)
	* Name in full and complete address of holder of the permit.....
	* Registration make of the motor vehicle and mark.....
	* Year of manufacture.....
	* Engine number of the motor vehicle
	* Chassis number of the motor vehicle.....
	* Permit number of the motor vehicle.....
	* Name of the permit issuing authority.....
	* Date of expiry of the permit.....
	* Gross vehicle weight of the motor vehicle.....
	* Unladen weight of the motor vehicle.....
	* Seating capacity in the case of tourist vehicle.....
	* Period of validity of the authorization form.....
Form 48	
Application for the grant of National Permit	* Name of the applicant(s) in full.....
	* Status of the applicant, whether individual, company or partnership firm etc.....
	* Name of father or husband (in the case of individual) and in the case of

	company or firm the particulars of managing partner or managing director as the case may be.....
	* Full address
	a. whether applicant himself intends to drive the vehicle.....
	b. if so, whether applicant holds heavy goods vehicle driving licence
	i) The number, date and validity period of the driving licence.....
	ii) Name and address of the licensing authority.....
	* Registration certificate alongwith the date of first registration, insurance certificate.....
	* Details of any other permits if held in respect of a particular vehicle.....
	* Details of number of National Permits held by the applicant.....
	* Type of vehicle, whether two-axle truck, or articulated vehicle or multi-axle or tractor-trailer combination.....
	* Make of Motor vehicle.....
Form 49	Bill No. Date
Form 50 Bill of lading	Name of address of the National Permit Holder..... Registration number of the Motor Vehicle with date..... Name of the consignor..... Name of the Consignee..... Point of origin..... Point of destination..... Number of Articles Type of goods..... Weight in Kg..... Freight charges to pay..... Total charges.....
Form 51 Certificate of Insurance	Certificate number..... Policy No..... Registration mark of the vehicle insured..... Description of the vehicle..... Make & Year of manufacture..... Engine No..... Chassis No..... Carrying capacity.....

	Name and addresses of the insured..... Effective date and time of commencement of insurance..... Date of expiry of insurance..... Persons or class of persons entitled of drive Vehicle is stage carriage/contract carriage /private service vehicle.....
Form 52 Cover Note	Registration mark & number of description of the vehicle insured..... Name and address of the insured..... Effective date & time of commencement of insurance..... Date of expiry of insurance..... Persons or classes of persons entitled to drive.... The expiry date of the cover note.....
Form 53 Certificate in respect of exemption of Motor Vehicle form Insurance	Registration number of vehicle..... Make of the Vehicle..... Class of the vehicle..... Colour of Body..... The property belongs to the government/local authority / state transport undertakings The validity period of the certificate.....
Form 54 Accident Information Report	Name of the Police station..... CR.No./ Traffic accident report..... Date, time and place of the accident..... Name of full address of the injured/deceased..... Name of the hospital to which he/she was removed..... Registration number of vehicle and type of the vehicle..... Driving licence particulars: (a) Name and address of the driver..... (b) Driving licence number and date of expiry (c) Address of issuing authority..... (d) Badge No. in case of public service..... Name and address of the owner of the vehicle at the time of the accident..... Name and address of the insurance company with whom the vehicle was insured and the particulars of the divisional officer of the said insurance Company..... Number of insurance policy/insurance certificate and the date of validity of the insurance policy/ insurance Certificate..... Registration particulars of the vehicle (class of Vehicle) (a) Registration No..... (b) Engine No..... (c) Chassis No..... Route permit particulars..... Action taken, if any and the result there of.....

Form 55 Application for the approval of a Foreign Insurer	Name of the foreign insurer Domiciled at.....
Form 56 Notice to cease to act as guarantor	Address of foreign insurer..... Date of ceasing as guarantor.....
Form 57 Certificate for Foreign Insurance	Certificate No. Policy No..... Name and address of guarantor..... Registration mark and number of the motor vehicle..... Name and address of the visitor..... Date of commencement of policy..... Date of expiry of the policy..... Person or class of person entitled to drive the vehicle in India.....
Form 58 Endorsement on certificate of foreign insurance	Expiry date of validity period of endorsement..... The validity period of renewal of endorsement.....

Source: Asian Institute of Transport Development (1999), *Trucking Operations in India*, New Delhi.

