

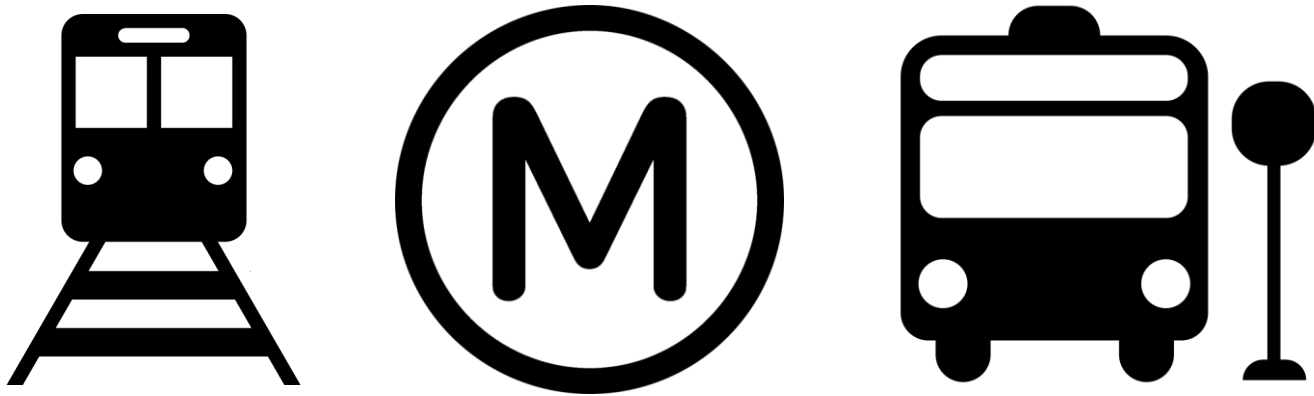


WRI INDIA  
— ROSS CENTER

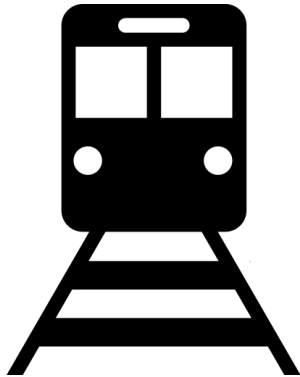
# TAXES AND PUBLIC BUS TRANSPORT

*The Indian Paradox*

# URBAN PUBLIC TRANSPORT IN INDIA



# URBAN PUBLIC TRANSPORT IN INDIA



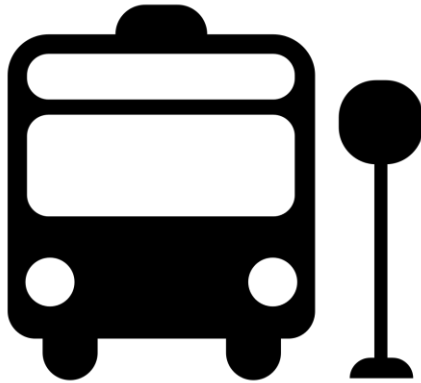
Generally exempt from tax payments

Delhi Metro – exempt from all taxes except:

Wealth Tax

Fringe Benefits Tax

# URBAN BUS TRANSPORT IN INDIA



Largely by government-owned entities (State Transport Undertakings)

Cannot function on purely commercial principles:

