
THE ROAD CRISIS IN TAX-BURDENED INDIA - EXAMINING THE DYNAMICS AND CHALLENGES OF PUBLIC ACCOUNTABILITY

Anju Mathew, CHRIST (Deemed to be University)

ABSTRACT

The ultimate objective of the paper is how to improve the overall economic growth of the country by ensuring the public concerns are taken into consideration and how the government is supporting this from their side. This paper examines the complex and pressing road catastrophe in India framed within the boarder context of increasing tax burdens and public accountability challenges. It orderly examines the legal and institutional frameworks that govern road infrastructure development and public safety including the constitutional provisions, statutory mandates, and regulatory mechanism tasked with traffic governance and oversight. The focus of this paper is the fiscal dimension and misallocation of public funds and the heavy tax burden on public citizens often without in line with improvements in road quality and safety outcomes. This paper also examines the significant gaps in fiscal transparency and lack of public knowledge that hinders effective usage of resources for road construction, maintained and safety mechanisms. This paper also outlines other measures as well for the transparent governance and for public interest. Moreover, this paper inspects the legal principles that underline governance accountability and public finance pointing out the defects in financial transparency and the wider implications for policy and law. This paper also tightness the importance of education, legal literacy, and the expansion of emergency medical infrastructure and public transit systems to reduce road stress and enhance safety. Transparency measures and stronger regulatory oversight mechanisms are advocated to govern both public and private vehicles effectively. In addition, it also focusses on the how the government actions and initiatives work for the growth and how they are failing to do so. These method aims to improve infrastructure quality, enhance road safety, and rebuild public trust in the management of tax-funded road projects amid growing urbanization and mobility demands. This study contributes to a deeper understanding of the intertwined fiscal, legal, infrastructural, and governance challenges confronting India's road sector while offering actionable insights for policy reforms and sustainable development strategies.

Keywords: Road tax, governance accountability infrastructure, transparency, sustainable development, public interest.

Introduction

The road infrastructure in India is at a crossroad with the increasing road taxes acting like a two-sided sword as they are used to finance the important development, yet at the expense of the citizens with the constant safety and quality shortages. The road taxes are calculated according to vehicle price, engine capacity, type, and age and levies such as GST, custom duties, excise, and cesses on vehicles and fuel are divided into Central Road Fund (CRF) levies, such as the one-time levies on individual vehicles (not exceeding 15 years) and the recurring payments on commercial vehicles according to the Motor Vehicles Act, 1988¹. The purpose of these funds is to cover the national highways, state roads, and maintenance, but structural shortcomings, such as poor pavement design, insufficient drainage, and engineering loopholes, are still present, causing high fatality rates (more than 400 daily), as well as, costly economic losses (3% GDP). Article 21² of the constitution guarantees safe and motorable roads by the right to life, which is enforced by the courts that decline privatization as an excuse to have low quality infrastructure and the imperative to take care of the state. Although the reforms such as the Motor Vehicles Amendment Act, 2019, and National Road Safety Board are protecting the masses, the fiscal misallocation, corruption, and lack of transparency affect the trust of the people, and different rates of the states (high in Karnataka, low in Himachal Pradesh/Puducherry) and EV incentives partially alleviate the situation. This essay examines the types of road taxes, their beneficial effect on the development of infrastructure, and the burden on the citizens due to mismanagement, and proposes transparency, regulatory changes, and responsibility to balance the fiscal responsibility and the right to safe mobility.

Legal and Institutional Framework

The constitutional and statutory approach to road infrastructure and public safety in India is based on the basic right of life under Article 21 which has been applied by the Supreme Court to mean the right to safe, well-kept and motorable roads, and creates an obligation upon the state to build and maintain roads directly regulated by it. In a 2025 case that concerned the Madhya Pradesh Road Development Corporation, the Court did not accept the privatization justifications of inadequate roads in connection with Article 19(1)(g)³ that ensured freedom of movement throughout India, under reasonable restrictions, but depended on a good road system

¹ Motor Vehicles Act, No.59 of 1988, India Code (1988).

² INDIA CONST. art. 21.