Commonality of data in Various Forms under Motor Vehicles Act

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Name of the Applicant	F1, F1A, F2, F3, F4, F5, F6, F7, F8, F9, F10	F14, F15, F16, F18	F20, F27, F28, F41	F29, F30, F33		F40	F42, F44	F45, F46, F48			
2	Son//Wife Daughter of	F1, F2, F3, F4, F5, F7, F9, F10	F14, F16, F18	F20, F21, F23, F24, F26, F27, F28	F29, F30, F32, F33		F40	F42, F43	F45, F46, F48			
3	Permanent Address	F1, F2, F3, F4, F5, F6, F7, F9, F10	F14, F16, F17, F18	F20, F21, F23, F24, F25, F26, F28, F41	F29, F30, F32, F33		F40	F42, F43	F45, F46, F48			
4	Temporary dress	F1, F2, F3, F4, F5, F6, F7, F9, F10	F14, F16, F17, F18	F20, F21, F23, F24, F26, F28	F30, F32		F40					
5	Official Address if	F1, F2,	F14, F16,	F20, F21,	F30, F32,		F40	F42				

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	any	F3, F4, F5, F6, F7, F9, F10	F17, F18	F23, F24, F25, F28	F33							
6	Date of Birth	F1, F2, F3, F4, F6, F10	F14									
7	Age on date of application	F1		F20			F40	F42				
8	Identification marks (i) ii	F1, F1A, F2, F3, F4										
9	Any medical Deficiency	F1, F1A										
10	Blood Group	F1A, F2, F3, F4, F6, F7, F8, F9										
11	RH Factor	F1A, F2, F3, F4, F5,										

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
		F8, F9										
12	Medical Fitness	F1A, F2, F3, F4, F5, F7, F8, F9										
13	Name and Designation of the Medical Officer/Practitioner	F1-A										
14	Registration number of Medical Officer	F1-A										
15	Description of Motor Vehicle (s) (a) Motor Cycle without gear (b) Motor cycle with gear (c) Invalid carriage (d) Light Motor Vehicle (e) Medium good	F2, F3, F4, F6, F7, F8, F9, F10	F11, F14, F15, F16, F17, F19	F20								

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	vehicle (f) Medium passenger motor vehicle (g) Heavy motor vehicle (h) Heavy Passenger Motor Vehicle (i) Road Roller											
16	Educational Qualifications	F2, F4, F6, F10					F40					
17	Effective Date of holding driving licence	F2										
18	Written consent of parent/guardian (in case of applicant being minor)	F2, F4										
19	Mane and Address of Driving School with validity period	F2, F4, F5	F11, F12, F13, F15,									
20	Payment of the Fee	F2, F4,	F12, F16,	F20, F25	F34	F35, F36			F46			

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
		F8, F9	F17, F18									
21	Exempted from the Medical Test under Rule 6 of Central Motor Vehicle Rules,1989	F2, F3, F4										
22	Exempted from the preliminary test under Rule 11 (2) of Central Motor Vehicles Rules,1989	F2, F3, F4										
23	Name and Address of the Parent/Guardian	F2										
24	Relationship of guardian with applicant	F2										
25	Passed the test with date	F2, F4, F8, F9	F14									
26	Learner's Licence No.	F3, F4, F8	F14									
27	Passed the preliminary test	F3, F4										

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
28	The validity period of Learner's Licence	F3	F14									
29	Previously held driving licence No. with date	F4, F7										
30	Driving Certificate No.	F4							F48			
31	Full name and designation of testing authority	F4, F6, F8, F10										
32	Date and enrolled No. of driving school	F5	F14, F15									
33	Course of training of class of vehicle	F5										
34	Period of training	F5	F14									
35	Driving Licence No. with date	F6, F7, F8, F9, F10	F14				F40		F48		F54	
36	Validity period of Licence to drive motor vehicle	F6, F7, F9, F10					F40		F45, F48		F54	
37	Badge No.	F6, F7,									F54	

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
38	Licensing authority by which the Licence was issued	F9, F10	F14				F40		F45, F48			
39	Licensing authority by which the Licence was last renewed										F54	
40	Name of the school and extent of facilities available for training		F12									
41	Qualification of staff engaged for imparting instructions		F12									
42	Make and model of engine to be used for training purposes		F12									
43	Details of the registration marks of the vehicle used for imparting driving instructions		F12									

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
44	Hours spent in actual training school		F15									
45	Whether the applicant is a manufacturer of dealer in motor vehicle, approved repairer of vehicles, engaged in building bodies of vehicles, engaged in business of higher purchase, less, Hypothecation		F16	F23								
46	Number of certificates required		F16									
47	Serial number of trade certificate		F17									
48	Trade number assigned in respect of the certificate		F17, F18, F19									

