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[No. 6830-LC-TR-11/2013/T.]

COMMERCE & TRANSPORT (TRANSPORT) DEPARTMENT

RESOLUTION

The 25th September, 2013

**Sub: Exemption of motor vehicle tax and permit fees in respect of vehicles financed under the 'Scheme for Rural Transport Connectivity in the Scheduled and other Backward Areas of the State'.**

With a view to providing transport connectivity to hilly, interior and inaccessible villages of 108 Scheduled Blocks and other backward areas of the State, which are economically backward with highly inadequate public transport infrastructure, Government in Commerce & Transport (Transport) Department have decided to introduce a new scheme, namely "Scheme for Rural Transport Connectivity in the Scheduled and other Backward Areas of the State.". Only light / medium commercial passenger vehicles, with hard top body, having seat capacity ranging between 10-26 (excluding driver) and having wheel base of 3650mm (maximum) shall be given permits and coverage under this scheme. There shall be a Block Level Committee headed by the respective Sub-Collector with the BDO, local Bankers and representative of Transport Department as members which will identify specific rural routes having a maximum length of 160 K.Ms. (including to and fro journey) ensuring connectivity from the Gram Panchayats to the Block headquarters / nearest town / main road junction. The vehicles covered under the scheme should make at least two trips in the morning and two in afternoon. Special fare structure will be adopted for these routes to ensure commercial viability keeping in view the larger public interest, which shall be decided by respective RTAs on the recommendation of the Block Level Committee. Vehicles having more than seven years old shall not be covered under the scheme. Any private entrepreneur, Self Help Group (SHG) / Government / Private Body Corporate can participate under the scheme. In case of more than one application, the applicant belonging to SC/ST category shall be given preference.

2. Since these routes may not be commercially viable and not attracting any stage carriage operator, with a view to encourage the prospective entrepreneurs to operate their vehicles in the said routes, it is proposed in the scheme for providing adequate financial

incentive to the entrepreneurs in the form of interest subvention and exemption of road tax and permit fees of the vehicles operating under the scheme. It is proposed to allow interest subvention @ 3% of the interest on the loan availed by the entrepreneur and another 2% in form of incentive subvention for timely repayment of loan.

The scheme envisages 1000 small passenger vehicles to be financed under the scheme in the 1st year @ 10 vehicles per Block approximately and another 1000 vehicles next year. Thus assuming the financial incentive proposed in the scheme, the tentative annual budgetary support required to implement the scheme would be as follows:—

Approximate cost of vehicle per unit	...	₹ 10.00 lakhs
Margin money (15%)	...	₹ 1,50,000.00
Loan component (85%)	...	₹ 8,50,000.00
Interest subvention @ 3% of loan component	...	₹ 25,500.00
Regular repayment incentive @ 2% of loan Component	...	₹ 17,000.00
Total interest subvention / incentive per vehicle	...	₹ 42,500.00
Amount required annually for 1000 vehicles	...	₹ 4,25,00,000.00

3. Similarly, the notional financial implication towards exemption of Motor Vehicle Tax per vehicle shall be around ₹ 11,700/- per year in form of MV Tax and ₹ 2500/- per year in form of Permit fees, totaling ₹ 14,200/- per vehicle per year. Thus, for 1000 vehicles to be financed per year, the total notional financial implication under this head shall be ₹ 1,42,00,000/- per annum.

As per Section-15 of Odisha Motor Vehicle Taxation Act, 1975 and rule-33 of Odisha Motor Vehicle Rules, 1993, Motor Vehicle Tax and permit fees can be exempted by the State Government through notification.

4. The Standing Finance Committee (SFC), constituted under the Chairmanship of Commissioner-cum-Secretary to Government, Commerce & Transport Department has approved the proposed scheme in its entirety as per the Finance Department Office Memorandum No. 1068, dated the 10th January, 2013.

5. In order to ensure regular public transport services in LWE affected areas of the State, where the private operators are reluctant to run their stage carriages, it is proposed to provide financial assistance to OSRTC to procure 100 small buses, to be deployed in the selected routes of LWE affected districts. These routes would be identified by a committee headed by Principal Secretary (Home) with Additional D.G. (Intelligence) and Secretary (Commerce & Transport) as Members. The committee will consult the Collectors and S.Ps of LWE affected districts for selection these routes. Road tax, insurance and permit fees for plying of 100 buses by OSRTC in the LWE affected districts would be

reimbursed by the State Government for a period of 4 years (2013-17). The required budgetary support, both one time grant and annual reimbursement would be, as follows:—

(A) One time assistance to OSRTC for purchase of 100 small (26-40 seater) Bus @ ₹ 18.00 lakh per bus.	...	₹ 18.00 Crore
(B) Reimbursable cost :		
(i) One time permit fee for 100 buses @ ₹ 13,000.00 per bus.	...	₹ 13.00 Lakh
(ii) Road tax for four years per bus @ ₹ 42,500/- Per annum = ₹ 1.70 lakh		
Road tax for 100 buses.	...	₹ 1.70 Crore
(iii) Insurance for four years @ ₹ 25,000 per year per bus = ₹ 1.00 lakh		
Insurance for 100 buses	...	₹ 1.00 Crore
<b>Total reimbursable amount required for 100 small buses (i) + (ii) +(iii)</b>	...	<b>₹ 2.83 Crore</b>
<b>Total requirement for 100 small buses (A + B)</b>	...	<b>₹ 20.83 Crore</b>
		<b>or say ₹ 21.00 Crore</b>

ORDER

Ordered that the Resolution be published in the Extraordinary issue of *Odisha Gazette*.

By Order of the Governor

G. MATHI VATHANAN

Commissioner-cum-Secretary to Government