Fare-setting

Concessions for various sections of commuters

Operating on low-demand routes to ensure connectivity

# THE CURRENT TAX STATUS – LIST OF TAXES APPLICABLE ON PUBLIC BUSES

- Multiple taxes levied on public buses at various stages of operation

Stamp Duty

Property Tax

Excise Duty

Entry Tax

VAT/Sales Tax

Customs Duty

Octroi

Motor Vehicle  
Tax

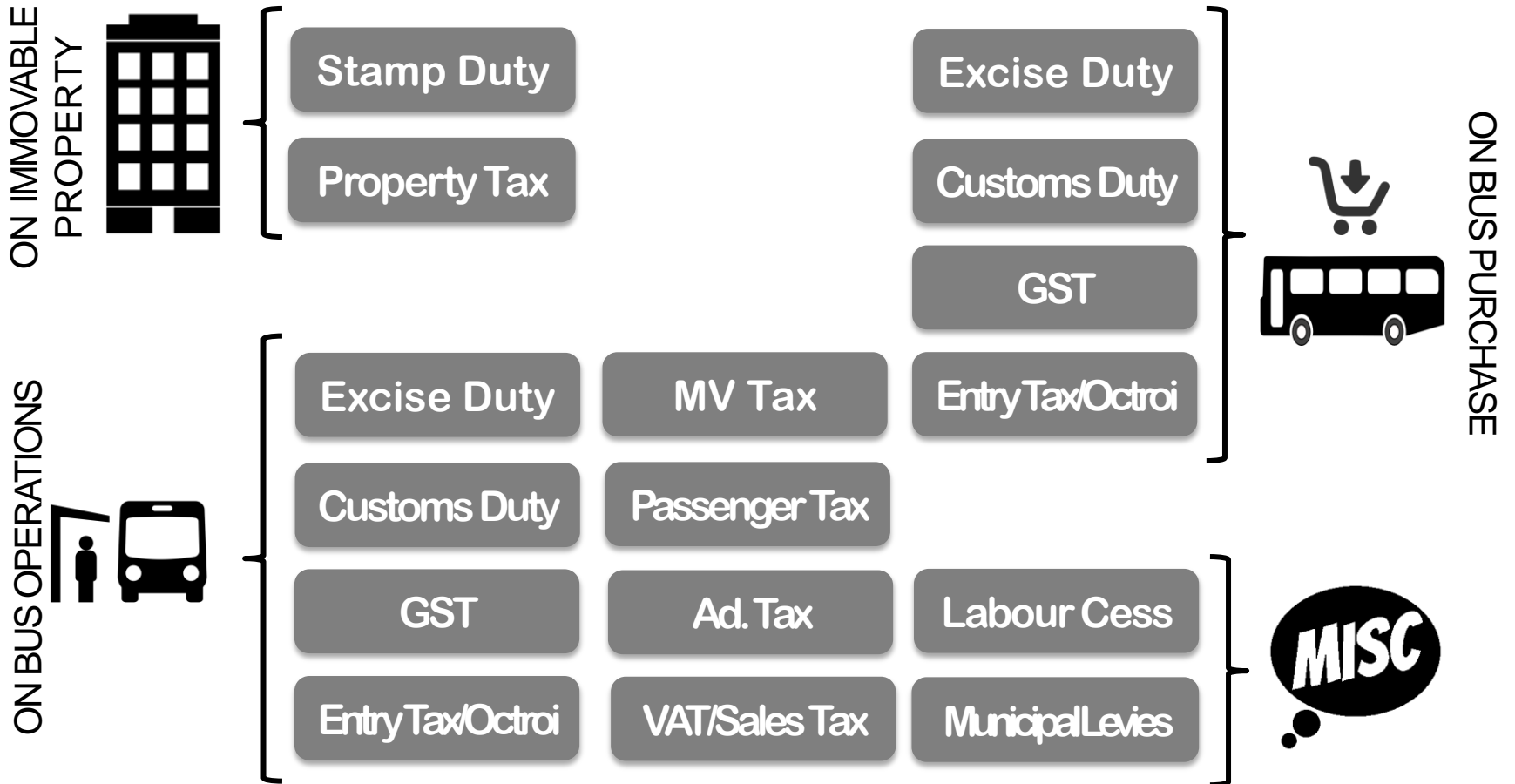
Passenger Tax

Municipal Levies

Labour Cess

GST

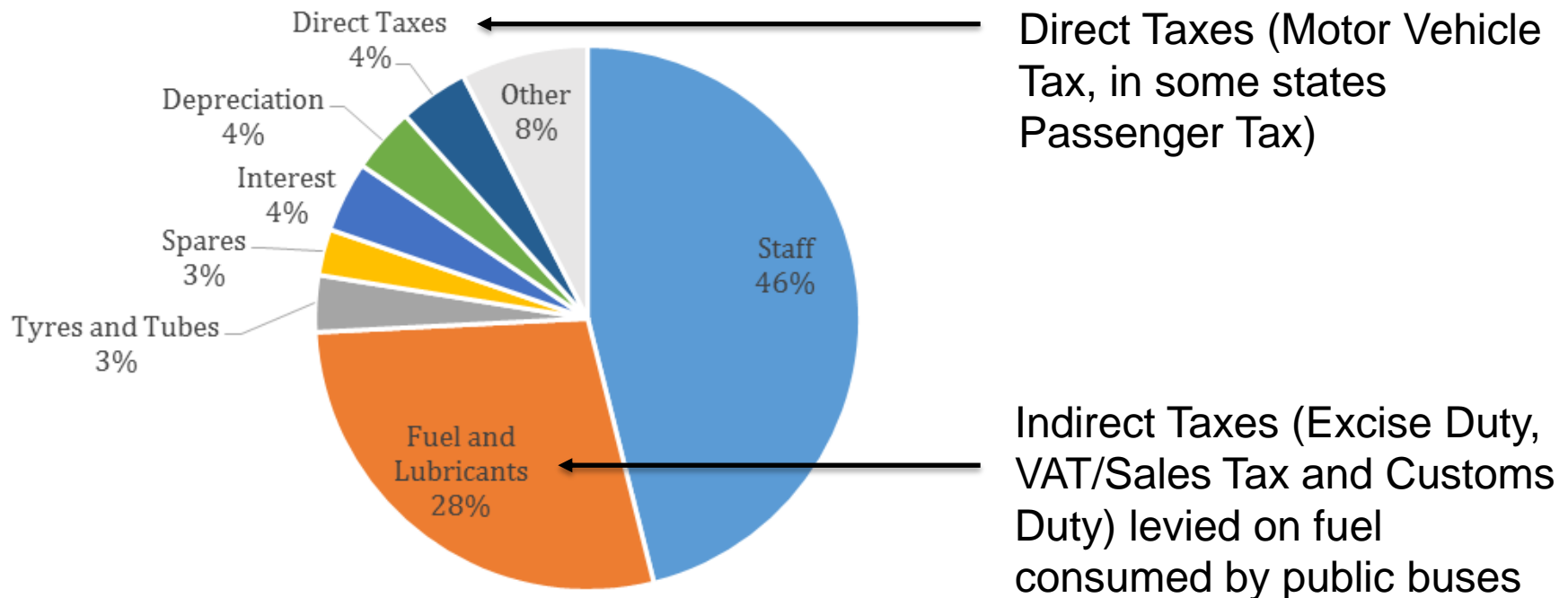
# THE CURRENT TAX STATUS FOR PUBLIC BUSES – WHERE ARE TAXES LEVIED?