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
49	Date of expiry of the trade certificate		F17, F18									
50	Name and address of the dealer or manufacturer from whom the vehicle was purchased			F20								
51	Vehicle is ex-army vehicle, imported vehicle, locally manufactured vehicle			F20, F24, F41								
52	The Motor Vehicle is (a) New vehicle (b) Ex-army vehicle (c) Imported vehicle			F20, F23, F24, F25, F41	F30					F51	F51	
53	Type of body			F20, F24, F25				F42, F43				
54	Type of vehicle			F20, F21, F22, F23, F24, F27,	F29, F30, F32	F36	F40	F42, F43	F45, F48	F51	F51	F54

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
				F28								
55	Maker's name			F20, F21, F23, F24, F25, F41	F32	F36			F45, F48	F53	F53	
56	Month and year of manufacturer			F20, F21, F23, F24, F25, F41								
57	Number of cylinders			F20, F21, F23, F24,				F42, F43				
58	Horse power			F20, F21, F23, F24,				F42		F53	F53	
59	Cubic capacity			F20, F21, F23, F24, F25, F41								
60	Wheel base		F20, F23, F24									
61	Chassis number			F20, F21, F22, F23, F24, F25, F27, F28, F41	F29, F30,			F42	F46, F47	F51	F51	F54
62	Engine Number			F20, F21, F22, F23, F24, F25,	F29			F42, F43	F46, F47	F51	F51	F54

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
				F27, F28, F41								
63	Seating capacity(including driver)			F20, F21, F22, F23, F24, F25, F27, F28, F41	F29			F42, F43	F46, F47	F51	F51	F54
64	Fuel used in engine			F20, F21, F23, F24, F25, F41								
65	Unladen weight			F20, F21, F23, F24, F25, F41				F42, F43	F46, F47			
66	Previously held registration number of the vehicle			F20, F21								
67	Colour or colour s of body wings and front end			F20, F21, F24				F42, F43				
68	Number description and size of tires			F20, F21, F24				F43				
69	Fron axle			F20, F21,					F43			

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
				F23F24								
70	Rear axle			F20, F21, F23, F24								
71	Gross vehicle weight			F20, F21, F23, F24, F41								
72	Maximum axle weight (a) Fran axle (b) fear axle			F20, F21, F23, F24				F42, F43	F46, F47			
73	Overall length			F20, F23, F24				F43				
74	Overall height			F20, F23, F24								
75	Overall width			F20, F23, F24								
76	Overhang			F20, F23, F24								
77	Type of body of semi trailer			F20, F24								
78	Weight of semi trailer			F20, F23, F24								
79	Number description and size			F20, F23, F24								

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	of each axle of trailer											
80	Maximum axle weight in respect of each axle			F20, F23, F24								
81	Valid insurance certificate number with validity period			F20, F24							F54	
82	Motor vehicle is subject to hire purchase lease/hypothecation			F20, F23, F25, F26, F27, F28	F35, F36, F37	F35, F36, F37						
83	Motor vehicle registration number with validity period			F20, F26, F26, F28, F41	F35, F37	F35, F37	F38	F42	F45, F46, F47, F50		F54	F57
84	Brand name of the vehicle delivered			F21								
85	Date of delivery			F21								
86	Name of the buyer			F21, F23, F24, F25, F26								
87	Vehicle complies with the provisions			F22								

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	of the Motor Vehicle Act, 1988 with respect to pollution standards											
88	Vehicle complies With the provisions of the Motor Vehicle Act, 1988 with respect to body of the vehicle			F22								
89	Markers' classification			F25								
90	Police complaint registration number for loss of registration certificate			F26								
91	Motor vehicle number			F27	F29, F32	F35, F36	F38		F46			
92	Name of the state of registration			F27				F44				
93	Date and period of registration			F27	F29							
94	Previous			F27, F41								

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	registration number with validity period											
95	New registration mark			F27								
96	Registering authority which originally registered the vehicle			F28								
97	Period of stay in the state			F28								
98	Period up to which motor vehicle tax has been aid			F28								
99	Pending tax details			F28								
100	Vehicle involved in any theft cases <u>with details</u>			F28								
101	Action pending against section 53,54 Or 55 of motor vehicle <u>act 1988</u>			F28								
102	Any case against			F28								

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	transporter prohibited goods											
103	of the purchaser				F29, F30	F36, F37						
104	Address of the purchaser				F29, F30	F36, F37						
105	Effective date of transfer				F29, F30, F31							
106	Full name of the financier				F30, F31, F33, F34	F36						
107	Address of the financier				F30, F31, F33, F34							
108	Relationship with the deceased registered owner				F31							
109	Date of transfer of ownership in case				F32							

