

SHORT REALISATION OF ENTRY FEES AND LICENCE FEES

MINISTRY OF HOME AFFAIRS (UT)

**PUBLIC ACCOUNTS COMMITTEE
(2023-24)**

ONE HUNDRED AND FORTY-SEVENTH REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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MINISTRY OF HOME AFFAIRS



Presented to Hon'ble Speaker, Lok Sabha on: 29.4.2024

Presented to Lok Sabha on:

Laid in Rajya Sabha on:

**LOK SABHA SECRETARIAT
NEW DELHI**

April 2024/ Chaitra 1945 (Saka)

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	*Minutes of the adoption of the Public Accounts Committee (2023-24) through digital circulation on 20.4.2024	

*Not appended in the report

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2023-24)**

Shri Adhir Ranjan Chowdhury - **Chairperson**

MEMBERS

LOK SABHA

2. Shri Thalikkottai Rajuthevar Baalu
3. Shri Subhash Chandra Baheria
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Pratap Chandra Sarangi
7. Shri Vishnu Dayal Ram
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Dr. Satya Pal Singh
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Shri Jayant Sinha
13. Shri Balashowry Vallabhaneni
14. Shri Ram Kripal Yadav
15. Vacant¹

RAJYA SABHA

16. Shri Shaktisinh Gohil
17. Dr. K Laxman
18. Shri Derek O'Brien
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Vacant²

SECRETARIAT

Dr. Sanjeev Sharma - Joint Secretary
Shri Partha Goswami - Director
Shri Pankaj Kumar Sharma - Deputy Secretary
Shri Hemant Kumar - Committee Officer

¹ Shri Brijendra Singh resigned w.e.f 12 March 2024

² Dr. Sudhanshu Trivedi retired from Rajya Sabha w.e.f. 2 April 2024

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-24) having been authorized by the Committee, do present this One Hundred and Forty-Seventh Report (Seventeenth Lok Sabha) on “**SHORT REALISATION OF ENTRY FEES AND LICENCE FEES**” based on Para 3.6 of Comptroller and Auditor General's Report No. 24 of 2022.

2. The Report of Comptroller and Auditor General of India was laid on the Table of the House on 20.12.2022.

3. The Public Accounts Committee took oral evidence of the representatives of Ministry of Home Affairs on 20.11.2023. The Committee considered and adopted this Report *vide* digital circulation on 20.4.2024.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold and form Part-II of the Report.

5. The Committee would like to express their thanks to the representatives of the Ministry of Home Affairs for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.

6. The Committee also place on record their appreciation for the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

NEW DELHI
20 April, 2024
31 Chaitra, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

PART-I
REPORT

The Public Accounts Committee decided to take up for detailed examination and Report **Para 3.6 of the C&AG Report No. 24 of 2022** on the subject “**Short realization of Entry fees and License Fees**”. In this regard, the Committee learnt that the Chandigarh Administration vide notification dated 06 April 2017 enacted rules under the Motor Vehicles Act, 1988 which are called as the “Chandigarh Administration on-demand Transportation Technology Aggregator Rules, 2017”. Rule 3 under such Rules provides that no person shall act or permit any other person to act as an Aggregator, unless he holds an effective licence under these rules. Further, Rule 13 provides that for grant/renewal/transfer of licence for a period of five years, the fee shall be

a) Up to 500 taxis = ₹ 5,00,000/-

b) For every 100 taxis or part thereof = ₹ 1,00,000/- (After first 500 taxis).

2. Further, Rule 6 (ii) stipulates that only Contract Carriage Permit vehicles bearing Registration number of Chandigarh be pressed into Web Taxi Service. However, vehicles registered with the State of Punjab & Haryana carrying “All India Tourist Permit” can also be used by paying entry fee @ ₹ 1,000/- per quarter or as decided by the Transport Department, Chandigarh from time to time. Additionally, as per Rule 11 of these rules, the licencing authority may, after giving an opportunity of being heard, suspend or cancel the licence, if the licensee fails to comply with any of the requirements or conditions under these rules. Further, Rule 9(1)(b) provides that for administrative purposes, the licensee must maintain records, in digital form of all the taxis under his control, indicating on day to day basis, the trips operated by each vehicle, details of passengers who travelled in the vehicle, origin and destination of the journey etc. for a minimum period of two years. The record so maintained shall be open for inspection by an officer nominated by the licencing authority at any time. During the scrutiny of the records of the State Transport Authority, UT Chandigarh, audit noticed short realisation of revenue, which is brought out as under:

Short Realiation of License Fees

Further it also came to the light of the Committee that the Audit noted that while the actual cabs attached with the Aggregators (UBER and OLA) was around 2000 and 5000 during the period July 2017 to March 2021, the aggregators had deposited licence fees for only 500 cabs and 2600 cabs, respectively, resulting in short realisation of licence fees of ₹ 39 lakh, as detailed in Table.

