



CHAPTER – IV : Motor Vehicle Tax

4.1 Tax administration

The Transport Department is responsible for collection of taxes, fees and fines on motor vehicles in Assam. Motor vehicles tax is realised primarily from all vehicles registered in the State. Tax is realised once for 15 years in the case of private vehicles while for commercial vehicles, it is realised each year, at the option of the vehicle owner to pay it every quarter, half yearly or annually. Besides, composite fee in lieu of motor vehicles tax is also collected from commercial vehicles bearing national permit/tourist permit of other States willing to ply in the State. Further, there is provision for levy and collection of fines for various offences which are imposed under the respective Act and Rules. Motor vehicle tax so collected is deposited in the Government exchequer under the major head of account-0041.

The functioning of the Department is governed according to the provisions of the Motor Vehicles Act, 1988, the Assam Motor Vehicles Taxation Act, 1936 and Rules, 2003 and various administrative orders issued from time to time. The Assam Motor Vehicle Taxation Act was amended in May 2011.

The Commissioner of Transport is the head of the Department who is assisted by one Joint Commissioner {who is also the ex-officio Secretary, State Transport Authority (STA)}, one Deputy Commissioner and one Assistant Commissioner of Transport. There are 29 district level offices which are headed by District Transport Officers who are assisted by motor vehicles inspectors and other officials in discharging their day to day functions. They are empowered to implement taxation laws and rules.

4.2 Budget preparation

As per the provisions of the Assam Budget Manual, the estimates of revenue and receipts should show the actual demand including arrears due for past years and the probability of their realisation during the year. According to the Assam Financial Rules, the Finance Department is required to prepare the estimates of revenue after obtaining necessary information/data from the respective Department/ Government.

The Department of Transport stated (September 2012) that in estimating the revenues, tax structure of motor vehicles, trend of revenue, trend of motor

vehicles registered, movement of vehicles across the motor vehicle checkgates, amount of arrears of taxes, etc., are taken into consideration.

4.3 Trend of receipts

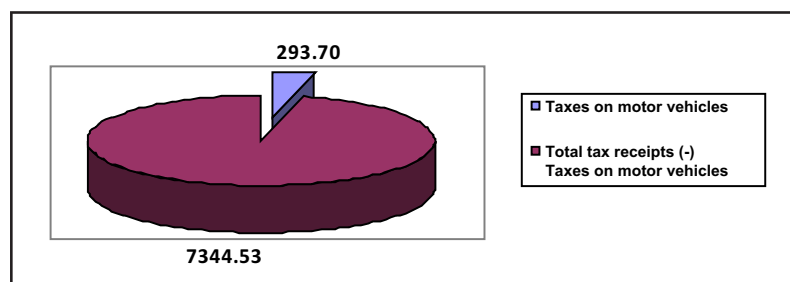
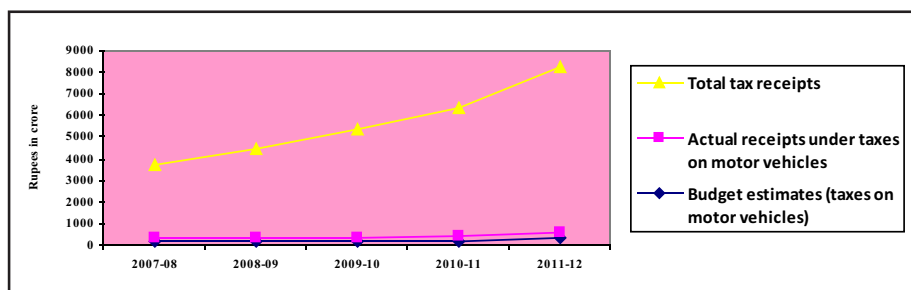
The position of budget estimates, actual receipts under ‘Taxes on Motor Vehicles’ alongside the total tax receipts of the State during 2007-08 to 2011-12 are exhibited in the following Table 1 and graph/pie chart.

Table 1
Analysis of taxes on motor vehicles receipts

(₹ in crore)

Year	Budget estimates	Actual receipts of Taxes on Motor Vehicles	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts {(3) to (6)}
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2007-08	191.62	138.62	(-) 53.00	(-) 28	3,359.50	4
2008-09	193.00	145.21	(-) 47.79	(-) 25	4,150.21	3
2009-10	181.51	177.26	(-) 04.25	(-) 2	4,986.72	4
2010-11	189.54	231.99	42.45	22	5,929.84	4
2011-12	290.60	293.70	3.10	1	7,638.23	4

Source: Finance Accounts and Departmental figures.



Position of motor vehicles taxes vis-a-vis total tax receipts during 2011-12

It is noticed from the table above that the percentage of taxes on motor vehicles receipts when compared to the total tax receipts of the State remained at the level of three - four *per cent* during the last five years.