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	of motor vehicle purchased or acquire in public auction											
110	The new address				F33							
111	The period of renewal of fitness certificate in case of transport vehicle F39, F40						F38					
112	Number of letter of authority for testing station with						F39, F40					
113	date Name of authority holder						F39					
114	Address of						F39					

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	authority holder											
115	Address of the premises of the testing station						F39					
116	Period of validity of authority for testing station						F39, F40					
117	Renewed Period of authority						F39					
118	Experience in automobile workshop						F40					
119	Directly/indirectly in all in transport business						F40					
120	Machine & equipment						F40					
121	Staff engaged in different cadres (i) Manager (ii) Mechanic (iii) helper (iv) other administrative staff						F40					

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
122	Driving experience of various type of transport vehicles						F40					
123	Endorsement on driving Licence, if any						F40					
124	Proof of land owned by or held by the applicant						F40					
125	Whether garage is equipped with (i) water supply (ii) electricity (iii) toilet (iv) rest room						F40					
126	Source of finance						F40					
127	Designation of Diplomatic officer/ consular officer							F42, F43, F44				
128	Name and address of the person from whom the vehicle was purchased							F42				
129	Country from							F42				

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	which imported											
130	Year of manufacture							F42, F43				
131	Register number of motor vehicle belonging to diplomatic or consular officer							F43				
132	Registering place of vehicle							F44				
133	Period of stay of the vehicle in the state							F44				
134	Status of the applicant, whether individual company or partnership firm or cooperative society etc,								F45, F48			
135	If applicant holds Heavy passenger motor vehicle Licence								F45, F48			

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
136	Details of other permits, if any, held in respect of particular vehicle								F45			
137	Details of total number of tourist permits held by the applicant								F45, F48			
138	Registration mark and year of manufacture								F45, F48	F51, F52		
139	Permit number, the authority which has issued the permit and date of issue and date of expiry of the permit											
140	Period for which authorization is sought for								F46, F47			
141	List of states for authorization granted								F46			
142	Name and address								F46			

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	of permit holder											
143	Name and address of permit issuing authority								F47, F50			
144	Date of expiry of the permit								F47			
1456	Number of bill of lading								F47			
146	Name of the consignor								F50			
147	Name of the consignee								F50			
148	Point of origin								F50			
149	Point of destination								F50			
150	Number of articles								F50			
151	Weight in Kg.								F50			
152	Freight charges paid								F50			
153	Freight charges to pay								F50			
154	Total charges								F50			
155	Truck number								F50			
156	Name and address of the insured									F51, F52		

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
157	Persons or class of persons entitled to drive									F51, F52		
158	Permit is for stage carriage/ contract carriage-private service vehicle									F51, F52		
159	Name of the government to which properly belongs									F52		
160	Name of tile local authority/stale transport undertaking									F52		
161	Exemption certificate for insurance by the order number with date									F53		
162	Validity period of exemption certificate for Insurance									F53		

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
163	Name of the police station										F54	
164	CR. No./traffic accident report											F55
165	Date, time and place of accident											F55
166	Name and full address of the injured/deceased											F55
167	Name of the hospital to which he/she was removed											F55
168	Name and address of the driver										F54	
169	Name and address of the owner of the vehicle at the time of the accident										F54	
170	Name and address of the insurance company with whom the vehicle was insured and the										F54	

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	particulars of the divisional office of the said insurance company											
171	Route permit particulars										F54	
172	Action taken, if any, and the result thereof										F54	
173	Name of the foreign insurer											F55, F56, F57
174	Domicile at											F55, F56, F57
175	Expiry date of the guarantor											F56
176	Certificate number of foreign insurers											F57
177												F57
178	Name and address of guarantor											F57
179	Name and address of visitor											F57
180	Date of commencement of											F57

S. No.	Particulars	Form Numbers										
		Issue of Driving Licence	Licencing for establishment of Motor Driving school	Registration of Motor Vehicle	Transfer of ownership of Motor Vehicle	Agreement of Hire Purchase/Lease/Hypothecation	Authorising Testing Stations	Registration of Motor Vehicle on behalf of Diplomat/Consular Officer	Grant of Licence in respect of Tourist Vehicle	Certificate of insurance	Accident information report	Approval of foreign insurance
1	2	3	4	5	6	7	8	9	10	11	12	13
	the policy											
181	Passenger or classes of persons entitled to drive in India											F57
182	Any limitations as to use of Motor Vehicle in India											F57
183	Particulars of any other vehicle(s) which tile foreign visitor is entitled to drive in Indi3 and any limitation as to use of such vehicle in India											F57
184	The period of validity of endorsement											F58

Source: Asian Institute of Transport Development (1999), *Trucking Operations in India*, New Delhi.

