ALL INDIA MOTOR TRANSPORT CONGRESS
THE APEX ORGANISATION OF MOTOR TRANSPORT OPERATORS AFFILIATING STATE/REGIONAL ASSOCIATIONS
Official Journal "motor transport"
Established 1936

CHARTER OF DEMANDS
OF ROAD TRANSPORT FRATERNITY OF INDIA

The road transport fraternity of India deliberated about the precarious state of the road transport sector in light of critical issues adversely impacting the trade, in the 205th Governing Council Meeting of AIMTC held at New Delhi on May 17, 2018.

It has been resolved in the Governing Body to suspend transportation services nationwide from morning of July 20, 2018 unless the following issues are addressed.

The following key issues need immediate attention and resolution *to save the Transport sector from imminent collapse.*

I) **Reduction in Diesel prices, Uniform Pricing nationally & Quarterly Revision**

II) **Toll Barrier Free India**

III) Transparency and Reduction in Third Party Insurance Premium through exemption of GST on TPP and abolishing of excess commission paid to agents through comprehensive policy.

IV) Abolition of TDS, Rationalization of Presumptive Income in Section 44AE of Income Tax Act & E-way bill Operational Issues.

V) National Permit for Buses and Tourist Vehicles.

VI) Abolition of Direct Port Delivery (DPD) Tendering System; Streamlining of Port Congestion.

1) REDUCTION IN DIESEL PRICES, UNIFORM PRICING NATIONALLY & QUARTERLY REVISION.

The ever rising prices of Diesel has set the **Inflationary trend, and disturbed the operations of the Essential services providers, viz. the Truckers and Transporters, as it accounts for about 58.5 percent of their operational cost.**

Goods Freight is not **cost based** but depends on market forces of **"Demand & Supply".** More than 80% of the truckers are small operators whose freights are fixed on trip basis AND they cannot absorb increase of Diesel Prices in small doses in the freight cost.

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The high cost of diesel and petrol has unleashed uncontrollable inflationary forces that are having a cascading impact affecting all aspects of Common Man of India and resulting in an all-round and back-breaking hike in the prices of all essential commodities and is disturbing the management of the transport operations.

The transport fraternity demands that

- **THERE SHOULD BE REDUCTION IN DIESEL PRICES THROUGH RATIONALIZATION OF CENTRAL & STATE TAXES BY BRINGING PETROLEUM PRODUCTS UNDER GST.**

- **TAXES SHOULD BE ON PER LITRE BASIS.**

UNIFORM DIESEL PRICES ACROSS THE COUNTRY

The transporters are the worst affected by the differential pricing in different states as the vehicles travel through-out the country and at times they have to fill the tanks at a higher price of diesel than what they have quoted to their clients in their home states. Moreover, in contractual agreement the diesel price is considered of the home state of the client only.

This makes transport operations economically unviable and loss making venture.

Therefore, it is a sincere demand of the transport fraternity that

THERE SHOULD BE UNIFORM DIESEL PRICING ACROSS THE COUNTRY.

QUARTERLY REVISION OF DIESEL PRICES

The daily fluctuations and variances in prices across the country could not be absorbed and result in negative cash flow for the operators**.**

For example if the vehicle is moving from Amritsar to Trivandrum, **approx. 3284** kms with fixed freight paid to Trucker on per trip basis. The transit time is around 12 days during which the tank is refilled about 4 - 5 times. With Diesel prices increasing on daily basis, the operating cost increase substantially but the same is not affected in the freight paid. As such most of the operations result in losses.

Even in contractual agreement the contracts are not revised frequently, these are done either semi annually or annually in most of the cases.

Daily revision of the Diesel price is the worst nightmare of the road transport sector of India and is bleeding it to its imminent extinction.

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It is a vehement demand of the transport fraternity of India that QUARTERLY REVISION OF DIESEL PRICES BE INSTITUTED TO SAVE THIS ALL IMPORTANT SECTOR and to avoid imminent disruption of essential services to the Common Man of India.

2) TOLL BARRIER FREE INDIA.

1.0) Tolls are major barrier to **SEAMLESS MOVEMENT** of freight and peoples' mobility. It results in colossal national wastage and collaterally infuses inefficiency in Road Transport Ecosystem, Pollute Environment, put pressure on Foreign currency reserves, increase in NPAs of Financial Institutions and increase Logistics Costs significantly.

