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**(2010) 12 AHC CK 0083**

**In the Allahabad High Court**

**Case No :** Civil Miscellaneous Writ Tax No. 2267 of 2009, 16, 17, 134 of 2010 and 2347 of 2009

Avinash Kumar Jain and Others APPELLANT

Vs

State of U.P. and Others RESPONDENT

**Date of Decision :** 23-12-2010

**Acts Referred:**

Constitution of India, 1950 — Article 14, 301
Motor Vehicles Act, 1988 — Section 2(28), 2(29), 2(31), 2(34), 2(38)
Uttar Pradesh Motor Vehicles Taxation Act, 1997 — Section 2(40), 4(2A)

**Citation :** (2011) 2 ADJ 191 : (2011) 6 RCR(Civil) 2251

**Hon'ble Judges :** Yatindra Singh, J;Prakash Krishna, J

**Bench :** Division Bench

# Judgement

Yatindra Singh, J.—The main question involved in these writ petitions relates to the validity of serial number 3 (SI-3) of the table as well as the first proviso to the notification No. 1998/30-4-09-8 (19)/09 dated 28.10.2009 (the Notification) issued u/s 4(2-A) of the U.P. Motor Vehicle Taxation Act, 1997 (the MT Act). It provides rates as well as concessions in tax under the MT Act on the public service vehicles. The relevant part of the Notification is Appendix-1.

THE FACTS

2. The Petitioners'' vehicles are registered as stage carriages Section 2(40) of the MV Act in the State of MP. They have permits for the inter-state routes between the State of U.P. and MP (the two States) in pursuance of an agreement between them.

The Agreement

3. A mechanically propelled vehicle adapted for use on the roads is known as ''motor vehicle'' under the Motor Vehicle Act, 1988 (the MV Act): the statute that governs the law (except tax) relating to the motor vehicles in the country. The word ''motor vehicle'' Section 2(28) of the MV Act is the widest terms used for

these kinds of vehicles under the MVAct.

4. Section 39 of the MV Act is titled as ''Necessity for registration''. It provides that a motor vehicle cannot be driven in public or any other place unless it is registered.

5. A transport vehicle Section 2(47) of the MVAct includes a public service vehicle Section 2(34) of the MV Act. Chapter V of the MV Act is titled as ''Control of Transport Vehicles''.

6. Section 66 is in chapter V and is titled as ''Necessity of permits''. It provides that a transport vehicle cannot be driven in any public place unless there is a permit Section 2(31) of the MV Act for the same and there are different kinds of permits.

7. There are different types of routes Section 2(38) of the MV Act as well. One of them is inter-state route. A public service vehicle requires an inter-state permit to operate on an inter-state route.

8. Section 88 of the MV Act titled as ''Validity of permits for use outside region in which granted''. It provides conditions for the different routes. Under the MV Act, an inter-state route as well as number of inter-state permits are agreed between the States. An inter-state permit granted in a State is also required to be counter signed by the Transport Authorities of the other States executing the agreement.

9. There was an agreement between the two States. It was published by the notification dated 27.5.1994. However, it was quashed in WP 24324 of 1994, Abdul Khaliq v. State of U.P. and a direction was issued to begin the process for a new agreement (see below)1.

10. In pursuance of the aforesaid direction, a fresh agreement was entered into between the two States on 9.11.2006 (the Agreement). It was published in the official gazette of the two States on 21.11.2006.

The Notification

11. Prior to Amendment by U.P. Motor Vehicle Taxation (Amendment) Act, 2009 (U.P. Act No. 18 of 2009) (the Amending Act), the MT Act provided imposition of tax and additional tax under Sections 4 and 6. The Amending Act was enacted with the view of making the tax structure simpler and more useful to the general public. After the amendment, the MT Act provides only for imposition of tax u/s 4: the additional tax has now been included in the tax.

12. The Notification provides rates of tax on the public service vehicles that includes a stage carriage. There are different rates for the stage carriages registered in and out side the State of U.P. The stage carriages registered in the State of U.P. are covered by serial 1 of the table in the Notification (SI-1); whereas, those registered in the other States are covered by SI-3.

13. The proviso to the Notification offers some concession to those operating in

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Jhansi and Chitrakoot region. However, it is applicable to the public service vehicles covered by SI-1: in other words, to the vehicle registered in the State of U.P. only.

