

CHAPTER XIV : MINISTRY OF SHIPPING, ROAD TRANSPORT AND HIGHWAYS

Department of Road Transport And Highways

14.1 Revenue loss due to delay in levy of toll fee

The Ministry's failure to specify any time limit within which notifications for levy of toll fees should be issued after the completion of national highways sections and bridges resulted in delay in issue of notification causing revenue loss of Rs. 85.90 crore.

Under the National Highways Act, 1956 and the rules made thereunder, the Central Government is empowered to levy toll fee on mechanical vehicles for using national highways sections and permanent bridges costing more than the amount specified in the rules. The toll fee rates are to be notified by the Ministry of Shipping, Road Transport and Highways (the Ministry) and collected by the respective executing agencies i.e. NHAI¹/ State PWDs either departmentally or through private contractors, on behalf of the Central Government. The fee collected from the users is required to be remitted to the Government by the executing agencies. For timely collection of the revenue, it is essential that the notifications for levy of toll fee are issued as soon as the newly completed sections of the highways are opened to traffic.

Audit noted that though the Ministry framed rules governing levy of toll fees and issue of notification, it failed to specify the time limit within which such notifications should be issued after completion of the project. This led to issue of notifications for collection of toll fee with a delay ranging from five months to 23 months calculated from the dates of opening the highways/ bridges to traffic, in eight out of 28 cases test checked by audit, resulting in loss of revenue aggregating to Rs. 85.90 crore as indicated in **Annexure- A**.

The Ministry in their reply (November 2005) stated that there was no pecuniary gain caused to any individual or a private entity due to delay in issue of toll fee notification and the beneficiary was only the public at large and without any motive on the part of any one concerned. The contention of the Ministry is not acceptable as its failure to act promptly and issue notification timely caused substantial revenue loss to the Government.

¹ National Highways Authority of India (NHAI)

(Department of Shipping)

14.2 Undue benefit of Rs. 1.00 crore to Hindustan Shipyards Ltd (HSL)

Release of subsidy by the Ministry in contravention of its own guidelines resulted in undue benefit of Rs. 1.00 crore to HSL

As a measure to revive and improve poor order book position of Indian public sector shipyards, the Ministry of Shipping (the Ministry) announced (September 1993) 'shipbuilding subsidy scheme'. The scheme guidelines amended in March 2003 provided for a shipbuilding subsidy of 30 *per cent* of the price at which Indian shipyard won a global tender for shipbuilding. Further, fixation of price for domestic order was to be calculated in terms of relevant foreign currency and payment at each stage was to be made in instalments to the public sector shipyards at market determined parity rate of foreign exchange prevailing on the date of actual payment. The Ministry was to release subsidy as per stage payments agreed in the contract.

Audit scrutiny revealed that Hindustan Shipyards Ltd. (HSL) secured a domestic order (May 2004) for construction of two bulk carriers (Hull 11115 and 11116) at a total cost of US\$ 35 millions (each Hull costing US\$ 17,514,000) from a buyer based in Chennai. As per the agreement entered into with the buyer, HSL was to receive payment from the buyer in eight instalments. The stipulated date of delivery was August 2006 and February 2007 for hull 11115 and 11116 respectively.

As of April 2006, the Ministry released a total subsidy of Rs. 38.89 crore in three instalments² to HSL. Audit noted that the Ministry had released subsidy based on the foreign exchange rates prevailing on the due dates of stage payment indicated in the agreement instead of calculating the same at the rate prevailing on the date of actual payment in contravention of the Ministry's guidelines of March 2003. The US \$/Rupees foreign exchange rates on the dates of actual payments were generally lower than the rate on the due dates which resulted in undue benefit of Rs. 1.00 crore to HSL.

The matter was reported to the Ministry in August 2006, their reply was awaited (December 2006).

² First instalment of Rs. 27.70 crore on 10 September 2005, the second instalment of Rs. 10.24 crore on 17 January 2006 and the third instalment of Rs. 0.95 crore on 6 April 2006

Annexure- A
(Refers to in paragraph 14.1)
Loss of Revenue due to delay in issue of Notification for toll fee

Sl. No.	Name of NH/ Bridges/ stretches	Period of delay	Loss of Revenue (Rupees in crore)	Description of delay
1.	Chennai-bye pass Phase I connecting NH-45 to NH-4	July 2002 to May 2003 (11 months)	12.96	NHAI submitted (April 2002) a draft notification for levy of toll fee and opened the bye pass to traffic (June 2002). Actual toll collection commenced from June 2003, as the Ministry largely depended on NHAI for draft notification, clarification on rates of toll fee, location of toll plaza, which delayed issue of notification till May 2003.
2.	Yenegur bridge on NH-9 in Maharashtra (km 307/600-Solapur-Hyderabad Section)	November 2000 to September 2002 (23 months)	4.61	Bridge was opened to traffic in October 2000 but draft notification was received from PWD, Maharashtra in June 2001. The Ministry took no action till the PWD clarified (May 2002) that the bridge costing Rs.1.77 crore was opened to traffic prior to issue of amendment in the guidelines (December 2001). Notification was issued in October 2002.
3.	Samakhiyali Gandhidham Road project on NH-8A in Gujarat	August 2002 to February 2003 (7 months)	7.07	NHAI submitted a draft notification in April 2002 for levy of toll fee. The Ministry sought revised proposal from NHAI based on whole sale price index and the notification was issued in March 2003.
4.	NH stretch (km.0.00 to 89.00) on Bangalore-Krishnagiri section of NH-7	April 2004 to April 2005 (13 months)	29.77	The stretch was completed in March 2004 and proposal for levy of toll fee was received in the Ministry in December 2003. The Ministry sought clarifications on levy of toll fees, exemptions from levy of toll fee from NHAI and issued the notification in May 2005.
5.	NH-8 km. 439 to km.502 on Manor-Dehisar section	October 2002 to April 2003 (7 months)	15.40	PWD, Maharashtra completed the work in May 2001. Draft notification was received from NHAI in February 2002. Ministry called for a background note on the status of completion of work and arrangements for fee collection, collection methodology, location of toll plaza etc. and the revised proposal. The notification was issued in May 2003.
6.	NH-76 on Delhi Mumbai Section (km 113.830 to 213.00)	March 2005 to July 2005 (5 months)	4.35	File of the Ministry dealing with the proposal received in April 2004 got misplaced and a copy of the proposal was obtained in April 2005, whereas work was completed in February 2005. Notification was issued in July 2005 and toll collection started in August 2005.
7.	Stretch from km. 725.00 to km. 722.00 of NH-4 on Satar-Khandala section in Maharashtra	August 2004 to February 2005 (7 months)	8.54	Proposal received in July 2004 was processed by the Ministry without consulting its Finance Wing; which led to delay in approval/ issue of notification till March 2005.
8.	Concrete Cable Stayed bridge across river Yamuna at Allahabad Naini on NH-27 in U.P.	September 2004 to January 2005 (5 months)	3.20	Proposal received in April 2004 was approved in September 2004 and sent to Ministry of Law for vetting without indicating name of the bridge, which was returned unvetted. This led to delay in issue of notification till February 2005.
		Total	85.90	