2.0) We have always maintained that lane based Toll plazas are retrograde in nature and they have become cess-pool` of corruption and decelerate efficiency in road transport sector besides harming the environment. Since year 2005, AIMTC has been promoting the concept of simple, transparent, accountable, and efficient means of Toll collection thus engendering an enabling environment and efficiencies in its ecosystem.

3.0) It is an admitted fact by Hon'ble Union Minister, Ministry of Road Transport & Highways that there is loss of more than Rs 1,45,000 crores due to fuel wastage and delays at Toll plazas & check post barriers in the country, which is borne majorly by our truckers. This is against Toll collection of Rs 14157 cr in 2014-15, Rs 17000cr in 2015-16 and estimated Rs 21000 cr in 2016-17.

4.0) There is road and infrastructure cess of Rs 8/ litre of Petrol & Diesel and the Centre hopes to earn Rs 1.13 trillion from it. Yet the Government insist on Toll also apart from Road Taxes, Central & State Permit Fees and Entry Fees for movement of vehicles on the roads.

It is demanded that:

a) Revenue for Road Development / User Fees may be collected as **INDIRECT TAX** / **ADDITIONAL CESS ON DIESEL & PETROL** and **ROADS MUST BE TOLL BARRIER FREE.**

b) There should be Total Transparency in Toll Collection System and must be in public domain.

3) TRANSPARENCY AND REDUCTION IN THIRD PARTY INSURANCE PREMIUM THROUGH EXEMPTION OF GST ON TPP AND ABOLISHING

OF EXCESS COMMISSION PAID TO AGENTS THROUGH COMPREHENSIVE POLICY.

ANNUAL THIRD PARTY INSURANCE PREMIUM HIKE:

i) Motor Insurance (Third Party Component) is annually increased by IRDA on the basis of **PRESUMPTIONS** and **ASSUMPTIONS** only, and **not on data** based on **REAL TIME BASIS**.

ii) We have met and represented to the IRDA officials numerous times and have asked for transparent data on Third Party Insurance on real time basis but there has been no positive response from them. We have written umpteen letters *but the information was denied on frivolous pretexts*.

iii) Third Party Insurance is an **"ORGANIZED LOOT".** Crores of rupees are unscrupulously siphoned through fabricated claims. The claims are admitted even **AFTER 5 YEARS** of the Accidents with complicity of all actors.

iv) The consistent hike of TPP on Trucks is unjustifiable as the share of Trucks in fatal accidents is mere **4.4%** as per a comprehensive report by National Institute of Mental Health and Neuro Sciences (NIMHANS) and Underwriters Laboratories India Pvt. Limited. ANN-I (Copy Enclosed).

v) As per the Notification *vide F. No. IRDAI/Reg/9/146/2017 dt 10.10.2017*, 17.5% commission on comprehensive policy (15% Own Damage (OD) + 2.5% Third Party (TP)) and 2.5% on stand-alone TP Policy is paid to agents.

vi) We are **enclosing herewith a copy of the said Notification and a recent premium policy** for your kind perusal, WHEREIN, (ANN – II)

Basic OD Cover = Rs 33722
Basic TP Cover = Rs 31626

Net OD Premium after disc & NCB = Rs 7088
Net TP Premium = Rs 31801
IGST @18% = Rs 7000
Total Premium = Rs 45889

As per notification Commission on OD 15% of 7088) = Rs 1063.2

Commission on TP 2.5% of 31801) = Rs 795

As per notification Total commission that should be paid = Rs 1858.2

But the total commission is paid on comprehensive policy @17.5% on Total Premium of Rs 45889 = Rs 8031.

vii) **NO CLAIM BONUS** is not provided on Third Party Insurance.

THE TRANSPORT FRATERNITY OF INDIA DEMANDS FOR:

a) Unilateral and Arbitrary Hike in Third Party Insurance Premium by IRDA w.e.f. April 1, 2018 must be **ROLLED BACK** and excess premium collected be refunded to the policy holders.

b) **EXEMPTION of GST on Third Party Premium for Commercial Vehicles** as they are **Essential Services Provider** to the Common Man and key component of supply chain for Cargo and Peoples' mobility. TPP is Mandatory and is solely for Social Objective therefore it should be exempted from levy of GST as for other social schemes.

c) **Further, TPP should be reduced by 33% (15% Extra loading of Commission on TP + 18% GST), as an immediate relief to the truckers and transporters, who are passing through a very critical situation.**

d) Third Party Insurance should be **SEPARATE POLICY** and not a part of Comprehensive or Packaged Policy.

e) **NO CLAIM BONUS must be applicable on Third Party Insurance Policies a**s in other policies.