14. The Petitioner''s stage carriages are registered in the State of M.P. and are covered by SI-3 of the Notification. They have filed the present writ petitions challenging the validity SI-3 as well as of the first proviso to the Notification essentially on the ground that the Notification imposes higher rate of tax on the stage carriages registered in the States other than the U.P. without any reasonable basis.

POINTS FOR DETERMINATION

15. We have heard Sri GK Malviya and Sri HP Dube, counsel for the Petitioners; Sri Satish Chaturvedi, Additional Advocate General and Sri AC Tripathi standing counsel for the State of U.P., its officials and its authorities (the Respondent).2 The following points arise for determination in the case:

(i) Whether the State of U.P. is bound by the terms and conditions of the Agreement;

(ii) Whether the State of U.P. can charge only additional tax and not the tax from the stage carriages registered in the State of M.P.;

(iii) Whether SI-3 of the Notification is illegal;

(iv) Whether the first proviso to the Notification is illegal;

(v) Whether the stage carriages registered in MP are not liable to pay tax if they enter the free zones in the State of U.P.

1st POINT: BOUND BY THE AGREEMENT

16. The MV Act conceives of the following three categories of permits:

(i) Intra-region;

(ii) Inter-region;

(iii) Inter-State.

17. Section 88 of the MV Act provides the criteria and procedure for granting the different categories of permits.

18. An inter-state permit cannot be granted unless there is an inter-state route. An inter-state route is reciprocal: it has to be agreed by the States; and it cannot be approved unilaterally by anyone State or its transport authorities.

18. In case of the inter-state routes, the concerned States have to agree on the routes as well as numbers of permits to be granted on that route (for citation see below)3. An inter-state permit granted by one State has to be counter signed by the State transport authorities of the other States, party to the agreement.

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20. It has been held that a permit for inter-state route cannot be granted unless there is an agreement between the States. If an inter-state permit is granted by any State or its transport authorities without there being any agreement between the States, then it is illegal. It is so mandated by Section 88 of the MV Act (for citations see below)4.

21. The counsel for the Respondent submitted that:

(i) u/s 88(6) of the Act, it is not necessary to give effect to all the conditions. Only the conditions relating to the counter-signatures are to be given effect to;

(ii) The word ''State'' is not mentioned in Section 88(6) of the Act; and

(iii) The States signing the agreement are not bound to comply with the agreement.

22. In our opinion, the submission of the counsel for the Respondent is fallacious.

(i): Submission

23. A plain reading of Section 88(6) (see below)5 of the MV Act shows that it mandates that:

The agreement, so far as it relates to grant of counter signatures of the permits, should be published in the official gazette of the concerned States as well as in the news papers in the regional language circulating in the area; and

The State Transport and Regional Transport Authorities of the concerned States have to give effect to it.

24. The States execute the agreement; they lay down the terms and conditions and agree on the same. It is on the terms and conditions of the agreement that the counter signatures are agreed to be affixed. All the terms and conditions in the agreement relate to counter signatures and have to be followed.

(ii) & (III): Submissions

25. It is correct that Section 88(6) of the MV Act, mentions the State Transport and Regional Transport Authorities and not the State but this does not mean that the States party to the agreement are not bound by the terms of the agreement.

26. The agreement is between the States. It is an agreement that they have to enter in view of Section 88(5) of the MV Act (see below)6 It is a statutory contract and the States party to the agreement are bound by it: otherwise, what is the point in executing the agreement.

27. The State Transport and Regional Transport Authorities are subordinate to the States. If the States are bound, then so are the Transport Authorities: neither the State signing the same nor any authority under it can violate it.

28. In our opinion, the State of U.P. as well as its Transport Authorities (whether State or Regional) are bound by the terms and conditions of the Agreement.

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2nd POINT: NOT DECIDED

29. The counsel for the Petitioners brought to our notice clause 4(viii) of the Agreement as well as its explanation (see below)7 and submitted that:

The Petitioners are only liable to pay additional tax of State of U.P. and not any other tax;

The additional tax has been abolished; and

Tax cannot be charged from them.

30. Clause 4(viii) and the explanation suggest that the stage carriages registered in MP and operating on inter-state routes are liable to pay tax in MP and additional tax but not the tax in the State of U.P. However, it is not necessary to decide this point for the reason mentioned in the succeeding paragraph.