Though the Department has put in place a mechanism for estimating the revenues, there were substantial variations between budget estimates and actual receipts ranging between (-) 28 and 22 *per cent* during 2007-08 to 2010-11. However, during 2011-12 the Department achieved the targets and the variation percentage was also minimal.

4.4 Cost of collection

Details of gross collection of taxes on motor vehicles, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2009-10 to 2011-12 along with the all India average percentage of expenditure on collection of preceding years are mentioned in Table 2.

Table 2
Cost of collection

(₹ in crore)

Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage of expenditure on collection of preceding year
2009-10	177.26	8.62	5	2.93
2010-11	231.99	10.07	4	3.07
2011-12	293.70	11.58	4	3.71

Source: Finance Accounts and Departmental figures.

The percentage of expenditure to gross collection in 2009-10 and 2010-11 was higher than the all India average percentage of expenditure on collection while during 2011-12, it came closer to the all India average.

4.5 Impact of audit

During the period 2007-08 to 2010-11, Audit had, through inspection reports (IRs) pointed out instances of non-realisation of tax, non-assignment of new registration marks, non/short realisation of trade licence fee/certificate fee, non-levy of fine on trucks carrying excess load and other irregularities with revenue implication of ₹ 596.88 crore in 224 cases. Details are shown in Table 3.

Table 3
Impact of audit

Year of Inspection Report	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
2007-08	20	73	177.66	0	0	0	Nil
2008-09	19	27	2.18	9	0.31	0	
2009-10	15	64	3.30	18	0.77	7	0.06
2010-11	19	60	413.74	85	0.35	13	0.06
Total	73	224	596.88	112	1.43	20	0.12

Thus, against 224 audit observations involving money value of ₹ 596.88 crore, the Department accepted 112 observations involving ₹ 1.43 crore which is barely 0.24 per cent. Out of the accepted amount of ₹ 1.43 crore, the Department could recover only ₹ 12 lakh. Recovery of revenue (eight per cent) when compared to the number of cases accepted by the Department was extremely poor which points towards a need for strengthening the monitoring mechanism in the Department which would ensure recovery of revenues atleast in respect of the accepted cases.

4.6 Working of internal audit wing

Internal audit, a vital component of the internal control mechanism, functions as eyes and ears of the Department and is a vital tool which enables the management to assure itself that prescribed systems are functioning reasonably well.

The Department stated that the Finance Department has not put in place any separate internal audit system for the Transport Department. Had there been an effective internal audit system in the Department, deficiencies detected during local audit could possibly have been detected, rectified and prevented.

The Department may, in coordination with Finance Department, arrange to conduct internal audit of its records/accounts through the Director of Local Audit regularly.

4.7 Results of audit

Test check of records in seven unit offices of the Transport Department during 2011-12 revealed non/short levy and realisation of fine/motor vehicles taxes amounting to ₹ 671.39 crore in 39 cases as shown in Table 4.

Table 4
Results of audit

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non-levy of fine on overloaded vehicles	01	518.73
2.	Non/short realisation of motor vehicle taxes	07	0.83
3.	Other irregularities	31	151.83
Total		39	671.39

During the course of the year 2011-12, the Department accepted one case involving revenue of ₹ 14.28 lakh and recovered ₹ 4.33 lakh.

A few illustrative audit observations involving revenue implication of ₹ 520.29 crore are mentioned in the following paragraphs.

4.8 Audit observations

Scrutiny of the records of the Transport Department revealed several cases of non-observation of the provisions of Acts/Rules/departmental orders as mentioned in the succeeding paragraphs. These cases are illustrative and are based on test checks carried out by Audit. Such omissions on the part of the departmental officers are pointed out by Audit each year; but not only do the irregularities persist, these remain undetected till subsequent audit is conducted. It is a matter of concern as these observations are also sent to the higher authorities including the Government each time these are detected, but the Government or the Department did not take sufficient measures to monitor the status and arrest their recurrence. There is a need for the Government to strengthen their control and monitoring mechanism including regular internal audit so that these omissions can be prevented, detected and corrected.

4.9 Overloading of vehicles in violation of MV Act led to non-levy and non-realisation of minimum fine of ₹ 518.73 crore, besides endangering public life and property

As per Section 194 of the Motor Vehicles (MV) Act, 1988, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention of the provisions of the Act shall be punishable with minimum fine of ₹ 2,000 per vehicle and an additional amount of ₹ 1,000 per ton of excess load, together with the liability to pay the charges for off-loading the excess load.

Hon'ble Supreme Court, has, held¹ (September 2005) that trucks having maximum gross vehicle weight of 16.2 tons are permitted to carry payload of nine tons. In view of the immense adverse impact posed by overloading, the Apex Court directed all the State Governments to ensure that the overloaded vehicles, once detected, are not allowed to continue with the excess load after levying fine, and should be off loaded.