MIS for Road User Taxes

In any country, the most important elements for proper administration of road user taxes are efficient collection, collation and analysis of the available information. The prime requisite is an adequate information base for an evaluation of the existing tax policy and for the simulation of the effects of proposed legislative changes. Thus, an appropriate information base should cover all major aspects of tax administration for its effective enforcement, reform and proper tax legislation.

In addition, administration of road user taxes calls for an information exchange system that verifies the credential of vehicles registered in other states.

An information base of this dimension is possible with the help of a suitable information technology, which could be used to provide management with integrated, all encompassing information on the working of the total organisation in order to facilitate the decision-making process. The over all system of providing such comprehensive information for the use of the management, known as management information system (MIS), has interrelated sub-systems and a built-in capability to transfer data between systems. The result is an output that provides management with meaningful data for effectively controlling and administering departmental policies.

Objectives of MIS

The MIS is designed to serve a wide variety of objectives:

- i. It enables the evaluation of tax policy and the correct appraisal of alternative policy measures with the help of reliable statistical information.
- ii. The quality and quantum of information collected is also of invaluable help in driving insights into important facets of the economy. For example, statistics of income tax assessments will show the degree of inequality in the distribution of income over time, the efficiency of tax measures to promote desired objectives, their cost to the community, the size of the parallel economy etc.
- iii. These statistics should be one of the data sources for national income accounting.
- iv. MIS is a vital part of the support measures for effective enforcement of tax laws as well. That is, it helps in monitoring, administering and controlling the overall tax system.
- v. Finally, the system of MIS is designed to facilitate decision making process to serve the objectives of tax policy and administration.

However, accomplishment of the above objectives calls for an administrative system, which enables the department to have a proper information flow by using modern computation technology.

Information Needs Analysis

To accomplish the above objectives and to have efficient transport planning and operation, three sets of basic data are needed. These are traffic flows; resource cost of transport services; and infrastructural and operational data of the relevant mode of transport.

(i) Traffic Flows

Data on traffic flows are important requirements for planning. In case of goods transport such data are to be collected along all important routes and organized on a continuous basis. Availability of existing data is not satisfactory¹. Systematic information on traffic flows is not available

¹ Data regarding traffic flows by road were first collected in 1959 through surveys on 6 trunk routes. Transport surveys were conducted by Technical Groups established by

because of multiple agents, preponderance of single-truck operators and absence of traffic recording and reporting procedures. In view of the importance of traffic flow data for planning and policy formulation in respect of goods transport, it is important that the following steps must be taken as early as possible:

- Permanent counting stations should be set up at critical points on national highways and state highways to measure traffic flows (including goods carried) and density of vehicles.
- Government should seriously consider making an independent agency like NCAER/ FPEPR responsible for carrying out O-D traffic survey regularly every five years.
- An inter-ministerial Group comprising officers of the Planning Commission, the Ministries of Surface Transport, Railways, Petroleum and Natural Gas be set up to oversee the surveys and analyze and publish the data for the use of the planners.
- Quarterly reports should be obtained from producers of major commodities (cement, fertilizers, petroleum, coal, etc) on the movement of their products, origin-destination-wise. Similar data on food grains should be obtained from Food Corporation of India.

(ii) *Transport Costs*

Planning Commission which studied the movement of 15 bulk commodities by various transport modes. RITES was custom-made by the Planning Commission in 1977-78 for UNDP Transport Policy Planning Project. RITES conducted a country-wide survey of inter-regional traffic flows for 3 modes of transport, viz. railways, roads and coastal shipping. The survey covered 37 commodities and quantified the tonnage and leads for different modes of transport. In 1980 NTPC submitted a report in which it recommended that the information on traffic flows and resource cost should be periodically collected. The RITES later conducted a survey in 1986 which had severe drawbacks in its data collection. The Steering Committee on Perspective Planning for Transport Development submitted its report in 1988 recommended that in place of ad hoc surveys once in 5 years, data collection on goods flows by roads on important routed should be organized on a continuous basis. However, these recommendations of NTPC and the Steering Committee on Perspective Planning to arrange for periodic collection of data have not been implemented.

Though assessment of road transport costs is very important yet there has not been any systematic flow of information. A study on road users' cost was commissioned by the Ministry of Surface Transport (MOST) in 1980s under the World Bank funding. But, still periodic studies need to be undertaken for updating revision of road users' cost.