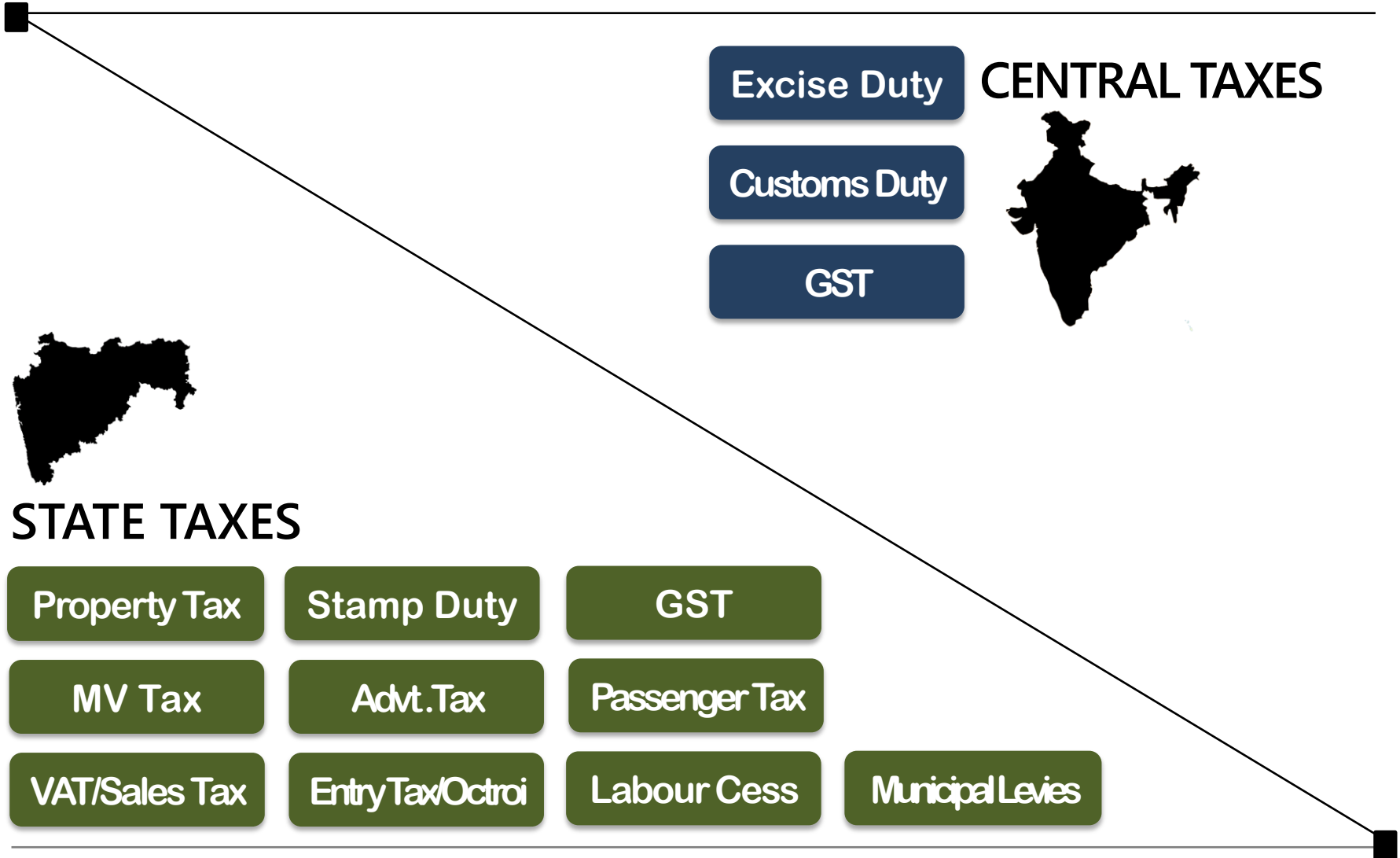
# THE CURRENT STATUS – MAJOR TAXES

- The most significant taxes on public buses include:

## Average Public Bus Cost Components



# TAX BREAKDOWN – WHERE DO THESE TAXES GO?

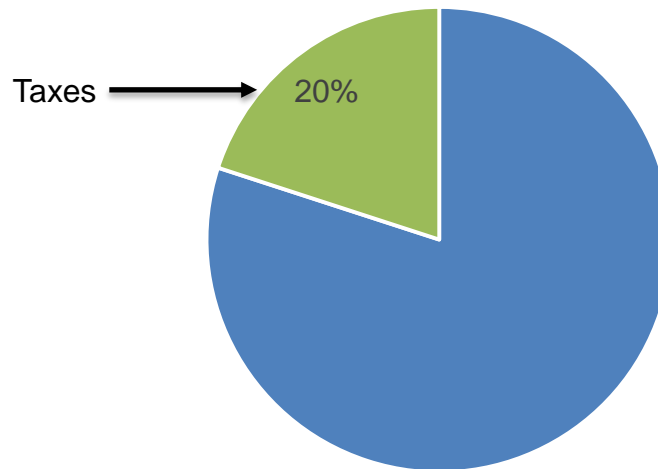




# ISSUES WITH THE EXISTING TAX SYSTEM FOR PUBLIC BUSES

- Impact on the financial stability of public bus operators

Cost Components of the Average Public Bus Operator



# ISSUES WITH THE EXISTING TAX SYSTEM FOR PUBLIC BUSES

- Impact on the financial stability of public bus operators

Year	Operators Surveyed	Loss-Making Operators	Operators whose Direct Tax Payments Exceeded Losses
2011	21	13	5
2012		14	3
2013		15	5
2014		15	6
2015		14	6