Short realisation of licence fees

(Amt. In Rupees)

Name of the Aggregator	Total vehicles attached	Licence Fees due	Licence fees realized	Balance
OLA	5000	50,00,000	26,00,000	24,00,000
UBER	2000	20,00,000	5,00,000	15,00,000

Short realization of Entry Fees

Moreover, as per the records of the State Transport Authority, UT, Chandigarh during July 2017 to March 2021 the Aggregator licence holder i.e. “M/s UBER India Technology Pvt. Ltd. (UBER)” and “ANI Technologies Pvt. Ltd. (OLA)” operated motor cabs, registered in Punjab and Haryana ranging (quarter-wise) between 466- 1241 and between 928-2755, respectively.

Audit further noted that both Aggregators had not deposited Entry Fees of ₹ 3.84 crore for the vehicles registered with the States of Punjab and Haryana, which were used for web taxi service in the Union Territory of Chandigarh for the period from July-September 2017 to January-March 2021 (fifteen quarters), as detailed in Table.

Aggregator	Total vehicles	Entry fee deposited for	Entry Fee due	Entry Fee realised	Difference
UBER	14510	5,373	1,45,10,000	53,73,000	91,37,000
OLA	34906	5,645	3,49,06,000	56,45,000	2,92,61,000
Total					3,83,98,000

Though the data of vehicles was reported by the Aggregators in monthly or quarterly Reports up to the year 2021 and there was provision in the rules to inspect their records, the Licencing Authority had neither scrutinised the data nor carried out necessary

inspections of the records. As a result, increase in number of taxis and consequential revenue to be realised remained unnoticed. The failure of the licencing authority to exercise basic checks, resulted in short realisation of licence fees and entry fees of ₹ 4.23 crore.

On being pointed out (February 2020) in audit, the Department stated (June 2021 and December 2021) that Show Cause Notice for non-payment of entry fee had been served on the Aggregators. It was further stated that the licence holders had requested that the entry fee was liable to be paid by the taxi owners using their platform and not by them. The matter had therefore been referred to Secretary Transport (July 2021) for obtaining legal advice.

The reply is not acceptable to the Committee, as Rule 11(1)(i) & (ii) of the Chandigarh Administration on Demand Transportation Technology Aggregator Rules, 2017 clearly provides for suspension/cancellation of licence in case of non-compliance of any of the conditions of these rules by the licence holder (Aggregator). Due to lack of prompt action in the matter, despite clear provision in the rules, there is not only loss of revenue of ₹ 4.23 crore, but continued loss to the exchequer due to inaction on the part of the Department.

The para was issued to the Department/Ministry of Home Affairs in April 2022, however, their reply was awaited as of May 2022.

3. Regarding the Action Taken by the UT Administration, the Ministry of Home Affairs (MHA) in their written reply stated that as regards the Licensing Fees, the license fee has been worked out on the basis of highest list of vehicles provided by Aggregator companies from time to time. Revised facts and figures given by the UT administration vide letter dated 18.07.2022 for number of vehicles has been accepted by A.G., as License fees of Rs. 28 lakh and Rs. 17 lakh has been collected against 2,755 vehicles of OLA and 1,700 Vehicles of UBER respectively. As regards deposition of Entry Fees, Show Cause Notices have been issued to the Aggregator Companies for deposition of outstanding due on account of entry fees, which have been challenged by both the companies before the Hon'ble Punjab and Haryana High Court (HC). The matter is sub judice. However, the Demand Notice dated 12.05.2023 and order dated 17.05.2023 issued to both the aggregator companies for cancellation of aggregator license and recovery of outstanding

dues have been stayed till 27.09.2023 by the Hon'ble HC vide order dated 30.05.2023. The hearing has been adjourned to 11.01.2024. Any other action can only be taken after the final decision of the Hon'ble HC in CWP No. 11523/2023 and CWP No. 11479/2023 filed by the Aggregator Companies.

4. Further, Collector, UT Chandigarh has also been requested to recover the amount from said companies under the Land Revenue Act. The Aggregator License issued to both Aggregator companies expired on 04.11.2023.

5. They have also stated that the UT Administration has implemented the "Motor Vehicle Aggregator Guidelines-2020" issued by the Ministry of Road Transport & Highways (MoRTH) vide notification dated 17.11.2022 by superseding the "Chandigarh Administration on Demand Transport Technology Aggregators Rules-2017". Now Aggregator license are issued in accordance with new guidelines.

