

Annexure-IA

The possible sources of Dedicated Urban Transport Fund at State Level

At the State level, additional sales tax on petrol, additional registration fee on four-wheelers and two-wheelers, high registration fee for personal vehicles running on diesel, annual renewal fee on driving license and vehicle registration, congestion tax, green tax etc. may be used to draw sources for the Dedicated Urban Transport Fund at the State level. The inelastic demand of petrol with respect to price in a short run would ensure sufficient accruals to the funding and which would, in the long run, incentivise such people to shift to the public transport system. The funds so generated by the States can be used for new projects in urban transport, compensate towards exemption of tax on urban buses and replacement of assets of public transport companies and, towards meeting the cost of various other concessions extended to encourage public transport by the State Government.