³ INDIA CONST. art. 19(1)(g).

to reach any location in the country. States have the greatest role to play as is the case with the Madhya Pradesh Highways Act, 2004⁴ that requires maintenance with default subjecting them to judicial interference through writs and enhancement of the public infrastructure as a right and not a policy. The Act, which is the most important regulation of road transport and safety in India, is the Motor Vehicles (Amendment) Act, 2019, which introduced some serious improvements to the framework. It also presents some strict measures to enhance road safety such as higher penalties against such crimes as drunk driving, juvenile driving, over-speeding, overloading, and driving without a license and it tries to bring stricter compliance and deterrent. The Act requires automated testing of vehicles on fitted fitness to make sure that only vehicles that are roadworthy are put on the road with the manufacturers required to call back faulty vehicles that raise environmental or safety concerns, refund or replace them. It also provides the Motor Vehicles Accident Fund where all drivers are required to be compulsorily insured so that indemnity to the accident and their families can be paid immediately especially through the golden hour scheme where instant treatment can be given to the accident victims after the accident. The Act further provides that the National Road Safety Board (NRSB) should be established to consult the central and state governments regarding the regulation of traffic, the standards of vehicles and approval of new technologies in the road safety. It further stipulates that vehicle registration and issuing driving licenses should be aligned through the central databases like the Sarathi and the Vahan portal. All these helps in improving the statutory road infrastructure safety management structure in India and offer a complete resort to manage, responsibility and enhanced protection of the general will of people on the road. The roles of the Board are operationalized by the National Road Safety Board Rules, 2025, that systematizes the road safety efforts in the country on the national level under the scope of the national legislation. All these interpretations of the constitution and acts of laws ensure a sound control of road infrastructure and road safety protecting the lives and movement of the citizens as the essential rights. India must be able to regulate the traffic by a means of independent and accountable regulatory bodies founded on the best practices of infrastructure and legislative mandate of safety, enforcement and consumer protection. Formulating a Model Road Safety Regulation Act that defines the functions of independent regulators in setting tariffs, safety standards and oversight (e.g. government fleets). Standardize good practices, including mandatory access to the rural areas by auditors and USOs, pan-Indian and globally, into a template that can be uniformly adopted across the states. The development of a National Road

⁴ Madhya Pradesh Act No. 11 of 2005.

Safety Authority (apex body) and the state-level multi-sectoral regulatory authorities to manage the amount of traffic. Establishing an Omnibus Regulatory Appellate Tribunal (traffic professionals and judicial members), appeals which have to be made by the sector in case of necessity and reducing delays in the judicial system by strict consultations. Establishing interface between road regulators and competition authorities to avoid overlaps. Internationalize stakeholder specific capacity building (regulators, police, CSOs) with local conditions such as congestion in cities. Require multi-stakeholder involvement in rulemaking, and resource consumer organizations at the expense of a road safety cess as watchdogs. Quantitatively (e.g. compliance rates) benchmark performance with independent peer reviews. Explore compliance loopholes, particularly to the state vehicles, to give the regulators financial independence, employee control, and arm-length enforcement techniques to fight off the incumbents. Lay emphasis on core problems such as black-spot remediation other than peripheral problems. The framework addresses regulatory shortcomings, enhances transparency, and aligns with such policy objectives as crash reduction, based on the main characteristics of independent regulation.

Analysis of the Road Crisis in India

These structural and engineering failures of the Indian road infrastructure are mainly based on ineffective pavement design, low material selection, inappropriate drainage, and innovation oriented towards durability. These weaknesses add to early depreciation, increase in maintenance and unsafe driving environments, particularly in the rising traffic and climatic challenges. Traditional flexible and rigid pavements in India tend to use traditional bitumen and granular foundations which are not highly engineered to have extended fatigue lifespan, which makes them prone to rutting, cracking and repetitive overlays.⁵ Drainage systems are often poorly designed or not well incorporated with pavement system whereby water infiltration occurs into subgrade compromising their strength and speeding up the process of structural deterioration. The application of high-performance ideas, such as perpetual pavements, cement-grouted bituminous macadam and self-healing (bacterial) concrete, is scanty, which is another symptom of engineering shortcomings in the design life-cycle. Structural mismatch also exists in the patterns of waste generation and pavement engineering since the volumes of plastic wastes and other by-products produced by industries are not