(iii) *Operational Data*

In general, motor vehicle transport and in particular, truck transport is predominantly in the private sector. Except for the statutory registration of vehicles, there is serious lack of data in goods transport in respect of ownership pattern of vehicles, nature of operations, fleet strength, fleet utilization, cost of operation, tax structure, age profile of vehicles, etc. Further, there is complete absence of data regarding output of trucks in terms of tonnes carried, tonne kms transported, proportion of empty trips, etc. Though truck transport accounts for a significant capital formation, no precise information is available about it. It is also not known which group of operators is making investments and how they are financed, *i.e.* the extent these are financed by financial institutions and through personal savings.

Directorate of Transport Research (DTR), Ministry of Surface Transport presently collects and publishes data on registered motor vehicles, and MV tax rates in the States. However due to non-cooperation on part of the States, there is a time lag of 2-3 years in the publication of data on road transport.

To assess the true picture of transport industry, it is suggested that the regional transport authority (RTA) or District transport authority (DTA) or state transport authority (STA) should compile and computerize the data annually with regard to goods transport vehicle population, form of ownership, number of operators, vehicle fleet by age, carrying capacity etc. Once this is done the DTR can access this and publish the data promptly.

(iv) *Inter-State Operations Data*

Information regarding the following parameters would be required for inter-state use.

1. Registration of vehicles.
2. Driving licenses issued to drive transport vehicles.

3. Issue of National Permits and authorization of operation of vehicles.
4. No Objection Certificate issued for transfer of ownership, change of residence, etc.
5. Road accidents

The above data along with the information regarding vehicle population could be placed on the National Grid for inter-state access.

MIS in Indian States

MIS in Indian states is at present at a rudimentary stage. Most of the states have, however, made intense efforts to introduce requisite MIS. While the efforts of different states vary, many of them have attempted to modernise the existing system. Andhra Pradesh, Delhi, Karnataka, Maharashtra and Tamil Nadu have made headway in computerising and introducing requisite MIS, efforts are also being made by the other states.

The operations of MIS are divided into unit, checkpost, division, headquarters organisation and the computer centre. Effective efforts have been made to computerise operations of all these wings of the department. All the procedures of operations of the tax (such as registration, issue of permit, record of payment of tax etc.) are handled through computer.

The operations at the district office require the officer concerned (i.e. Regional Transport Officer) to maintain a master file of each vehicle/owner², which is opened at the time of registration of a vehicle. All data pertaining to the activities of the vehicle are put into the master file. In addition, the office of the Regional Transport Officer (RTO) could replace all manual registers and master files in the computer. On the basis of the information from various sources, each unit office has ready information according to tax paid and vehicles classified as per turnover, movement of goods, ownership etc. Notices and reminders are issued by the district office through the computer.

At the level of check-post all the relevant information is fed into the computer for all consignments passing through check-posts. The functions assigned at the check posts include:

² There are 8.96 crore registered vehicles in the country. All the vehicles must have a master file with a unique registration number.

- Validation of consignor and consignee;
- Capturing data from the waybills of the transporters;
- Issuance of transit passes; and
- Tracking blacklisted vehicles and missing waybills.

The personnel at the check-posts affixes adhesive entry pass on waybill and verifies genuineness of consignor and consignee. The check-posts also provides information on "overcheck" vehicles³ or overloaded vehicles.

The middle tier of administration in the motor vehicles tax department comprises divisional office. At this level the information received from the district office is collated and compiled to prepare consolidated statements for the region. In addition for reviewing the performance of RTO on the basis of the information so received, the consolidated statements help the department in analysing trends in the revenue. It also enables the department to review the performance of the RTO.

The central computer wing at the headquarters maintains master file of each vehicle. Also, it maintains data on revenue and turnover for the whole of the state. It also records information on the flow of goods from check-posts. It has access to the information from the RTO office as well as from the divisional office. The central computer wing is, therefore, the data-warehouse for the department and brings out reports to analyse the operations of tax in the state.

Activities of an Integrated Information System

MIS systems of different countries (including that of the Indian states), highlight the integrated character of the MIS. It shows that all the activities are interwoven and aim at achieving desired objectives of the tax administration. Various ingredients of the MIS comprise the following aspects.

³ This refers to crossing of another check-post within the state after it has been checked once.

Master File Maintenance: The first and the foremost job of the system is to prepare a master file of all the registered vehicles. This helps creating a file of potential taxpayers from every available source, such as motor vehicles tax records and computer files of business income, and other published sources.

