GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

LOK SABHA
UNSTARRED QUESTION NO. 3179
ANSWERED ON 06TH AUGUST, 2026

MULTIPLE TAX ON VEHICLES

3179. DR. SHARMILA SARKAR:

Will the Minister of ROAD TRANSPORT AND HIGHWAYS

सड़क परिवहन और राजमार्ग मंत्री

be pleased to state:

(a) whether the Government has any plan to reduce the multiple tax burden on vehicles including Fuel Tax, Road Tax and Toll Tax specially during the crisis related to Strait of Hormuz;

(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 reduce or waive off Toll Tax if the waiting time at toll plazas exceeds certain time period and if so, the details thereof?

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

(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 West Asia 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 (NH) 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 at fee plazas on National Highways is collected for services or benefits rendered 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.

Further there is no proposal/plan currently under consideration by the Government, to waive off / reduce the user fee specially on account of the crisis related to the Strait of Hormuz.

However, 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. Further, in order to reduce the burden on road users, Government has made various provisions through following amendments:

(i) 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 Rs. 3000/- (Rupees three thousand) (3,075/- for Financial Year 2026-27).

(ii) G.S.R 437(E) dated 01.07.2025 to restrict user fee for highways with more structure length.

(iii) 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;

(iv) G.S.R 01(E) dated 31.12.2025 for reduction of rates in case of up gradation from 2 lane paved shoulder highway to 4 or more lane.

(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.

(vi) As per National Highways Fee (Determination of Rates and Collection) Rules, 2008, there are already various provisions for discounts in user fees and monthly passes for local and regular users of National Highways across the country.

The Government is committed to making the tolling system more efficient, transparent, and user-friendly, while simultaneously ensuring the availability of resources for development and maintenance of the National Highways network.

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.

However, to ensure smooth traffic flow and reduce congestion at user fee plazas on National Highways, the Government introduced the Radio Frequency Identification (RFID) technology through FASTag for making payment at fee plaza. The 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. Apart from this, congestion on fee plaza is also monitored through a GIS-based toll congestion monitoring solution.

In addition, the Government has decided to implement Multi-Lane Free Flow (MLFF) Electronic Toll Collection system, which facilitates barrier-less tolling using integrated technologies including Automatic Number Plate Recognition (ANPR) with AI analytics and RFID-based Electronic Toll Collection (FASTag), where the user fee shall be charged from the vehicle users without having to stop, slow down or stay in a given fee plaza lane.

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