f) **KYC of the victim** should be done immediately **ON THE SPOT** and recorded.

g) **Detailed Accident Report (DAR)** must be filed **WITHIN THREE MONTHS** of the Accident and put up on the website of Home Ministry **in public domain**.

h) Accident Claims should not be admitted **beyond SIX MONTHS** of the date of the Accident.

i) In passenger segment, TPP is calculated as Basic Premium plus additional Premium on per seat basis. The Passenger is not Third Party or covered under its definition. Taking **additional premium on per seat basis is unjustified and must be rectified**.

j) **Re-instatement of Tariff Advisory Committee (TAC)**: The Tariff Advisory Committee (TAC) that was an active body having representatives of Ministry of Road Transport & Highways, Ministry of Finance and AIMTC must be re-instated.

k) **ALL DATA**, in all aspects related to Third Party Insurance Premium viz., **Premium Collected, Claim Paid and Claim Outstanding Vehicle Category-wise, Year-wise, Insurance Company-wise** should be made available **IN PUBLIC DOMAIN on REAL TIME BASIS**.

4) ABOLITION OF TDS, RATIONALIZATION OF PRESUMPTIVE INCOME IN SECTION 44AE OF INCOME TAX ACT & E-WAY BILL OPERATIONAL ISSUES.

TDS

i) MONETARY DEDUCTION OF TDS has been a key concern for the Road Transport Sector (Trucker & Transporters) which is presently levied at exorbitantly high rate of 2%. The practical issues like cash flow constriction, difficulties in keeping records, collecting TDS certificates, reconciling and taking refund of TDS, non deposit of TDS by the parties are very much prevalent.

We had also submitted proof of improprieties in TDS regime and the practical difficulties faced vide rough receipts, which are given to poor transporters after deduction by the parties.

Further, TDS deducted @2% is refunded to the Assessee after more than 2 years only after the assessment of Annual Return filed with ITO is examined and cleared by him.

It entails blocking of huge amount of working capital raised at a high cost of about 12 – 14% and cannot be absorbed.

ii) Earlier it was proposed to levy TDS on the transport trade but considering the peculiar nature of the business operations and the pragmatic difficulties it was thought prudent by then Finance Minister, Sh Pranab Mukherjee to spare this sector from monetary deduction for TDS on transactions.

iii) In the committee meeting constituted to resolve the issue of Transport Sector raised by AIMTC, Sh. Vijay Chhibber, IAS, then Secretary – MoRT&H and Chairman of the Standing Committee, while comprehending the crux of the issue appreciated the impracticality in implementing the monetary deduction of TDS from Transport sector **wherein it is neither serving any tangible purpose as it is difficult to track millions of unaccounted deductions, which is made from transporters but not deposited by deductors.**

iv) **AIMTC Research Unit (ARU)** has found and it can be independently verified by checking the balance sheet of transport companies that Top-line of more than 99% of the transport companies is less than 10% and Bottom-line is less than 1%.

v) Now the GST has come and there will be total transparency. It is therefore requested and as recommended by **Sh Nitin Gadkari, Hon'ble Union Minister of Road Transport, Highways & Shipping vide his D.O. Letter No. RT-23018/46/2015-T dated November 13, 2015 (ANN-IV) (copy enclosed)** wherein it captured the above mentioned anomalies arising out of levying of 2% TDS on the Transport Sector and the Hon'ble Minister recommended its abolition.

Given the critical financial condition of the Transport Sector, it is demanded that

EITHER THE LEVY OF 2% TDS ON TRANSPORT SECTOR BE EXEMPTED OR

TAX LIABILITY IS KEPT IN THE RANGE OF 0.2% TO 0.25%.

PRESUMPTIVE INCOME THROUGH AMENDMENT IN SECTION 44AE OF IT ACT

The amendment of section – 44AE of the Finance Bill 2018, mandates that a taxpayer who owns not more than 10 Goods Carriage and is engaged in the business of plying, hiring or leasing of Goods Carriage, his presumptive income is to be calculated @ Rs 1000 per ton for Heavy Commercial Vehicles.

- More than 80% of the trucking population in India constitute having one to five trucks. It may be appreciated that even the small operators can have Heavy Goods Vehicles. On the real front, there is downturn in business, and the vehicle is not running 24X7X365. Further Heavy Vehicles consume more Diesel, attract Higher Insurance Premium, pay Higher Toll Rates, Higher Taxes, Higher Driver Salaries, Higher Establishment Cost, Higher Cost of Tyres & Spares resulting in Higher Operating Cost.