Payment of Tax: The integrated information system pre-addresses MVT Tax Payment Forms/Permit Fee Forms. It enters payment data and other accounting transactions to the master file of the vehicles. It helps in identifying delinquents (those who fail to pay the tax) and to print and mail delinquent notices. The overall system enables the department to enter information in the master file of vehicles

Management Information: The integrated system provides complete accounting summary. This is prepared by type of motor vehicle and by location of vehicle registered with the owner of vehicle. Similarly, the system should prepare management analysis, such as comparative data about amounts collected for several tax periods.

Proposed MIS for Motor vehicles tax Administration

The analysis of the activities of integrated information system presented in preceding paragraphs suggests that except for a few states where the efforts have significant impact, in other states, the attempts are *ad hoc*, and the treatment meted out to the MIS is usually casual. With a view to improving the existing information system in the motor vehicles tax administration of the states, it is important to reform the systems on the lines suggested below:

First, it is essential that we adopt a suitable computational technology for proper motor vehicles tax management. In view of vast improvements in computer technology it is absolutely necessary that a requisite system, suitable to the structure and administrative reforms of the state concerned, is adopted. In adopting computer technology we have to keep in mind the capacity of the computer system to be adopted. Indeed, it should not be too big creating problems of under utilised capacity. In selecting the system one must also keep in mind the principle of 'Keep it Simple'. Similarly, requisite education and training to the staff using the computer is essential for its success. Hence, it is important to work out details of overall requirements of the operations of the tax.

Secondly, the following functions could be performed by the computer section (called EDP Unit.):

- i) Tax payer identification number (TIN), as stated earlier, has to be created for each payer;
- ii) A sub-system of the EDP unit should be intimately linked with the overall process of motor vehicles tax management. This unit would receive information [through the bank in most cases (and direct in cases where the tax is paid to the RTO office)] about the payment of tax by each vehicle. Also, this unit would be able to perform the arithmetic checks about the correctness of the data received from the tax-payer. The documents should be processed in batches as received from the bank. The advantage in handling information through batches is that the discrepancies could easily be reconciled at the local office when sent for resolution of the errors; and
- iii) The sub-system of the EDP unit would also be useful for keeping accounting records of the flow of revenue. It would also determine the exact amount due and validate the batch control sheets with the balance control documents.

The above functions of the EDP Unit could be a part and parcel of the motor vehicles tax management. Each of the activity has its important role and should be seen as an integral part of the system.

With a view to doing so, it is important to have structural changes at the Headquarters Organisation relating to the Research and Statistics wing. Currently, this wing does not exist in any of the States As the information system is becoming increasingly important, a Research and Statistics Wing (RSW) must be developed in each state. It should be manned by a senior official from the department, and support staff should include a fully-trained statistician. It is proposed that this person could be taken on deputation from the Directorate of Economics and Statistics in the state concerned.

Third, it is important to make some changes in the system of documentation. The flow of information could be used in two ways. First, the entries would be made in the master file of the vehicle. Second, the computer would indicate the files of those vehicles which have not paid the tax to the unit office. The computer centre would then issue reminders directly to the vehicles. It is a recognised fact that the failure of the department to promptly handle the delinquents is a major way. It is in this

context that the reminders from the computer centre with the use of the master file would help the department reduce the rate of delinquency in the motor vehicles tax administration.

Fourth, in addition to collecting statistics from the returns and the related documents received from the check-posts, it is important to collect some information about the vehicle. To collect such information a new performa should be devised. This should be sent by the unit office to the computer centre giving further details about the vehicle.

Apart from the above system of sending vehicle-wise information to the computer centre, it would be useful to have a consolidated statement about the position of registrations, collections and arrears, as on 31st March of every year. This statement can be used as an input by the computer centre to prepare the statistical profile for the state as a whole on all these aspects.

Finally, since the EDP unit is important for all the states, each state would be required to develop necessary software for the functions mentioned above. It would be duplication of efforts and waste of resources to develop similar software packages independently for each state. Since the procedural problems would almost be common, it would be desirable that the states pool the resources to have a common unit for developing computer software packages. This would help developing extremely useful software packages at the lowest cost.

