

***Executive Summary of the Report on***

# **Corruption in Trucking Operations in India**

*Conducted by*



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## **EXECUTIVE SUMMARY**

Roads carry seventy percent of freight traffic in India. The road transport share in the GDP is 4.66 per cent. Around one crore people are associated with the trucking operation business in India. As is found from the study, truckers pay bribes at every stage of their operations, which starts with getting registration and fitness certificates, and for issuance and renewal of interstate and national permits. The reason for paying bribe, while on road, include plying overloaded trucks, traffic violations, parking at no-parking places or entering no- entry zone, and in the payment of toll and other taxes like octroi, sales tax etc. Lack of proper documents or alcohol abuse by truck drivers are the other reasons for paying bribe. However, due to largely unorganized nature of the trucking operations (86% consist of small entrepreneurs), assessment of the extent of corruption is a challenging task. A truck plying between states with freight covers on an average around 280-340 km in a day, which is much below the distances covered in developed countries. This means more days on road. This study has brought out around 37 percent of trucks spend between 5 to 8 days per trip while on inter-state service, 26 percent take more than 8 days to return to their originating point.

### **Scope of Research**

This report by Marketing & Development Research Associates (MDRA) for Transparency International India (TII) and sponsored by Shriram Group is based on a field study to assess the extent and nature of corruption in the trucking operations. An estimate of the extent of corruption in monetary terms is a highlight of the present report. Both qualitative and quantitative research methods were used to elicit primary data on corruption in trucking operations. In all 1222 truck drivers and operators were interviewed at 12 trucking centers out of 16 major trucking hubs in the country. In-depth interviews were conducted with officials, experts, and senior executives of leading truck companies and office-bearers of truck operators' association. Secondary data from published documents and articles was reviewed for further insights into core issues involved.

### **Major Findings**

Trucks plying on road pays anywhere between Rs 211 and Rs 266 as bribe money per day depending upon the route. Based on this estimate, Rs 79,920 is paid as bribe by a commercial truck during a year. With around 36 lakh trucks currently operational in the country, the bribe amount floating in the trucking operations has been worked out to be more than Rs 22,200 crore a year after adjusting the trucks' age and inter and intra-state operations. Incidentally, the amount involved in paying bribe is almost equal to what is formally paid to truck drivers as remuneration. The bribe is mostly paid at toll plazas, checkpoints, state borders or during en route stoppages by one or other agencies on pretext of checking documents. The practice of bribe payment is highly institutionalised. The truck drivers even get some kind of a 'receipt' in the form of stickers, tokens etc. to move without hassles from authorities.

RTO and Police, the two key enforcement agencies, share in bribe money works out to be around 43% and 45% respectively, accounting for almost 90% of the total bribe involved in the trucking operations. The en-route stoppages including those at checkpoints and entry-points take up to 11 hours in a day. About 60% of these (forced) stoppages on road by concerned authorities like RTO, Police, forest, sales and excise, octroi, weighing and measuring department are for extorting money.

The loss in productivity due to these stoppages is an important national concern. The number of trips could increase by 40%, if forced delays are avoided. For instance, the travel time for a

Delhi-Mumbai trip can be reduced from 5-6 days per trip by nearly 3 days. The present MDRA study has estimated that delays due to forced stoppages by authorities is costing the national economy to the extent of Rs 1130.47 crore per year. Harassment at the hands of police and RTO staff are rated as high irritants by almost threefourths of the truck drivers on the move. This in turn results in rash and negligent driving to make up the time lost due to frequent stoppages. At transport department, indifferent attitude of staff is one of the reasons for truck operators approaching middlemen or touts for getting their work done.

### **Suggestions**

As the number of trucks on road is on increase year after year, the unaccounted money has also gone up from few crores to thousand crores. Besides direct loss in revenue to government, productivity and efficiency level has been falling. It is therefore urgent to identify and weed out the root causes of corruption in the trucking operations in India. These should include:

**Single Inspection Squads** at inter-state check posts to give no-objection certificate (NOC) on behalf of all departments namely transport, police, sales tax, octroi, forest and similar other departments will reduce the loss due to frequent stoppages as well as lessens the interaction with officials.

**E- truck transport-** Computerisation of transport offices and inter-linking them across the country will facilitate uniformity and online accessibility of records. Online registration of vehicles and online permit facility should be introduced to de-congest the transport offices and minimises scope for middlemen. Computerised checkpoints are expected to improve the processes of identification of vehicles and estimation of penalties using electronic weighbridges and computers thus minimising the manual discretion of imposing fines.

**Outsourcing of services** for getting registration and fitness certificates from registered dealers and registered private outlets will curb corruption at departmental level to a large extent. Drop boxes for paying road, sales taxes at various points or payment of permit fees through banks and quoting challan numbers while applying for online facilities will also make the process more hassle-free and transparent.

**Independent and decentralised vigilance** will keep a check over non-compliance of various rules and regulations such as overloading or operating without proper documents. This will keep a watch over the corrupt officials too.

**Uniformity in rules across the country-** As in case of railways, rules and regulations regarding trucking operations should be uniform across states. With VAT system coming into force, octroi and sales tax barriers are expected to be done away with.

**Upgraded transportation services-** Trucks should be able to operate without en-route inspections as and when, on the basis of a certificate issued at the origin by an authorized agency. Such an agency system should be worked out as it has considerably streamlined freight movement in Europe.

**Sensitization of stakeholders-** Creating awareness and sensitization of department officials against corruption and illegal practices need to be taken vigorously. CII, ASSOCHAM, truck operators associations etc should be involved locally in the process for addressing corporate houses and industry on the issue. Encouraging truck operators and drivers to practice certain precautions, safeguards and selfregulation measures could be another important step in keeping a check over unfair practices.

**Improved Infrastructure-** As a long term measure towards curbing corruption, more and more expressways and bypasses from the outskirts of the city limits will speed up the traffic movement. This will also reduce frequent holding up of vehicles without any authentic reason by corrupt officials.

**Display of rules and regulations-** Truck operators and drivers need to be informed about prevailing rules and regulations by prominently displaying them in various languages at tollplazas, check-posts, fuel stations and at other prominent places en-route.

**Citizen Charter-** The transport department should prominently display Citizen Charters at all its offices, check posts and major truck halting points and should be easily available to the users with contact telephone numbers to complain or seek help.

**RTI Act** should facilitate redressal of truck operators' grievances and should work as deterrent against corrupt officials. Truck associations and other concerned should periodically seek information under RTI Act to highlight bottlenecks like delay in issuance of registration certificates, permits and the need for reforms.

**Coordination between Departments:** Since many departments, like transport, traffic & district police, highway patrol in some states, weights & measures, local bodies for octroi, sales tax, truckers union, etc., are engaged in the trucking operations it is imperative that there is a quarterly coordination meeting to sort out problems and find solutions. Without coordination, every department shall continue to do its enforcement to the disadvantage of the truckers. There must be a forum, woven in the rules of the transport department or police so that the meetings are held regularly, minutes drawn, and follow up action taken. This would also enable the surfacing of the problems and finding of solutions.

**Record of Checking:** Any department conducting checks must keep full and complete record (like place, date, time, reason, and action taken) of the vehicles stopped and checked.