

**GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS**

**LOK SABHA
STARRED QUESTION NO - 555
ANSWERED ON- 02nd APRIL, 2026**

MULTIPLE LAYERS OF TAXATION ON VEHICLES

***555 SHRI VIJAY KUMAR HANSDAK :**

Will the Minister of ROAD TRANSPORT AND HIGHWAYS

सड़क परिवहन और राजमार्ग मंत्री

be pleased to state:

- (a) whether the Government has any proposal/plan to reduce the multiple tax burden on vehicles such as Road Tax, Fuel Tax and Toll Tax;**
- (b) if so, the details thereof along with the steps taken in this regard and if not, the reasons therefor; and**
- (c) whether the Government intends to waive off Toll Tax if the waiting time at toll plazas exceeds five minutes and if so, the details thereof?**

ANSWER

**THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS
(SHRI NITIN JAIRAM GADKARI)**

(a) to (c) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE LOK SABHA STARRED QUESTION NO. *555 FOR ANSWER ON 02nd April, 2026 ASKED BY SHRI VIJAY KUMAR HANSDAK REGARDING MULTIPLE LAYERS OF TAXATION ON VEHICLES.

(a) to (c) The Constitution of India empowers the States/Union Territories to make law for levy of motor vehicle tax.

The excise duty or cess on fuel is imposed by the Central Government and utilized for infrastructure development and maintenance related activities, including for railways, rural roads, National Highways (NH) etc. The Government undertakes fiscal interventions in the petroleum sector, as and when required, to protect consumers from volatility in international crude oil prices. Some of them are as follows:

- In November 2021 and May 2022, the Central Government reduced Central Excise Duty by a total of Rs. 13/litre on petrol and Rs. 16/litre on diesel in two tranches, which was fully passed on to consumers.**
- In March 2024, Oil Marketing Companies (OMCs) reduced retail prices of petrol and diesel by Rs. 2 per litre each.**
- In April 2025, the increase of Rs. 2 per litre in excise duty on petrol and diesel was not passed on to consumers.**
- Recently, in view of rising international crude oil prices due to the Middle East crisis, the Government has reduced excise duty by Rs. 10 per litre each on petrol and diesel to absorb part of the burden on consumers**

The user fee i.e. 'toll' is payable by motor vehicles for use of a section of a National Highway and is levied under the provisions of section 7 of the National Highways Act, 1956 (48 of 1956) and rules made thereunder. The user fee collected at fee plazas on National Highways is utilized for rendering services or benefits on National Highways in accordance with the provision of National Highways Fee (Determination of Rates and Collection) Rules, 2008. The revenue collected by the Central Government from user fee collection is deposited in Consolidated Fund of India (CFI) and the fund provided

through budgetary allocation are utilised for further maintenance, development and augmentation of National Highways.

There is no provision in the National Highways Fee (Determination of Rates and Collection) Rules, 2008 for waiver of user fee based on waiting time at fee plazas.

Declaration of all lanes of fee plazas on National Highways as FASTag Lane of the fee plaza with effect from midnight of 15th/16th February, 2021, has resulted in seamless movement at user fee plazas, reduced waiting times, and alleviated congestion, thereby improving efficiency at fee plazas on National Highways. Impact Assessment conducted for the National Electronic Toll Collection (NETC) Programme during 2024–25 indicates that the average time taken by a vehicle to cross a fee plaza under ETC operations is around 40 seconds, compared to 12:23 minutes per vehicle under the earlier manual tolling system, demonstrating a substantial improvement in traffic flow and reduction in congestion.

Further, the Government from time to time has reviewed the tolling policy with the objective of ensuring a balanced approach between revenue requirements for highway development and minimizing burden on road users. To further reduce the burden on road users, Government has inter-alia made the following amendments:

(i) GSR 437(E) dated 01.07.2025, to restrict user fee for highways with more structure length.

(ii) GSR 01(E) dated 31.12.2025 for reduction of rates in case of up gradation from two lane paved shoulder highway to four or more lane.

(iii) G.S.R. 388 (E) dated 17.06.2025 introducing an Annual Pass for non-commercial cars, jeeps, and vans. This scheme offers 200 NH fee plaza crossings or one year validity, whichever is earlier, by payment of ₹ 3000/- (Rupees three thousand).

(iv) G.S.R. 734 (E) dated 03.10.2025 for reduction in applicable user fee for vehicles without FASTag or active FASTag vehicles from 2 times to 1.25 times, given the user opts for payment through UPI;

(v) G.S.R. 107 (E) dated 04.02.2026 for the fee payable for the use of a national expressway that is operational for only a part of its notified length shall be levied at a rate of one time of the applicable fee instead of 1.25 times.

Furthermore, to enhance toll operations and enable seamless movement of vehicles, the Government has decided to implement Multi-Lane Free Flow (MLFF) Electronic Toll Collection System, which facilitates barrier-free tolling using integrated technologies including Automatic Number Plate Recognition (ANPR) with Artificial Intelligence analytics and high performance Radio Frequency Identification (RFID) - based Electronic Toll Collection (FASTag), where the user fee shall be charged from the vehicle users without halting at the toll plaza for the purpose.
