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REPORT No.24 dated 20-01-2016

Present:

- 1) Justice M.Ramachandran (Retd.) Chairman
 - 2) T.Elangovan Member
 - 3) N.Niyathi Member
 - 4) Tomin J.Thachankary Member Secretary
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Statutory Commissions, Government Departments, Public Sector Units and Grant-in-Aid Entities may hire vehicles on monthly rent. But, the Government felt that there was no rationale or uniformity in fixing the monthly rent. Therefore, by letter No.D.O.622/B1/2012/Transport dated 23-02-2012, the Committee had been requested to furnish proposals in fixing monthly hire charges for various types of vehicles, such as taxis and autorickshaws.

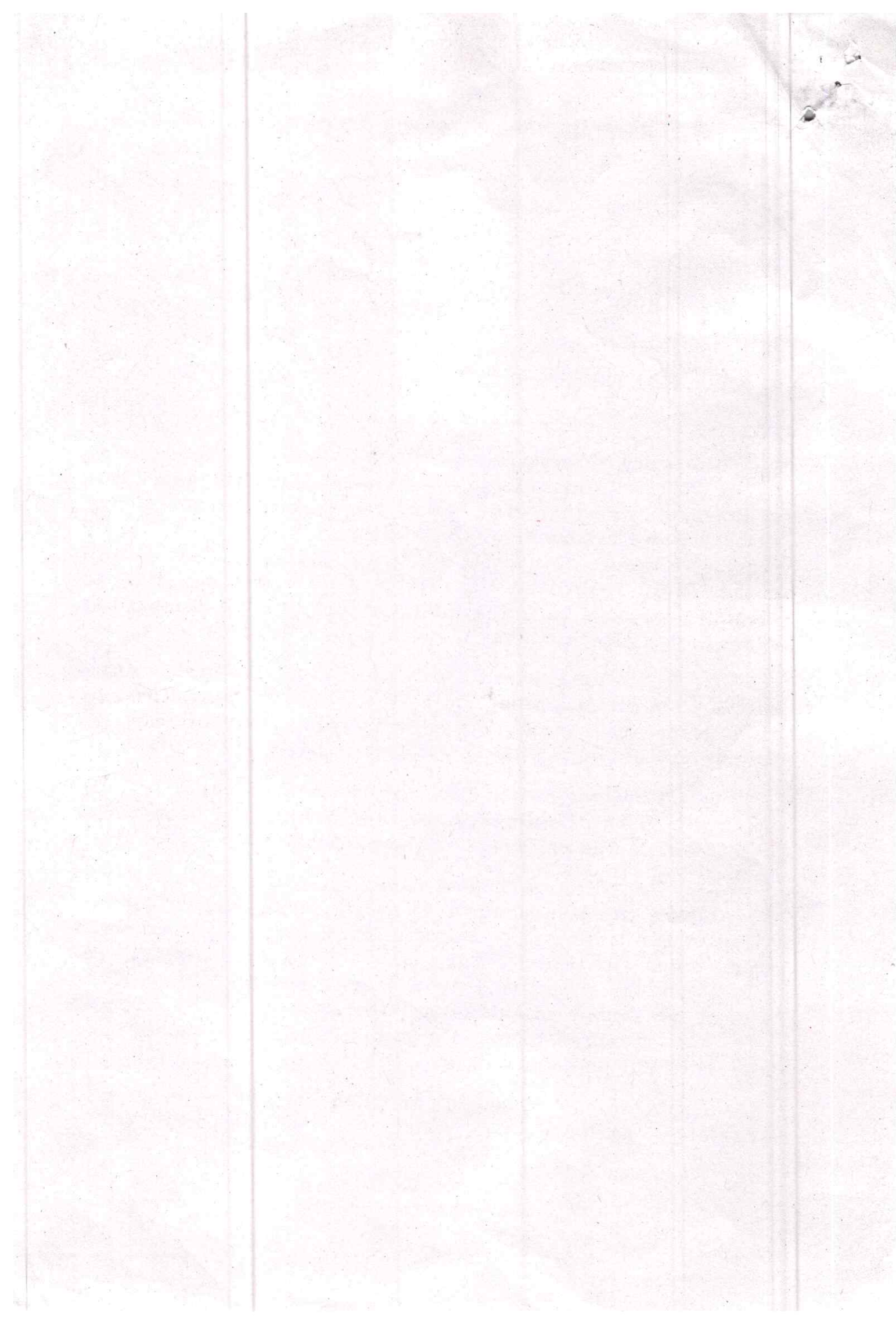
2. The request had not been brought to the attention of the Committee immediately after receipt of the letter by the Department and consequently the Government had issued reminders, including D.O.Letter dated 21-04-2014.