Two aggregators, namely, M/s Indsystems IT Private Ltd. and M/s Roppen Transportation Services Private Ltd. have been issued license on 23.10.2023. The license fee as per new guidelines is as under:-

S.No.	Particulars	Amount (In Rs.)
1.	Grant of License	5,00,000
2.	Renewal of License	2,500
3.	Issue of duplicate License	2,500
4.	For noting changes of address of the licensee	2,500

Further, the enforcement officer (MVI's) will keep watch to keep a check on the vehicles attached with the aggregator as per list provided by them at the time of grant of license. However the license fee is fixed as per new guidelines and is not affected by the number of vehicles attached.

6. While deposing before the Committee the representatives of the MHA, during the course of evidence stated that the license fee has been collected from the aggregators OLA & UBER, however, the issue related to the entry fee is sub-judice.

PART II
OBSERVATIONS/RECOMMENDATIONS

1. During the course of examination of the subject, the Committee were apprised of the provision of the Chandigarh Administration Motor Vehicles Act, 1988 known as the “Chandigarh Administration on-demand Transportation Technology Aggregator Rules, 2017”. Rule 3 provides that no person shall act or permit any other person to act as an Aggregator, unless he/she holds an effective license under these rules, and Rule 13 provides that for grant/renewal/transfer of license for a period of five years, the fee shall be ₹ 5,00,000/- up to 500 taxis and for every 100 taxis or part thereof ₹1,00,000/- (after first 500 taxis). Further, Rule 6(ii) stipulates that only Contract Carriage Permit vehicles bearing Registration number of Chandigarh be pressed into Web Taxi Service. However, vehicles registered with the State of Punjab & Haryana carrying “All India Tourist Permit” can also be used by paying entry fee @ ₹ 1,000/- per quarter or as decided by the Transport Department, Chandigarh from time to time. Further, as per Rule 11, the licensing authority may, after giving an opportunity of being heard, suspend or cancel the license, if the licensee fails to comply with any of the requirements or conditions under these rules.

Additionally, Rule 9(1)(b) provides that for administrative purposes, the licensee must maintain records, in digital form of all the taxis under his control, indicating on day to day basis, the trips operated by each vehicle, details of passengers who travelled in the vehicle, origin and destination of the journey etc. for a minimum period of two years. The record so maintained shall be open for inspection by an officer nominated by the licensing authority at any time. The Committee note that during the scrutiny of the records of the State Transport Authority, UT Chandigarh, audit found short realization of revenue to the tune of ₹ 3.84 crore.

2. The Committee note that as per the information of the Audit, actual cabs attached with two Aggregators were around 2000 and 5000 during the period July 2017 to March 2021 but the aggregators had deposited license fees for only 500 cabs and 2600 cabs, respectively, resulting in short realization of license fees of ₹ 39 lakh. Further, as per the records of the State Transport Authority, UT, Chandigarh during July 2017 to March 2021 the two Aggregators who were the license holders operated motor cabs, registered in Punjab and Haryana ranging (quarter-wise) between 466- 1241 to 928-2755 respectively, in numbers. The Committee, after thorough scrutiny of the audit findings and the Action Taken Notes of the Ministry are of the opinion that Departments handling the matters need to have a proper check and balance on the assessment/collection procedures of taxes etc. In

the instant case, the data of vehicles was reported by the Aggregators in monthly or quarterly Reports up to the year 2021. Although, there was provision in the rules to inspect their records, the Licensing Authority had neither scrutinized the data nor carried out necessary inspections of the records. As a result, increase in number of taxis and consequential revenue to be realized remained unaccounted.

Taking note of such lapse, the Committee are of the opinion that the failure of the licensing authority to exercise basic checks like suspension/ cancellation of license as envisaged in the provisions of the Act, resulted not only in loss of revenue of ₹ 4.23 crore, but caused continual loss to the exchequer due to inaction on the part of the Department. Though, it has been informed that the “Motor Vehicle Aggregator Guidelines-2020” issued by the Ministry of Road Transport & Highways (MoRTH) vide notification dated 17.11.2022 has superseded the “Chandigarh Administration on Demand Transport Technology Aggregators Rules-2017” and now Aggregator licenses are issued in accordance with new guidelines with a provision for the enforcement officer (MVI’s) to keep watch to keep a check on the vehicles attached with the aggregator as per list provided by them at the time of grant of license. Having taken due cognizance of the development reported through the final action taken notes of the Ministry, the Committee are of the firm opinion that the new guidelines need to be implemented in totality without any laxity on account of casual enforcement. Therefore, the Committee recommend the Ministry to issue necessary guidelines to the concerned in Chandigarh, UT and also maintain a stricter tab on the enforcement of laws in vogue. The Committee also recommend that accountability be fixed for the loss to the exchequer by conducting an inquiry and if any willful misconduct surfaces during the enquiry, strict action should be taken which would not only help to shun recurrences of such nature in future but would act as a deterrent too.

NEW DELHI
20 April, 2024
31 Chaitra, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee