

Standing Committee Report Summary

The Motor Vehicle (Amendment) Bill, 2016

- The Standing Committee on Transport, Tourism and Culture (Chairperson: Mr. Mukul Roy) submitted its report on the Motor Vehicle (Amendment) Bill, 2016 on February 8, 2017. The Bill amends the Motor Vehicles Act, 1988 and was introduced in Lok Sabha on August 9, 2016. Key observations and recommendations of the Committee include:
 - **Driving licenses:** The Bill provides for removing the minimum educational qualifications required for obtaining a driving license. The Committee noted that a driver should be literate enough to read, write and understand road signage. It recommended that the central government should prescribe a mandatory test of competence for new license holders. Further, the competency test should be uniform across all states and state governments should not be allowed to dilute the prescribed competency test criteria.
 - To obtain a learner's license, the Bill provides for the online submission of the application, fee and other documents. Such licenses will be subsequently issued in an electronic form. The Committee noted that with such a process in place, people may obtain learner's licenses by providing wrong information online. It recommended that this provision may be modified to ensure that there is no misuse.
 - **Aggregator licenses:** The Bill requires state governments to grant licenses to aggregators on the basis of guidelines issued by the central government. An aggregator is a digital intermediary or market place whose services may be used by a passenger to connect with a driver for transportation purposes. The Committee noted that control of transport vehicles falls under the domain of state governments. With this provision, the central government will get more power over states with regard to aggregators. It recommended that it should be optional for state governments to follow central government guidelines regarding aggregators.
 - **Motor vehicle dealers:** The Bill provides for the registration of new motor vehicles by dealers. The Committee noted that in several states, dealers are involved in under-invoicing, overcharging customers on logistics, taking extra insurance premiums and indulging in other malpractices. It recommended that strict guidelines may be prescribed for the functioning of the vehicle dealers. Further, registration of vehicle by dealers may be made optional for states depending on the states' requirements.
- **Third party insurance:** Under the 1988 Act, third party insurance is compulsory for all motor vehicles and the liability of the third party insurer is unlimited. The Bill caps the maximum liability for third party insurance at Rs 10 lakh in case of death and at five lakh rupees in case of grievous injury. The Committee noted that in case courts award compensation higher than this amount, the vehicle owner will have to pay the remaining amount to the third party. Since this will be against the interest of road users and will expose them to unlimited risk, it recommended deleting the provision relating to capping liability.
- **Automated testing stations:** The Bill provides that no certificate of fitness will be granted after October 1, 2018 unless the motor vehicle has been tested at an automated testing facility at an authorized testing station. The Committee noted that all states may not have the required number of automated testing stations and it will take time to switch over to automated stations. The Committee recommended that this move should be deferred till all states are ready with the required number of such stations.
- **National road safety board:** The Committee noted that solely enhancing penalties will not enhance road safety. It recommended: (i) setting up a high powered road safety board with representatives from both central and state governments, and (ii) ensuring the availability of adequate funds for technologically upgrading and updating the standards. These funds can be sourced through a national road safety fund which can be constituted with an additional cess on first time sales of new motor vehicles.

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