Pre-Requisites of MIS

It is however important to recognise that prior to introduction of a comprehensive MIS, some pre-requisites have to be fulfilled. These could be enumerated as follows:

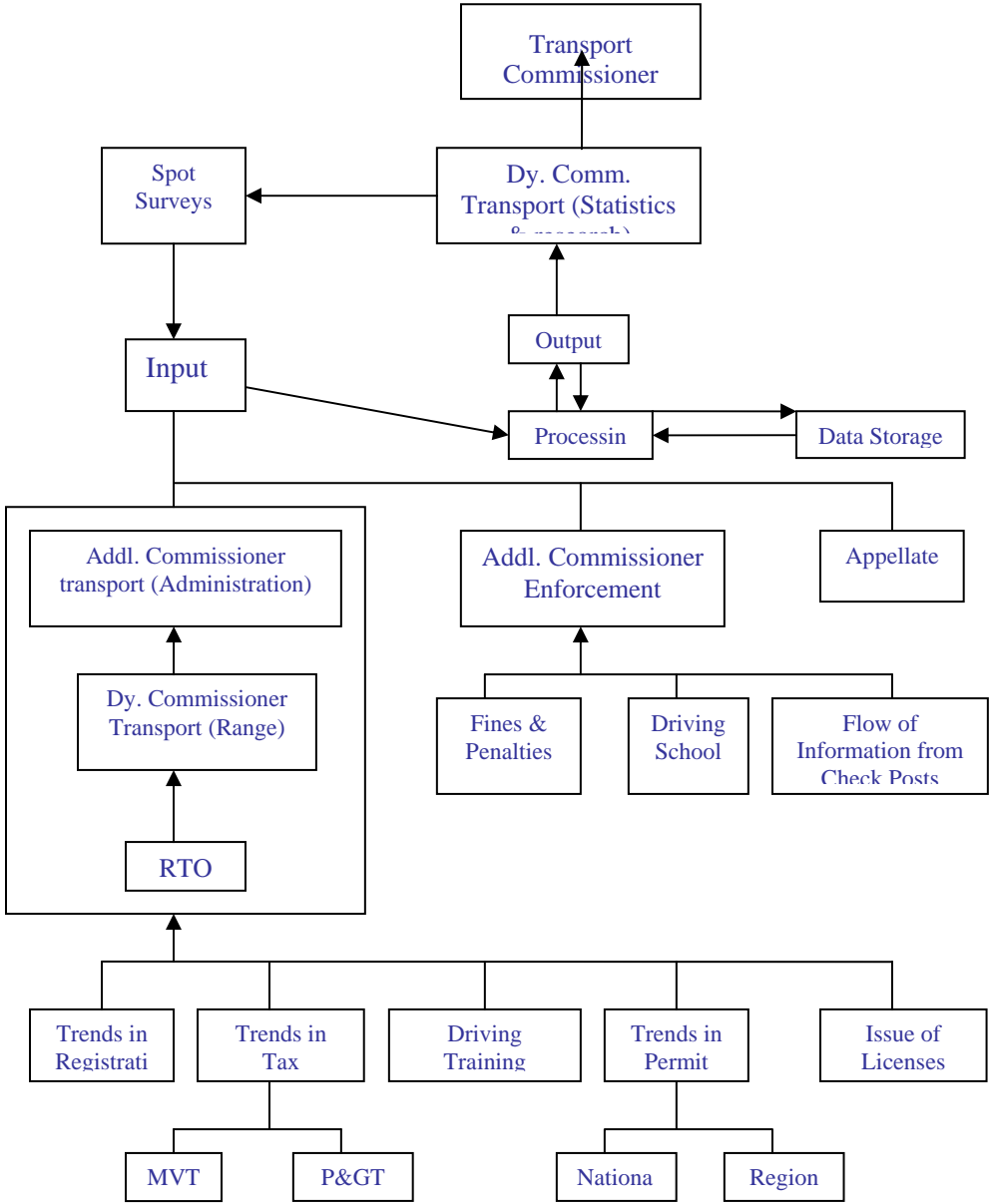
- Organisational re-engineering is the first pre-requisite to have a computer environment.
- While locating computers in the district offices and in the headquarters organisation, easy functional allocation is important when the key information is stored in the computer.
- Equally important aspect relates to human resource development. It is necessary to develop proper training and skills development programme for those using the system.

- Incentives for those using and developing software would prove to be very useful in the long-run.
- It is also important to develop a support legal framework for the use of the computer, which in cases replaces the existing notices etc.

While the above pre-requisites are essential features that must be fulfilled, the most important aspect is the commitment by the senior officials to get the same implemented.

To conclude, the MIS, a recent advance in computer technology is designed to provide tax management with integrated, all-encompassing information on the dynamics of an organisation in its entirety. An integrated information system could be used in all the states for all the aspects of tax-management such as registration, tax payment, and identification of delinquents. This is an extremely important area to improve motor vehicles tax management in India.

Exhibit 9.1
Proposed MIS for Road User Taxes in India



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