⁵ Aditya Singh and Amit Srivastava, Innovation Needed to Enhance Road Construction and Road infrastructures in the Future in India, 1326 IOP Conf. Ser.: Earth & Environ. Sci. 0129097 (2024).

adequately used even though they can boost the stiffness, fatigue, and sustainability of pavements when engineered properly. The design criteria and customer trust fall behind the accessible technologies like recycled plastic roads, prefabricated plastic modules, warm-mix asphalts, and porous pavements and provide the further use of the traditional sections with the greater environmental footprint and lower structural performance.⁶ The road infrastructure in India is not ill-equipped with innovative alternatives so much as it is caused by structural and engineering shortcomings that lie within conservative designing approaches, inadequate innovations in materials and lack of incorporating durability and sustainability and the integration of sophisticated monitoring in the pavement engineering. The failure of the Indian traffic management administration and regulation lies in poor enforcement of the major risk factors such as over-speeding (42% of the deaths), overloading (23.58%), and drink-driving (7.4%), the standards of which are in place under the Motor Vehicles Act. The enforcement is on a critically low level (rated 2-4/10), and there are no extensive national laws on child restraints or driving with mobile phones, and the amendments of the 1988 MV Act make the lack of oversight worse. The institutional weaknesses comprise operationalized Road Safety Fund in the majority of states, the lack of fatality reduction goals, and the inadequacy of accident statistics, which is caused by under-reporting and differences between the estimates of MORTH and WHO. Regulators do not require highway patrols, ambulances at every 50 km, trauma care, safety checks, and the operators do not care about permits, fitness certificates, and safety regulations, violating them without taking any action. These negligence's lead to excessive RTF rates (11.8 per lakh population), distribution of highway deaths (64.5 per cent of 7 per cent of roads) and loss of GDP (3 per cent) and thus there is a need to have an integrated policy, strict penalties and an active and efficient Road Safety. The allocation of the fiscal facilities, taxation, and inadequately informed electorate about the importance of the investment in infrastructure of the state outline a number of urgent problems. The Western Balkans region has severe infrastructure deficiencies including rail roads, motorway, power producing facilities, and broadband limiting economic expansion and access to the European markets. Although there is relatively high rate of public investment (approximately 6% of GDP), due to inefficiency and political interference, wastage of much finances on projects that are not viable is common and this negates economic gains of infrastructure investments. There is also a limited fiscal space since the level of public debt in most countries (an average of 55%

⁶ Dr. Praveen Kumar et al., Application of Bitumen Emulsion to Wet Mix Macadam Layer on Flexible Pavement, 50(2) Indian Highways 19–27 (Indian Roads Congress Feb. 2022).

of GDP) is very high and some are beyond reasonable levels of debt sustainability (without creating the risk of impacting debt sustainability). On top of this there is fiscal misallocation due to the disjointed institutional structures, ineffective management of the public investments, lack of coordination between governments and municipalities and disjointed project appraisal and monitoring. These result into poor utilization of the capital expenditures which have been budgeted that is, available funds are not effectively utilized.⁷

Types of road taxes in India

In India, taxes on roads are broadly categorized as either Central Road Fund (CRF) tax or State Road tax all of which are aimed at facilitating the development and maintenance of road network in India. CRF tax paid to the Central Government includes such levies as GST, customs duty, excise duty and other cess tax paid in vehicles and fuel. State governments in the Motor Vehicles Act, 1988 charge motor vehicle tax depending on the parameters of the vehicle including the cost, engine capacity, the type, and the fuel type. To a large extent, the private vehicles are charged a onetime tax of fifteen years and the commercials are charged on a regular basis. Passenger taxes and goods taxes, VAT, toll taxes, parking charge or development cess are also levying which states may impose. The road tax rates vary widely and in certain states, like Karnataka Road tax rate is greater than in certain other states, Puducherry and Himachal Pradesh the rate of road tax is lesser. Many states are also supporting green transportation by offering tax exemptions or subsidies of electric vehicles.