31. Our reasons for not deciding this point are as follows:

The MT Act was amended in the year 2009. It is subsequent to the Agreement. The preamble of the Amending Act suggests that additional tax was not abolished but was merged with the tax; perhaps, it is not correct to say that the additional tax has been abolished;

The Amending Act is subsequent to the Agreement. If there is any difference then the new word might be deemed to be substituted;

This point has not been pleaded in any of the writ petitions. No basis has been laid down for it. It was raised at the time of the arguments;

The writ petitions have been filed on the assumption that the Petitioners are liable to pay tax. The only question raised was that the notification is discriminatory as it charges more tax on the state carriages registered in the State of M.P.

32. In view of above, we refrain from deciding this point.

3rd POINT: TAX ON MP STAGE CARRIAGES: DISCRIMINATORY

33. Article 301 of the Constitution provides that trade, commerce, and intercourse throughout our country shall be free. However, the Courts have held that:

The regulatory measures that promote trading facilities are valid (for citations see below);8

The compensatory tax for the use of the trading facilities do not infringe the freedom under Article 301 of the Constitution (for citations see below); 9

A tax, confiscatory in nature might be invalid but a tax that goes to construct and maintain: roads, bridges, and other means of transportation-is not confiscatory (for citations see below).10

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34. It is not necessary for us to investigate further in this area as the constitutional validity of the MT Act has been upheld. 11 And so far as these WPs are concerned, the only question is regarding the validity of discriminatory rate of tax and concession to the stage carriages registered in the two States.

35. SI-3 of the Notification applies to the stage carriages registered in a State other than the State of U.P. It applies to the stage carriages of the Petitioner as they are registered in the State of M.P.

36. Column 3,4, and 5 of table provide monthly, quarterly, and yearly tax for different categories of the public service vehicles. For the Petitioners (see SI-3 of Appendix-1), it is Rs. 170/-, Rs. 500/- and Rs. 1800/-. It is flat rate for this category irrespective of the age of the stage carriages.

Omnibus Includes Stage Carriage

37. SI-1 of the Notification applies to the omni buses. Section 2(29) of the MV Act defines the word ''omni bus''. It means any motor vehicle constructed or adopted to carry more than six persons excluding the driver.

38. The word ''stage carriage'' is also defined under the MV Act. It means a motor vehicle constructed or adopted to carry more than six passengers excluding the driver for which the passengers pay separate fares for part or whole of the journey.

39. An omni bus under the MV Act is a wider category and includes a stage carriage as well. Every stage carriage is an omni bus; whereas, every omni bus is not a stage carriage. The stage carriages registered in State of U.P. are governed under SI-1 of the Notification.

40. The tax under SI-1 of the Notification (see Appendix-1) for an omnibus depends upon age of the motor vehicle. There are the following three sub-categories:

(i) Not more than five years old: monthly, quarterly and yearly rates are Rs. 110/-, Rs. 330/- and Rs. 1200/-;

(ii) More than five years old but not more than ten years: monthly, quarterly and yearly rates are Rs. 115/-, Rs. 345/- and Rs. 1250/-;

(iii) More than ten years: monthly, quarterly and yearly rates are Rs. 120/-, Rs. 360/-, Rs. 1300/-.

41. Under SI-1, the tax on the omni bus not more than five years old is minimum and it is maximum for one, which is more than 10 years old. This is reasonable as an older motor vehicle might be causing more damage to the road. It is not illegal to levy more tax on an older motor vehicle.

42. The tax for the stage carriages registered in MP is more than the highest tax meant for the stage carriages registered in the State of U.P. The grievance of the Petitioners is that there is no basis for the same except that their stage carriages

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are registered in the State of MP.

No Reason for the Higher Tax

43. The counsel for the Respondent submitted that:

Greater latitude should be given to taxing provision while judging their validity;

The difference in taxation is not because of the place of registration but because of the nature of permit;

There can be different tax for different kinds of permits. It is reasonable classification.

44. Article 14 provides equal protection of laws to everyone and taxation law is not an exception (for citations see below).12 However, in the matter of taxation greater latitude is conceded (for citations see below:). 13 There is also no violation of Article 14, if there is a reasonable basis for the classification (for citations see below)14. But, the question is, is there any reasonable basis?

Nature of Permit is the Same

45. The only basis pointed out by the counsel for the Respondent is that there is difference in the nature of the permits. No other reason has been pointed out to show why higher tax has been imposed on the state carriages registered in the State of M.P.

46. This different pointed out by the counsel for the Respondent is in fact no difference: no discrimination on the rates of tax can be made on its basis.