3. However, when the matter was brought to the attention of the Committee, prompt action had been taken and this report is presented in the aforesaid circumstances.

4. No purpose could have been served by public hearing on the issue and what was feasible was to get the views of the transport operators. Their views were collected from time to time. But, there was some amount of reluctance for presenting proposals in writing, since there was no consensus as among the operators and none of them were also prepared to make a commitment as it would have affected their personal interest.

5. Although it might be advisable to bring in and suggest a uniformity in fixing the monthly rent, after

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deliberations, the Committee feels that it may not be feasible to fix monthly hire charges as universally applicable.

6. The points highlighted by the various operators are the following:

(i) The hire rates directly is related to the cost of the vehicle and age of the vehicle. A new vehicle, if given for hire, has to fetch 100% to 150% charges than a vehicle which is 3 to 5 years old.

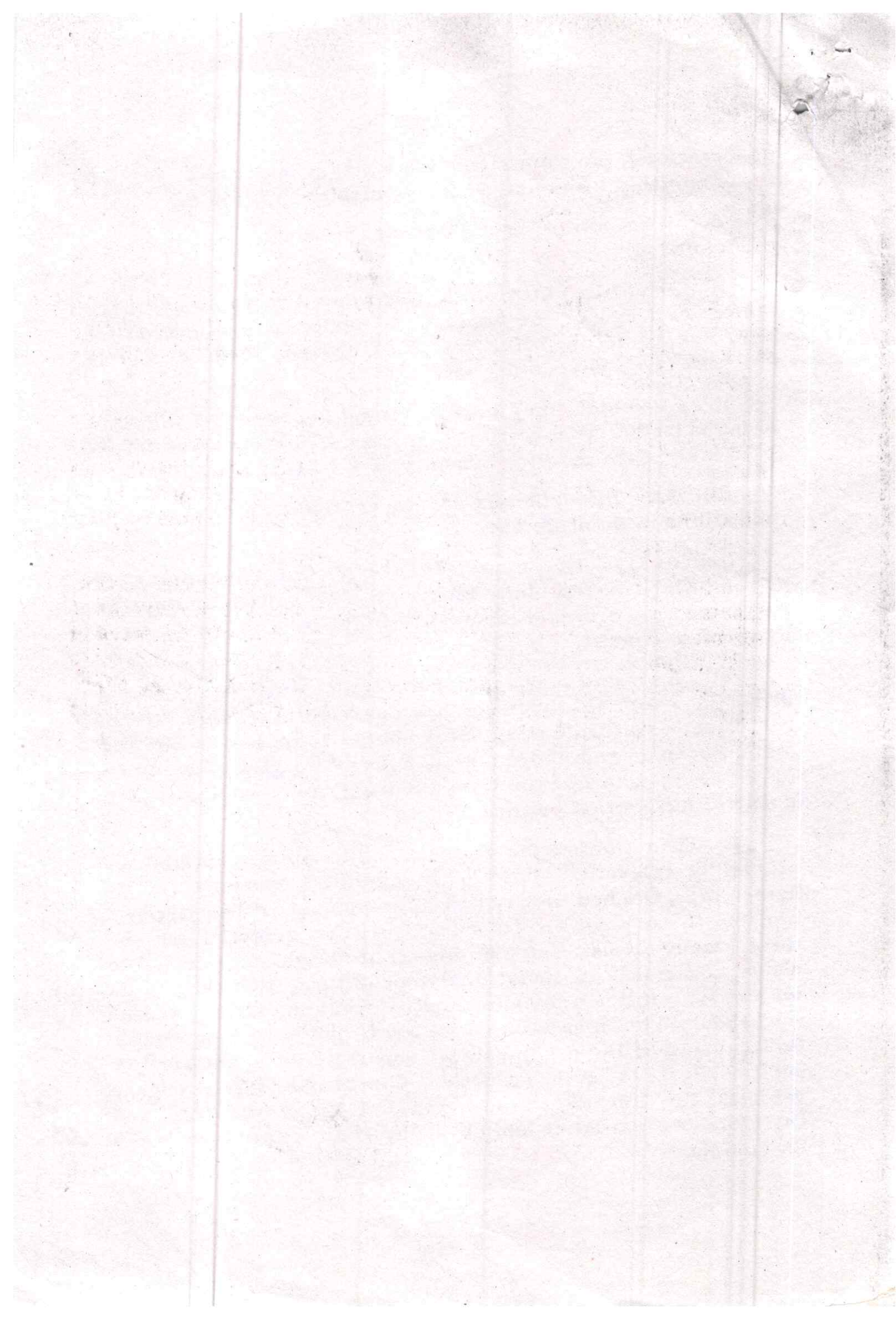
(ii) A vehicle may cost anything between 3.5 lakhs to 10 lakhs (sedan with carrying capacity of 3 + 1) and about 13 to 15 lakhs with carrying capacity of 4 + 1 (Innova etc.).

