Report No.VI

One of the issues on which the Government has sought for recommendation and suggestions from the Committee is about the fixation of fare in respect of Contract Carriages. The Committee has also been requested to report measures to be taken generally for existence of transport industry.

The Committee had heard the views of general public as well as operators of Contract Carriages in the State and the inputs that have come requires to be closely examined. However, on 27-09-2011, the Association of Contract Carriage Operators had brought a matter to the attention of the Committee, which according to them requires the immediate attention of the Government, and requested the Committee that an opinion be given to the Government about the grievance on this score and take measures for giving relief.

The matter related to the increase that has come in the tax in respect of Contract Carriages presently enforced by State of Karnataka effective from 14-09-2011. Tax for entry of Contract Carriages in the Southern States has been reasonable all throughout, and reciprocal arrangements were working well, only the Karnataka Government not towing in line with others. The relevant data shows the following:

1. Tamil Nadu - no tax - (for a round trip of seven days duration.
2. Andhra Pradesh (no tax)
3. Pondicherry (no tax)
4. Maharashtra - Rs.135/- per seat for 7 days of round trip
5. Goa - Rs. 70/- per seat for 7 days
6. Kerala - Rs.154/- per seat (in vehicles – seating capacity of 50 in all) only with respect to Karnataka, Maharashtra and Goa).

However, in the case of Karnataka the levy has always been higher. Recently the tax structure has been revised in a subtle manner. The tax hither to collected was Rs.333/-. Now tax structure remains the same. But, interpreting the definition of Luxury Coaches, every vehicle with wheel base of 222 inches is deemed to be having 65 seats for the purpose of taxation and in case 65 seats are not there, the number of seats is deemed by a fiction as 65 or above. If seats are lesser, automatically it is treated as a Luxury Coach. The per seat taxation for this class of vehicles is enhanced to Rs.666/- from what was existing viz., Rs.333/-. That is a 100% increase. Thus, it has practically been doubled. The per seat tax for a Contract Carriage now payable is Rs.666/-.

On comparison the tax collected i n respect of Contract Carriages which enter Kerala State, as now prevailing, is given below:

6 + 1 seating capacity - Rs.40/- for 7 days
7 + 1 seating capacity - Rs.220/- "
8 + 1 seating capacity - Rs.250/- "
13 + 1 seating capacity - Rs.2100/- "

xx xx xx xx xx

49 + 1 seating capacity - Rs.7600/- " "
(Rs.154/- per seat)

Where reciprocal agreement is there, there is no incidence of tax.

As briefly referred to earlier, although the Governments of Tamil Nadu, Andhra Pradesh and Pondicherry do not prescribe taxation a vehicle entering to such regions operators will have to pay the tax at a very high rate in case the carriage has to travel through Karnataka even for a short distance. The position of course is per se anomalous and arbitrary.

The operators point out that after the hike as above, their business has been substantially reduced especially in excursion field. Since Karnataka is a favourite tourist destination, most of the operators were having regular trips to Karnataka but the prohibitive cost has affected the business prospects. The Committee finds that the grievance as highlighted by them is real and indeed adversely affect the existence of the industry. They have to suffer tax burden, and additionally a high toll as introduced by the Karnataka Government is restrictive in its effect.

Even the pre-revised tax was on the higher side and the discussions indicated that when the matter had been taken up earlier in the Southern Transport Ministers Conference the representatives of Karnataka Government were adamant about their tax structure and advised other States to raise their tax rates so as to equal them. The collection of revenue alone was their look out.

We also find that apart from the tourist business, students as well as employees working in the Karnataka State are perforce obliged to utilize the Contract Carriages. They presently undertake travel by paying enhanced fare, grudgingly. In other words the authorities of Karnataka are capitalizing on the helplessness of general public in Kerala. It is also relevant that for some time past there is a tendency for operators in the Kerala State to get their vehicles registered in Karnataka which ensures that they stand exempted from payment of tax. This, in the long run, affects the State exchequer as the money normally to come to the Government Treasury is irrevocably lost.

The Committee feels that the adamant stand of the Karnataka Government requires to be appropriately countered. The Entry Tax that is payable by the Karnataka operators for coming over to Kerala is only Rs.154/- per seat (for a seating capacity of 50 in all vehicles). This is in the place of Rs.666/- payable for entry to Karnataka. If the entry tax on Karnataka vehicles entering Kerala boarder is equated to the tax levied by the Karnataka Government from Kerala vehicles, it may not be unethical. Of course that is likely to affect passengers travelling in Karnataka registered Contract Carriages, who will be obliged to pay higher fare. It is likely that operators and inhabitants at Karnataka State may pressurize the Karnataka State to get the matter reviewed, and at that time Kerala State can persuade them to see realities. It could be reasonably possible to anticipate that the Karnataka Government will have a second look in the matter and may adopt a just approach to the issue.

Normally during the Sabarimala season thousands of busses from Karnataka are likely to arrive our State and if with immediate effect the tax is notified as enhanced so as to be equal with the levy currently enforced by them it is possible to expect that the attention of the Karnataka Government will be focused to the issue without delay.

As a consequence, perhaps a more reasonable approach to the levy of entry tax thus could be expected from Karnataka Government. In any case, if the attempt does not yield the desired objective, the Government of Kerala will nevertheless be in a position of advantage, getting a better revenue, simultaneously without any extra liability cast on the Kerala operators and Keralites.

In view of the urgency of the situation, early attention of the Government, we recommend, should fall on this issue. Time bound steps alone will lead to desired effects.

Dated this the Ist day of October, 2011.

Justice M.Ramachandran (Retd)
(Chairman)

Dr.D.Narayana
(Member)

T.Elangovan
(Member)

T.P.Senkumar,IPS
Transport Commissioner
(Member Secretary)