- Further, the vehicle may not have 100% utilization and remain idle for want of business or attract lower freight as both depend upon demand and supply forces.

The above amendment will result in huge tax incidence on small truck operators, which will break the backbone of the trucker segment. The tax incidence will be much more than the income. Already the trucker segment is reeling under slump market and trying to cover the losses due to multiple disruptions in the previous year viz., demonetization and the roll out of GST.

Now the government is proposing increasing of axle load by 20- 25% which will further increase the quantum of presumptive income, through freights may not increase in direct proportion.

Since lorry freight rates are not cost based and depend on the market forces of demand and supply, disastrous consequences may ensue with spiral hike in EMI defaults, NPAs, structural break-down of the transport sector and enormous loss of livelihood leading to an anarchist situation. **(ANN-III)**

The transport fraternity of India demands:

THE AMENDMENT IN SECTION 44 AE MUST BE REVISITED AND RATIONALIZED FOR THE SURVIVAL OF THE TRUCKING SEGMENT.

E-WAY BILL ISSUES

a) The Government has not responded to any of our numerous representations to provide clarifications or resolution of GST / E-way Bill issues for Trucker and Transport Segment.

We request **Immediate Appointment of nodal officer for resolution of the issues sincerely and in right earnest.**

b) Corruption and Harassment of the transporters on account of mis-declaration or any Error in Part A should be the responsibility of the Consignor and the Goods may be confiscated, if any liability accrues it should be on Consignor / Consignee only. The Vehicle should not be detained.

c) Earlier the vehicle used be checked only at the commercial check-post at the entry point of the State, but now it is being checked after every 10 – 15 km by the mobile GST officials leading to harassment and delays and has opened new chapter of corruption.

A vehicle may be checked only once in any state and it should be ensured that there is a fool-proof mechanism that the vehicle is not harassed again by any other officer in that state.

d) Clear demarcation of the Issues, and Penalties thereof, vis-a-vis **Tax Evasion** or **Error**.

Any inadvertent error in Part B of the E-way Bill must be considered leniently by the Officers. **The penalty on account of unintentional Error in Part B of E-way Bill must be minimal as we are mere a Carrier and has no role in any Tax Evasion.**

e) **MOST IMPORTANT:** To plug high uncertainty and defaults in payment of freight in the Transport Trade (both Cargo & Passenger segments).

Akin to other trades, there is high degree of uncertainty and defaults in the transport trade by consignor or consignee in making freight payment. With regard to this, we would like to highlight that a huge amount of working capital raised on higher rate of interest gets blocked.

The Transporters who are in FCM scheme dutifully deposit 12% or 18% GST on behalf of the recipient of services and raise the invoice of freight and applicable GST to him. This way 12% or 18% of the GST, taken at higher rate of interest and the freight is blocked till it is paid by the recipient of services, which may be 3 months, 6 months, one year or **NOT** at all.

Further, it is happening that the Service Recipient avail the Input Credit and do not make the payment to the Supplier of the Services. This strains the financial position of the transporters as they do not get working capital loan from financial institutions or banks.

How a Service Recipient can avail the Input Credit without **completing the Life Cycle of the GST Transaction, which gets completed only when the payment of the taxable supplies is made to the Service Supplier?**

It is a fervent demand of the transport fraternity of India that:

i) **A suitable provision be made in GST Rules so that Input Tax Credit could be availed by the Service Recipient only after the payment of Taxable Supplies is made to the Service Supplier.**

ii) To protect the interest of the Service Supplier, **explicit rules must be framed for mandatory payment by the Service Recipient to the Service Supplier of the Taxable Services within first week of the next month as the GST is payable by 10th day of every month for the taxable supplies made in the previous month.**

5) NATIONAL PERMIT FOR BUSES AND TOURIST VEHICLES.

NATIONAL PERMIT FOR BUSES & TOURIST VEHICLES must be taken up seriously, which will prove a boon to peoples' mobility and boost Domestic and International Tourism. This is **LONG PENDING DEMAND** and it must be **NOTIFIED** immediately.

NATIONAL PERMIT for BUSES & Tourist Vehicles has been a key Agenda item for the Transport Fraternity of India. It is under discussions for last 5 to 7 years. During the umpteen discussions it has been principally agreed and assured that the National Permit for Buses and Tourist Vehicles will be rolled out soon.