47. A stage carriage registered in the State of U.P. is governed by SI-1 of the Notification; whereas, a stage carriage registered in State of M.P. is covered under SI-3. Both are stage carriages. The inter-state route is fixed irrespective of place of registration of the stage carriage. They operate on the same inter-state routes fixed by the Agreement. The starting and ending point may be different but the route is the same.

48. The stage carriages, irrespective of the place of registration, have similar permits though granted by different State Transport Authorities and counter signed by the State Transport Authority of the other State. It is not correct to say the difference in rate is because of the nature of the permit: the permits of the stage carriages registered in either of the State is similar.

Difference: Merely on the Place of Registration

49. The stage carriages registered at either place have similar permits; they travel same distance in UP; they get similar benefits in the State of U.P.-there is no justification to provide different rates of tax to the stage carriages operating on the same inter-state route merely on the place of registration. This is discriminatory.

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50. In our opinion SI-3 of the Notification is discriminatory. It is violative of Article 14 of the Constitution and is invalid.

51. We have held SI-3 of the Notification to be illegal, it does not mean that no tax is leviable on the stage carriages registered in the State of MP. Once SI-3 is held to be invalid: it ceases to exist: in such an event, stage carriages registered in the State of M.P. would be covered as Omni bus in SI-1 of the Notification. They have to pay tax mentioned therein and it is same as the tax on the Stage carriages registered in the State of U.P.

4th POINT: ENTITLED TO THE BENEFIT OF THE PROVISO

52. The first proviso in the Notification (see Appendix-1) provide some concession to the stage carriages operating in the territorial area of Jhansi and Chitrakoot region. However, it is only applicable to those stage carriages that are covered by SI-1 of the Notification.

53. The benefit of the first proviso to the Notification was not available to the Petitioner as they were covered by SI-3. We have held that SI-3 to be illegal and the stage carriages registered in the State of M.P. are covered by SI-1. In view of this, the Petitioners would also be entitled to the benefit of the first proviso of the Notification provided they operate in Jhansi and Chitrakoot regions.

5th POINT: NOT ENTITLED TO CHARGE

54. The counsel for the Petitioners brought to our notice Clause (6) as well as Sub-clause (ii) of the agreement (see below)15 and submitted that:

The end point of some of the Petitioners is in free zone and they enter the same.

They are entitled to facilities of the free zone.

55. The word ''free zone'' is explained in the Agreement and they are also specified there. The Agreement provides the following benefits to the stage carriages entering the free zones:

The permits of the vehicles operating there, are not required to be counter signed;

They are not liable to pay tax, additional tax, and tolls of the other State.

56. It is not disputed that some of the Petitioners operate on the inter-state route with the end point in the free zone in the State of U.P. as mentioned in the Agreement: they enter the same. This is admitted in the counter-affidavit filed by the State in WP (Tax) 2267 of 2009. In the counter-affidavit, it is also indicated that their permits are not being countersigned. However, in the counter-affidavit a plea is taken that they are liable to pay tax.

57. Clause (6)(ii) of the Agreement mandates that the stage carriage, contract carriages, and the goods carriages that are registered under the State of M.P. shall be exempted from paying tax, additional tax or tolls of the State of U.P. in

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the free zone in the of State of U.P. Similar benefit is required to be given to the vehicles registered in the State of U.P. entering the free zones falling in the State of M.P.

58. In deciding the first point, we have already held that the terms of the Agreement are binding on the States. In view of this, the State of U.P. is not entitled to charge any tax, additional tax, or toll in Uttar Pradesh from the stage carriages entering the free zones.

59. SI-3 of the Notification was also clear on this point. It required the payment of the tax from the stage carriage registered in the other States only if they were authorised to ply under counter signatures. The stage carriages registered in the State of M.P. and entering the free zones are not required to get their permits counter signed; they are authorised to ply without getting their permits counter signed: they were not liable to be pay any tax under SI-3. But as we have held SI-3 to be illegal and the Petitioner are covered by SI-1 of the Notification: a clarification in this regard is required from the State of U.P.

60. In our opinion, the permits of the stage carriages registered in MP and entering free zonse in U.P. are neither required to be countersigned nor are they liable to pay any tax, additional tax, and tolls in U.P.