(iii) The hire charges are to be fixed on the basis of limitations in monthly use.

(iv) Always the operator is expected to supply the drivers, since except in a rent-a-car, the vehicle cannot be entrusted to a stranger, even if it might be a driver engaged by the department.

(v) Wear and tear and upkeep can be ensured only by a driver in whom the operator has confidence. The salary of the driver and other perquisites should reflect in the rental amount. Over and above, the law prohibits plying of a taxi by a person who does not hold a badge or a vehicle which does not have a taxi permit.

7. The Committee feels that the points highlighted are really relevant. Unless the operator consents for an agreed rate, the beneficiary (the governmental authority) may not be in a position to insist for the services on the Government terms. Since a number of factors, as referred to above, contribute to operational expenditure, excepting to fix for a basic minimum/maximum, the arrangement may not be workable. The institutions such as public sector banks, Government of India companies, departments or authorities such as Reserve Bank, Insurance Companies, DMRC engage vehicles for limited duration, i.e. 1 to 3 months, and therefore the yardstick employed by them cannot be taken for guidance.




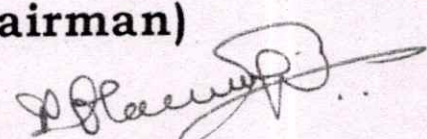
8. Autorickshaw operators were totally reluctant to enter into any type of permanent arrangement for providing vehicles with or without drivers.

9. During the year 2014, the Income-tax Department it seems had invited tenders, and on the basis of response received, identified taxi operators for providing vehicles with drivers. But, it has been discontinued as of now, presumably a satisfactory working arrangement is difficult to be implemented.

10. The Committee finds that almost all possible contingencies have been taken notice of by the Income Tax Department. The yardsticks and details, which have been taken notice by the department, can be followed as a guideline and the above is appended to this report, which could be utilised as a working paper.

11. On being advised, the Committee will have further interaction to the taxi operators to see whether a permanent working arrangement for a fixed duration could be worked out, which could be revised appropriately, if there are drastic changes in the nature and character of the industry as such. Here also the process State-wise or district-wise may involve floating of tenders.


Justice M. Ramachandran (Retd.)
(Chairman)


T. Elangovan
(Member)

Appendix Enclosed

Sri. N. Niyathi
(Member)