The 35th Transport Development Council (TDC) Meeting held on 28.10.2014 at New Delhi passed a resolution as mentioned in Agenda Item No. 1 "To introduce additional system of All India Permit for Tourist Buses on payment of annual consolidated permit fee at the following rates:

- Rs 50,000/- for ordinary Tourist buses
- Rs 75,000/- for luxury Tourist buses; and
- Rs 1,00,000/- for super luxury Tourist buses"

It would bring in Transparency in the system of revenue collection and augment the same due to increase in compliance level due to rationalization of fee structure.

Further, free mobility of Buses across the country would enhance Tourism and hence added revenue to the Government. It has been decided three years back that the National Permit for Tourist Vehicles will be rolled out and even the AIMTC had submitted that it may revisit the Permit Fees in case there is any shortfall.

We demand that:

The resolution once passed in the 35th TDC Council must be honoured and the National Permit for Buses and other Tourist Vehicles be Notified immediately in keeping with the aspirations of the road transport fraternity and the people of India.

6) ABOLITION OF DIRECT PORT DELIVERY (DPD) TENDERING SYSTEM; STREAMLINING OF PORT CONGESTION.

The chaotic situation prevailing at JNPort area is leading to acute traffic jams and the situation has continuously deteriorating since last few years due to non-callous approach of the JNPT Management.

JNPT controls 4 Terminals namely the JNPort terminal, The D.P. World, A.P.M. Terminal and newly started P.S.A. All ports are J.N.P.T. licensee and are being managed in distinctly different ways and have altogether different set of rules for entry of containers inside the port premises for offloading of containers stuffed with export cargo and delivery of Import cargo, which causes ambiguity resulting in the chaotic situation outside the gates.

The traffic jams result in a huge loss of fuel and causes fatigue to the drivers manning the vehicles along with wear and tear of the vehicles. About 2500 vehicles queue each are gated at the 4 terminals on a daily basis.

From the 4 parking lots the port gate is about 5 kms and ideally the fuel consumption should be 2 litres however currently the vehicle consumes about 15 litres of fuel to cover the 5 km stretch, a 700% increase, which results in a daily running loss above Rs 1 million.

The transit time for 5 kms and completion of the gate formalities should take about 30 -45 minutes but currently it takes about 24 to 96 hours on an average leading to huge financial losses being incurred by the transporters.

The operating losses because of the traffic snarls have turned the operations at JNPort terminals economically non-viable. It was promised to introduce RFID technology for gate entry and time bound effective measures to reduce the congestion, but it is regretted that the situation has reached acme of chaos.

Instead of addressing the caustic situation of congestion in Port since past many years, the J.N.P.T. port management decided to invite tenders from transporters selecting just 5 transporters to handle the Direct Port Delivery containers. This is against the work handled by 1000 transports amongst our members having 17000 vehicles.

This has created monopoly of few transporters, hand in glove with the Port Management, leading to loss of livelihood of thousands of small transporters who have been handling the operations since the inception of Port.

Before the introduction of DPD mode of Import delivery, our members have been actively moving out Import containers on the instructions of their clients namely the Importers and Custom Clearing Agents. The transportation arrangement has been between the Importers/Custom Clearing Agents that had been delivering the desired results.

JNPT management is forcibly implementing the D.P.D. system projecting the losses incurred during handling of containers through CFSs. JNPT has made mandatory for the Importers to avail services only from the selected transporters, which is against the law and violating the fundamental rights.

This is highly monopolistic, use of power of dominance and against tenets of free market. It is jeopardizing the livelihood of existing transporters and will result in disastrous consequences for them and their families.

This is sheer injustice and it is a fervent demand from the fraternity that

1. **D.P.D. Tendering System should be abolished.**
2. **Port Congestion should be streamlined in all seriousness and on War-footing.**
3. **Recognition of all Transports Associations operating in JNPT as Stakeholders.**

Many serious issues impacting the transport sector adversely are pending since a long time and the operations in this sector are becoming increasingly unviable. We have made ample representations to the Government and try to persuade it to address the critical issues of the Transport Trade in time but the Govt seems to have taken the Transport Trade for granted and has only doled out unfulfilled assurances.

The Industry is already going through deep financial crunch. It is leading to back breaking scenario and is brewing acute discontentment in the sector. It's now time for the Government to awake up and take note of the wave of disappointment and resentment among the fraternity due to utter callousness of the Government towards this sector.

We hope that the prudence will prevail in the interest of this vital sector of economy and the lifeline of the nation. **We wish to request your goodself to look into the subject holistically and impress upon the Government to address the all important issues of the Transport Sector in time before the situation escalates beyond control as the patience of the road transport fraternity has finally spilled over.**