AN OBSERVATION AND A SUGGESTION

61. The Agreement provides taxes to be paid by the transport vehicles operating on the inter-state routes. It provides that the transport vehicles registered in the State of M.P. are required to pay additional tax in the State of U.P. but some doubts have been cast, whether tax is payable or not.

62. The second point involved the question, whether in view of the Agreement any tax in the State of U.P. is payable by the stage carriages registered in the State of M. P. We have refrained from answering it for the reasons indicated there, but it would be in the interest of State of U.P. to consider it and do the needful in the matter.

CONCLUSIONS

63. Our conclusions are as follows:

(i) The State of U.P., its State Transport and Regional Transport Authorities are bound by the terms and conditions contained in the Agreement;

(ii) It is not necessary to decide the question whether the State of U.P. is entitled to charge any tax from the stage carriages registered in MP or not;

(iii) Serial number 3 of the table of the notification 1998/30-4-09-8(19)/09 dated 29th October, 2009 is discriminatory. It violates Article 14 of the Constitution and is quashed;

(iv) The stage carriages registered in the State of MP. are liable to pay tax under serial number 1 of the table of the aforesaid notification;

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(v) The benefit of concessional rate of tax for the stage carriages operating in the region of Jhansi and Chitrakoot under the first proviso is also available to the stage carriages registered in the State of MP;

(vi) The permits of the stage carriages registered in the State of M.P. and entering the free zones of the State of U.P. are neither required to be counter signed by U.P. State Transport Authority nor are they required to pay any tax, additional tax, and toll in the State of U.P.

In view of our conclusions, the writ petitions are allowed and a direction is issued to the State Government to ensure that the conclusions are complied with.

1 This is so mentioned in the preamble to the Agreement. The relevant part of the preamble to the Agreement is as follows:

WHEREAS in view of the repaid economic development of the country and contiguity of Uttar Pradesh and Madhya Pradesh it was found expedient to encourage the long distance Inter State Transport of the passengers and goods between the State of Uttar Pradesh and Madhya Pradesh and to regulate, coordinate and control their operation and therefore both the states had executed a reciprocal agreement on June 1, 1994. AND WHEREAS the Hon''ble Court, Allahabad has quashed the Notification dated 27.5.1994 vide its order dated 27.7.2005 in writ petition No. 24324/1994, Abdul Khaliq v. State of Uttar Pradesh and Ors. and directed to begin the process of the new agreement.

AND WHEREAS both the state agree to inter into a new agreement in accordance with changed circumstances and present requirement.

2 The counsel appearing in the case have corrected a part of the judgment under the headings (THE FACTS and POINTS FOR DETERMINATION) and the Appendixes quoted in the judgment. We are thankful to them. Yet, if there are any mistakes, they are ours.

3 Mohd Sajid Ansari Vs. State of U.P.,

4 Ashwani Kumar and Another Vs. Regional Transport Authority Bikaner and Another, A. Venkatakrishnan v. State Transport Authority (2004) 11 SCC 207.

5 Section 88(6) of the MV Act is as follows:

88. Validation of permits for use outside region in which granted : (6) Every agreement arrived at between the State shall, in so far as it relates to the grant of contersignature of permits, be published by each of the State Governments concerned in the official gazette and in any one or more of the newspapers in the regional language circulating in the area or route covered by the agreement and the State Transport Authoirty of the State and the Regional Transport Authority concerned shall give effect to it.

6 Section 88(6) of the MV Act is as follows:

88. Validation of permits for use outside region in which granted : (5) Every

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proposal to enter into an agreement between the State to fix the number of permits which is proposed to be granted or countersigned in respect of each route or area, shall be published by each of the State Governments concerned in the official gazette and in any one or more of the newspaprs in regional language circulating in the area or route proposed to be covered by the agreement together with a notice of the date before which representations in connection therewith may be submitted, and the date not being less than thirty days from the date or publication in the Official Gazette, on which, and the authority by which, and the time and place at which, the proposal and any representation received in connection therewith will be considered.

7 The relevant part of clause 4 of the Agreement is as follows:

4. State Carriage Permits u/s 72 of the Motor Vehicles Act, 1988. (viii) The stage carriage permits of both the state falling under reciprocal agreement shall be countersigned on the single point taxation basis. Single point tax facility shall be allowed to vehicles oiperating under countersignature only.