# ISSUES WITH THE EXISTING TAX SYSTEM FOR PUBLIC BUSES

- Huge variations in taxation across states
- Even when controlling for revenue, Haryana Roadways, for example, is taxed **15** times higher than the Metropolitan Transport Corporation

# ISSUES WITH THE EXISTING TAX SYSTEM FOR PUBLIC BUSES

## TAX PAID BY PUBLIC BUS AGENCIES IN DIFFERENT STATES / CITIES

**Rajasthan State Road Transport Corporation**  
Gross Revenue of INR 1837 Crore  
Tax paid is **INR 316 Crore**

**Gujarat State Road Transport Corporation**  
Gross Revenue of INR 2862 Crore  
Tax paid is **INR 565 Crore**

**Bihar Mumbai Electric Supply & Transport**  
Gross Revenue of INR 1509 Crore  
Tax paid is **INR 90 Crore**

**Karnataka State Road Transport Corporation**  
Gross Revenue of INR 3205 Crore  
Tax paid is **INR 485 Crore**

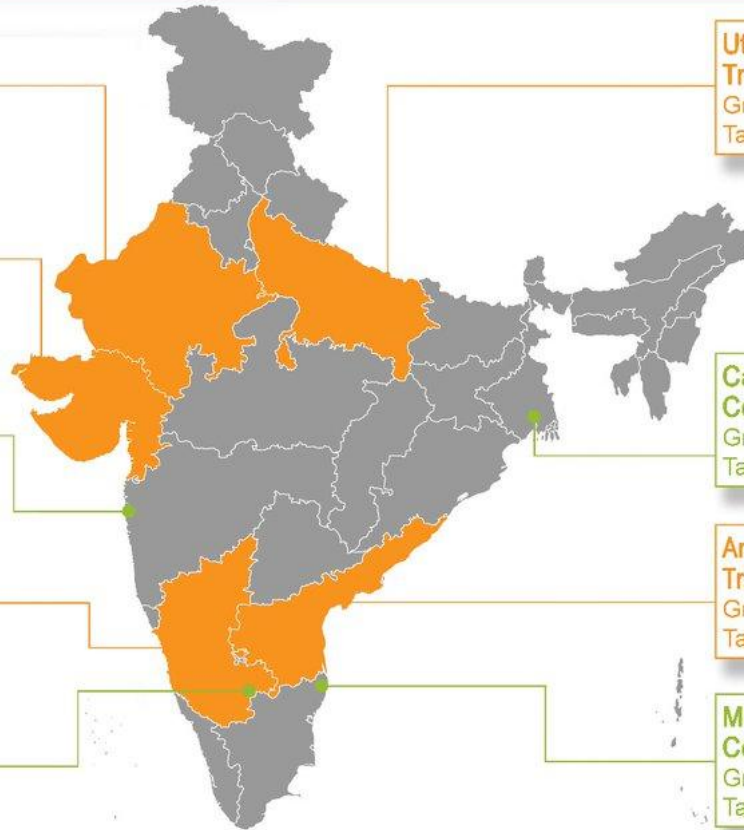
**Bangalore Metropolitan Transport Corporation**  
Gross Revenue of INR 2257 Crore  
Tax paid is **INR 310 Crore**