Transparency and Accountability of the people

The tax pressures tend to be moderately proportional to the explosion of the government spending, and this may affect the development unless it is addressed in a prudent way. The lack of awareness of the citizens about the necessity to use the public money efficiently and pay attention to the improvements of the infrastructure may be explained by the fact that the process of the investments, supported by evidence and realized in the transparent way, has been neglected with references to the politicization of the process and hard governance systems.⁸. The improvement of infrastructure quality, fiscal sustainability, and economic growth opportunities in the region are important and can be enhanced through strengthening of

⁷ Niti Bhasin, Infrastructure Development in India and Impact of Tax Incentives, 2(2) Vision: J. Indian Tax'n 41–61 (2015), <https://doi.org/10.17492/vision.v2i2.10180>.

⁸ Anmol Narain et al., *Thematic Report: Accountability and Transparency in Governance* (Dev. Monitoring & Evaluation Office, NITI Aayog Apr. 2022).

institutional structures, improved fiscal management, coordination between public and donor funds and transparency in the selection of projects in the region. Outside funding, good public-private collaboration, and regional integration are important in bridging gaps as well as dealing with taxes and financial risks. Accountability requires that government officials, institutions, and policymakers be accountable to explain, defend, and accept the actions they take that affect citizens which is one of the pillars of democratic governance.⁹ Its main components are transparency (availability of information on decisions), accountability (excuse to stakeholders such as citizens and media), responsibility (respect of legal/ethical standards) and implementation (punitive actions to wrongdoers). These types include political (electoral control), administrative (hierarchy and law checking bureaucrats), legal (legal enforcement), financial (audits that assure efficient utilization of resources), and social (civil society checks). The ethical governance places integrity, transparency, rule of law, justice/equity, accountability and the interest of the people instead of personal gain that are intertwined with accountability to fight corruption, build trust, ensure fairness and maximize efficiency¹⁰. Some of the mechanisms are legal/institutional (judiciary, CVC/Lokpal, CAG audits), political (elections, parliamentary committees), and social (RTI Act, media exposures, public hearings, social audits). These are challenged by corruption/nepotism, lack of transparency, lax enforcement, political influence, and lack of awareness which requires reforms through independent institutions, RTI, citizen involvement, tough anti-corruption legislation, ethical education, and cultural change to make the government responsive and equitable in-service delivery.

Policy Challenges and Legal Implications

The road infrastructure in India is facing complex issues of policy which have significant legal consequences, obstructing safety, efficiency and fair access. Topographic differences increase construction expenses and construction quality: flat areas can be easily developed, whereas hilly, high-altitude, wet or forested areas require specialized construction, which results in poor quality roads, which can easily erode or experience landslides, breaking constitutional requirements in Articles 14 (equality) and 21 (right to life and livelihood). The high road density per capita contributes to congestion and maxes the intra-city speed at 30-40 km/h (as compared to 60-80 km/h globally), increasing fuel consumption, emissions, and the logistics expenses that reduce GDP by 4-5 percent. Commonly overloaded on state/national highways

⁹J. V. M. Sarma, *Economic Governance and Fiscal Accountability in India* (Univ. of Hyderabad May 2008).

¹⁰ Inderjeet Singh Sodhi, *Public-Private Partnerships in India: How to Ensure Transparency and Accountability*, 54(3) *Indian J. Pub. Admin.* 673–84 (2008).