EXPLANATION:

(a) The words single point Motor Vehicles Tax or single point tax basis in context of any vehicle means liability to pay all taxes in home state, but in respect of the vehicle of Madhya Pradesh being oiperated under counter signature in the State of Uttar Pradesh exemption from Tax payable in Uttar Pradesh, but liability to pay Additional Tax and in respect of vehicle of Uttar Pradesh oiperated under counter signature by Madhya Pradesh liability to pay tax prescribed for the category of countersigned vehicles under Madhya Pradesh Motor Vehicles Taxation Act, 1991.

(b) The word double point tax in context of any Motor Vehicle means liability to pay all the taxes of both the State Including Tax/Additional Tax/Tolls.

8 Atiabari Tea Co., Ltd. Vs. The State of Assam and Others, State of Madras v. Nataraja Mudaliar, NK AIR 1969 SC 147 : 199 8(3) SCR 829 ; T.G. Venkataraman, etc. Vs. State of Madras and Another, The State of Kerala Vs. A.B. Abdul Kadir and Others, Manick Chand Pal and Others Vs. Union of India (UOI) and Others, ; Indian Cement and Others Vs. State of Andhra Pradesh and Others, Maharaja Tourist Service, Vs. State of Gujarat,

9 Atiabari Tea Co., Ltd. Vs. The State of Assam and Others, State of Madras Vs. N.K. Nataraja Mudaliar, T.G. Venkataraman, etc. Vs. State of Madras and Another, ; The State of Kerala Vs. A.B. Abdul Kadir and Others, Manick Chand Pal and Others Vs. Union of India (UOI) and Others, Indian Cement and Others Vs. State of Andhra Pradesh and Others, ; Maharaja Tourist Service, Vs. State of Gujarat, The Automobile Transport (Rajasthan) Ltd. Vs. The State of Rajasthan and Others, Chief General Manager, Jagannath Area and Others Vs. State of Orissa and Another, Jindal Stainless Ltd. and Another Vs. State of Haryana and Others,

10 Malwa Bus Service (Private) Limited and Others Vs. State of Punjab and

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Others, G.K. Krishnan and Others Vs. State of Tamil Nadu and Others, Mrs Meenakshi alias Rama Bai and Others Vs. State of Karnataka and Others,

12 Khandige Sham Bhat and Others Vs. The Agricultural Income Tax Officer, Hansraj Nathu Ram Vs. Lalji Raja and Sons of Bankura, Kunnathat Thathunni Moopil Nair Vs. The State of Kerala and Another, State of Andhra Pradesh and Another Vs. Nalla Raja Reddy and Others, H.H. Shri Vishwesha Thirtha Swamiar and Others Vs. The State of Mysore and Another, P.M. Ashwathanarayana Setty and Others Vs. State of Karnataka and Others,

13 Steelworthi Ltd. v. State of Assam 1962 Supp. (2) SCR 589 : 1962 13 STC 233; Gopal Narain Vs. State of Uttar Pradesh and Another, Ganga Sugar Corporation Ltd. and Others Vs. State of Uttar Pradesh and Others, Mafatlal Industries Ltd. and Others Vs. Union of India (UOI) and Others,

14 Ramjilal Vs. Income Tax Officer, Mohindargarh, Hari Krishna Bhargav Vs. union of india (UOI) and Another, Federation of Hotel and Restaurant Association of India, etc., Vs. Union of India (UOI) and Others,

15 The relevant part of clause 6 of the Agreement is as follows:

6. Free Zones

(a) To facilitate the passengers and goods traffic at places lying on or near border points of each State, it is considered necessary and expedient to provide for the creation of Free Zones at certain points on the border of the two states and also considered proper that consessioinal tax or other fee should be leviable for vehicles availing the Free Zone facilities, and the permits should not be required to be countersigned by the reciprocating State.

(b) On the basis of above principles, it is agreed that the following points/areas/ routes may be declared as Free Zones on or near the border points of each State lying on Inter State routes on the conditions mentioned against them.

(2) For stage carriage/contract carriages covered with substantive permits or temporary permits or contract carriages covered with special permits granted u/s 88(8) of the Motor Vehicles Act. 1988

In case stage carriages, contract carriages and goods carriages of reciprocating State enterint into the said Free Zone Area of the other State.

(i) If above Free Zone is within the State of Uttar Pradesh, the liability to pay the Tax, additional Tax and Tolls of Uttar Pradesh.

Or

(ii) If above Free Zone is within the State of Madhya Pradesh, the liability to pay the Motor Vehicle Tax and Tolls of Madhya Pradesh, shall be exempted in other State.

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