**Uttar Pradesh State Road Transport Corporation**  
Gross Revenue of INR 3275 Crore  
Tax paid is **INR 693 Crore**

**Calcutta State Transport Corporation**  
Gross Revenue of INR 72 Crore  
Tax paid is **INR 12 Crore**

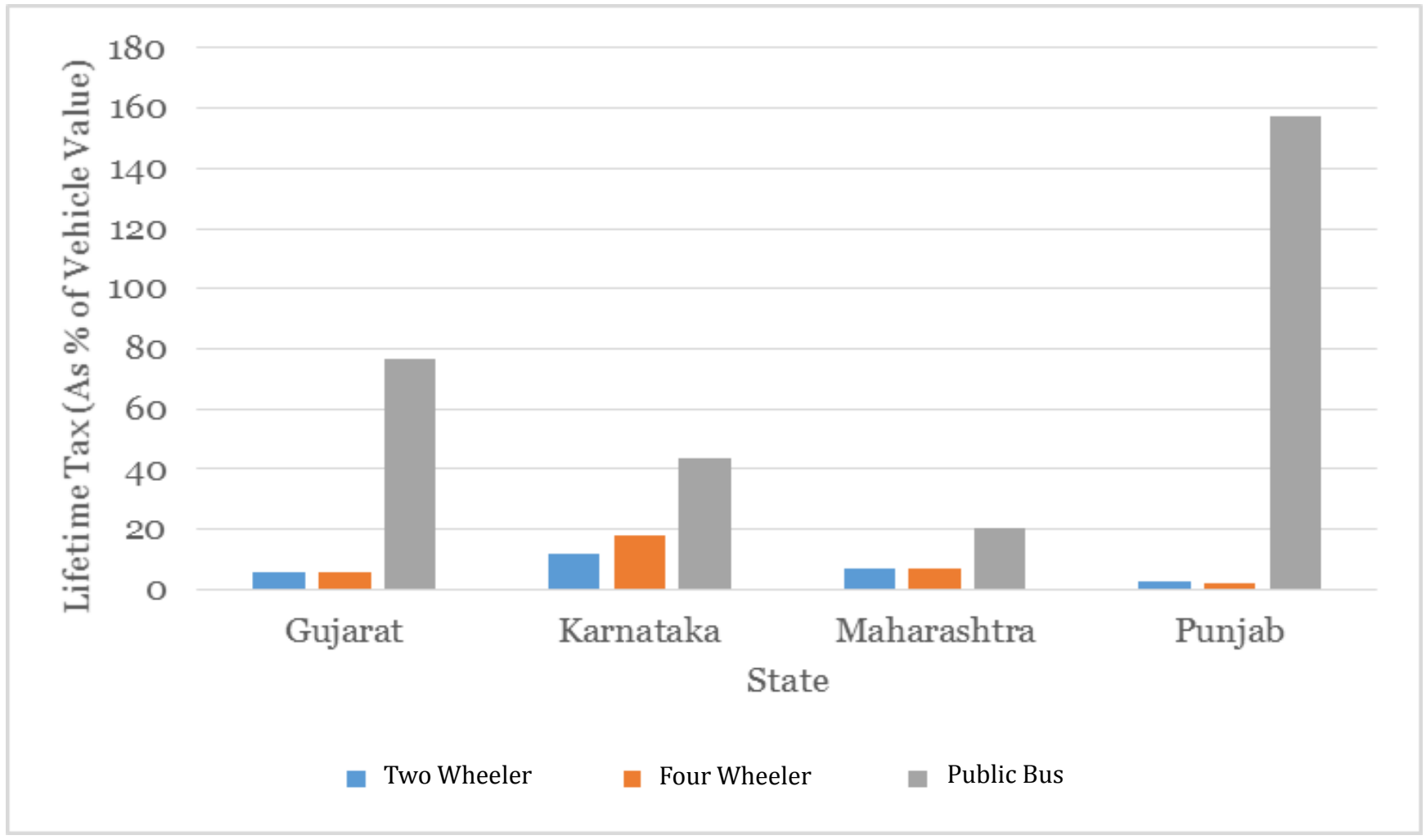
**Andhra Pradesh State Road Transport Corporation**  
Gross Revenue of INR 4808 Crore  
Tax paid is **INR 846 Crore**

**Metropolitan Transport Corporation Chennai**  
Gross Revenue of INR 1376 Crore  
Tax paid is **INR 126 Crore**



\*Tax paid includes all direct taxes and fuel tax for the year 2014-15

# ISSUES WITH THE EXISTING TAX SYSTEM FOR PUBLIC BUSES – BUSES TAXED MORE THAN PRIVATE VEHICLES



# ISSUES WITH THE EXISTING TAX SYSTEM FOR PRIVATE BUSES

- Implicitly 'subsidises' private vehicles and promotes congestion
- Reduces funds available with operators to reinvest in the system – poorer service quality
- More frequent requests for fare hikes
- Little incentive for operators to introduce newer technology in maintenance

# HOW COULD THIS BE IMPROVED?

- Reducing taxes and increasing financial support – easy to suggest
- Who should pay for high-quality public transport?



WRI INDIA | SUSTAINABLE  
CITIES

# THANK YOU