(carrying 65 percent traffic) and 40 percent rural unsurfaced, wear increases, limiting all-weather connections and violating the legal requirements of PMGSY to provide links between villages.¹¹ Contractor-bureaucrat-politician nexus/corruption is an invitation to breach Prevention of Corruption Act, 1988,¹² and chronic underfunding is delaying maintenance and putting governments at tortious liability of negligence in crash-prone black spots. The pace of motorization is so rapid that EVs are not adopted yet, the hazardous circumstances at the construction sites give rise to labour conflicts that are regulated by the Contract Labour Act, and the number of fatalities (more than 400 every day) provokes the PILs using Article 32 of the Contract of Labour in case of systemic violation of safety. Acquisition of land to be used in toll roads is the source of prolonged litigation under Right to Fair Compensation Act, 2013,¹³ which halts the progress of such projects as extensions of the Golden Quadrilateral. These issues in Indian road infrastructure have their deep legal consequences in the negligence and liability actions under the Motor Vehicles Act, 1988 (as amended), where the failure to maintain roads exposes a negligent person to the exemplary damages with strict liability imposed by the courts as it was in the case of *Municipal Corporation of Delhi v. Bhagwanti* (1966)¹⁴; breaches of the environment and constitution by unsurfaced roads and overloading that violate the Air (Prevention and Control of Pollution) Act, 1981, and NGT instructions, and rural inaccessibility by the panchayats which violates the Panchayats (Extension to Scheduled Areas) Act; contractual issues PPP models as BOT, HAM, and TOT are subject to arbitration under the Arbitration and Conciliation Act, 1996, over the viability of tolls and As a type of infrastructure debt, Infrastructure Debt Funds (IDFs) are special purpose vehicles sponsored by banks and NBFCs, and the institutional investors (insurance and pension funds) are able to invest through units and bonds, with at least 90 percent of their assets in infrastructure securities under SEBI, with close-ended structures, minimum tenors of 5 years, and tax-exempt income.

Recommendations for Legal and Policy Reform

The Indian Road structure requires a strong legal system that entails the system of the safe system that makes the mentioned points obligatory and in turn enforceable with the system of accountability. These reforms are based on design, maintenance, enforcement, and equity in an

¹¹ Rural Roads Maintenance: Policy Framework (Nat'l Rural Roads Dev. Agency, Ministry of Rural Dev., Govt. of India, forwarded by Int'l Labour Org., New Delhi Mar. 2014).

¹² Prevention of Corruption Act, No. 49 of 1988, India Code (1988).

¹³ The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, No. 30 of 2013, India Code (2013).

¹⁴ *Municipal Corpn. of Delhi v. Subhagwanti*, AIR 1966 SC 1750, 3 SCR 649 (India 1966).

attempt to reduce deaths. Required Maintenance and Signage Requirements: Amendments to the National Highways Act and state PWD codes of biannual (every six months) structural safety reviews of all roads with digital reporting to a central portal with penalties (fines up to 5% contract value, blacklisting) against delays or defects. Enforce warning boards that are retro-reflective in high-risk areas (black spots, curves, schools) by law, failure to which is negligence per se in claims involving the liability of accidents. Amend traffic police service regulations to include performance goals (e.g., level of conviction, coverage of patrol area), to include compulsory training and anti-corruption measures. Stricter licensing through graduated programs: compulsory skills tests, age 18-, and 5-year recidivist prohibition. Emergency Infrastructure and Trauma Response: Must have highway master plans to identify parallel emergency lanes or other paths, with penalties of the highway construction to identify where this was not done. Encourage use of public transport with legal modal-share (20% in 5 years) goals, exclusive lanes, and subsidies, and discourage use of personal cars by congestion fees. Vehicle Compliance and Transparency: Introduce a yearly fitness certification of the private vehicles, and failure to E-Verify and impound. There is no tolerance of government fleets: GPS monitoring, siren prohibitions, and accountability of the officer on the violation. The annual budgets have to be put on the record through the citizen portals and outcome audits and hearings have to be transmitted to be transparent.¹⁵ Adolescent road safety is affected, to a great extent, by the public awareness, educational efforts, and legal literacy, although not knowledge translates into safer behaviour. The level of awareness on the simple traffic rules among adolescents in the study was good mainly because of the teaching in school and the integration of road safety issues in the school curriculum, but they still commenced in risky behaviours like driving underage two-wheelers, speeding, lack of helmets, and distracted walking. Schools became an important way to continue education and it was proposed to make messages more familiar and effective by means of the teacher, visual signs, road safety plays, and learning through activities. The respondents emphasized that engaging techniques and real-life examples of car crash victims, social media, and applications can be better than simple rule-book teaching to adolescents. Visibility and enforcement of the law was regarded as complements to education. Traffic police were identified by students and parents as the authoritative communicators and were encouraged to be more frequent in schools and traffic parks to carry out awareness programmes, and the penalties against underage driving, helmet

¹⁵ Girish Agrawal, *Road Safety Legislation, Policy and Jurisprudence in India*, 33rd Annual Winter Course, Int'l Course on Road Safety, TRIP Centre, IIT Delhi (Nov. 24, 2023).

offences, and bribery and the selective enforcement were also sought. Awareness among the community was highlighted: parents, teachers and other adults were supposed to set the behaviour of ensuring safe road use, enforce compliance within the homes and realize that they had a legal obligation to be in place when minors drove. The legal literacy is also clearly addressed with a specific section on legal provisions, namely, section 199A of the Motor Vehicles Act, which renders guardians and vehicle owners liable in case juveniles commit traffic offences and gives rise to penalties such as imprisonment, fines, cancellation of registration, and delaying the right of the juvenile to obtain driving licence.¹⁶

Balancing Tax Obligations with Citizens' Right to Safe Infrastructure

Legal tax planning (separated in legal terms from avoidance (taking advantage of the loopholes) and evasion (illegal concealment) is consistent with constitutional rights in Articles 300A (protection of property) and 21 (life, liberty, privacy), since it allows citizens to pay as little tax as allowed by law, and to use the resulting savings to purchase such public goods as safe roads, which judicial decisions have declared to be an component of the right to life. Taxation supports infrastructural access to socio-economic access like rural roads through PMGSY, but citizens seek responsibility in serviceable networks through taxes and levies because of Article 21, which is enforced through writs that refuse privatization by claims of poor quality. Provisions of income tax act (Sections 80C, 54, 10(38))¹⁷ encourages savings and investments authorizing planning as sound finance structuring adopted in Azadi Bachao Andolan (2003). This balances fiscal obligations and infrastructure rights by protectionary rules such as GAAR against misuse, transparent budgeting, CAG audits, and RTI oversight to be sure that revenue of ethical tax upholding will be unable to undermine economic liberty. Good planning is legitimate according to judicial precedents (McDowell 1985, Putt swamy 2017) and OECD norms, and this can foster ethical governance whereby the input of the citizens can produce verifiable public safety and mobility. In the Indian system of democracy, tax experts facilitate conformity and draw the connection between individual freedom and societal good.

¹⁶ Central Bureau of Health Education, *How to Be a Good Road-User: A Handbook of Road Safety Education to School Children* (PRATAP: Programme to Address Risky Behavior and Attitudes to Trauma Prevention, Dir. Gen. of Health Servs., Ministry of Health & Fam. Welfare, New Delhi).

¹⁷ Income-Tax Act, No. 43 of 1961, §§ 10(38), 54, 80C, India Code (1961).

Conclusion

In India, road taxes are represented by the Central Road Fund levies (GST, customs duty, excise, cesses) and state motor vehicle taxes based on the Motor Vehicles Act, 1988, which are a mixed blessing since they are needed to finance infrastructure but are inefficient when introduced at high levels. On the positive side, these revenues assist in financing the highways of the nation, state highways and maintenance, which brings the economic growth owing to the enhanced connection, and structural vices like poor design of pavement, drainage holes, and conservative engineering methods remain beneficial to cause more than 400 fatalities every day, and loss of 3% of the GDP. These may be heavy taxes (once 15-year tax in the case of the privately held vehicles) or periodic commercial taxes that must be paid by the citizen in a wide 33.19-low 6.85 range, EV incentives being a relief, but fiscal misallocation and lack of transparency wipe out confidence, which violates the right to safe roads that is given in Article 21. The enforcement of safety is supposed to be carried by the penalties, fitness tests, and the accident funds like the Motor Vehicles Amendment Act, 2019, and the National Road Safety Board but the failure in the enforcement of the laws, the weaknesses in regulations, and judicial interventions indicate the accountability lapses. To address this, a Road Infrastructure Safety Act should recommend reforms about biannual safety checks, implementation of AI, 5km-trauma centres, RTI-based budgeting, and terrain-dependent architectures and equity. The public literacy, empowerment of autonomous regulators and PPPs will ensure that the tax revenues will be utilized in the provision of long lasting, secure roads and balancing the fiscal burden and the constitutional mobility rights in the sustainable development.