Overloaded vehicles, if not detected and off-loaded, not only cause significant damage to the road surface but also cause pollution through auto emissions; besides endangering lives of the road users. If the payload is twice the capacity of the vehicle, the damage caused to the road surface is sixteen times². Moreover, non-detection of overloaded vehicles deprives the State Government of revenue in the shape of fines, which is mandatory.

The State of Meghalaya is rich in coal. The State is landlocked and is connected by road through Assam only, while there is a long international boundary with Bangladesh. Hence, vehicles carrying coal meant for consumption

within the country (except that exported to Bangladesh through international border), have no other option but to enter and ply through Assam to reach their destinations in Assam and beyond.

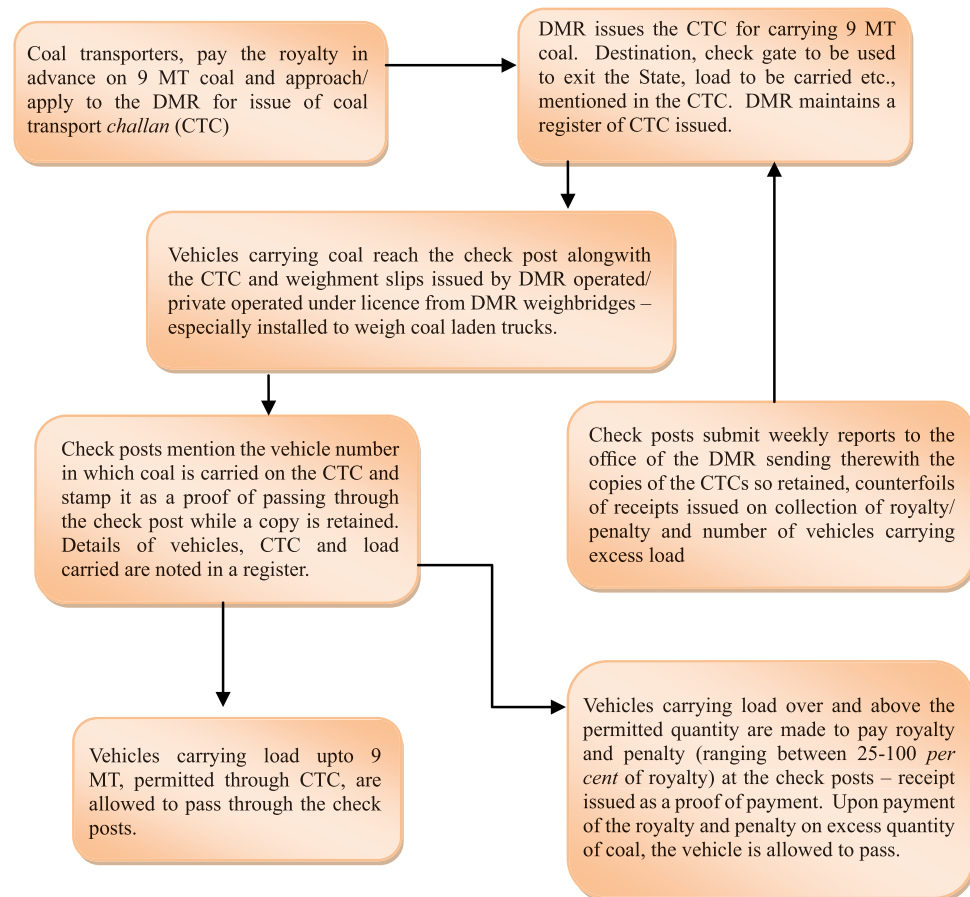
As coal laden trucks coming from the State of Meghalaya are prone to overloading, constant monitoring of these vehicles by the enforcement staff of the Transport department of Government of Assam becomes utmost important. Periodic cross verification of records of the Director of Mineral Resources (DMR), Meghalaya by the Transport department, Assam would enable the latter to detect overloaded vehicles coming over to Assam from Meghalaya. In the review on 'assessment, levy and collection of motor vehicle taxes'

¹ Source : Supreme Court's verdict (September 2005) in the case of *Paramjit Bhasin Vs Union of India and Others* {WP (Civil) 136 of 2003}.

² Source: Secretary (Ministry of Road Transport and Highway), Government of India's D.O letter dated 3 February 2011 to the Chief Secretary of Assam.

incorporated in the Audit Report for the year 2007-08, Government of Assam, non-detection of overloaded vehicles leading to non-levy of fine had been commented upon. The Transport department, Assam was then requested to introduce a system of cross verification of records of concerned departments of other adjoining States to detect overloading. However, as per the reports received from the Transport department, Assam, they were yet to take any action on such cross verifications till August 2011.

Audit has independently attempted to examine the extent of overloaded vehicles coming into and plying through the State of Assam from Meghalaya *vis-à-vis* compliance of the provisions of MV Act and Supreme Court’s verdict on arresting overloading by the Transport department of Assam. For this, DMR, Meghalaya, Shillong which controls the movement of coal laden trucks from Meghalaya into Assam and elsewhere in the Country was approached, through the counterparts of Audit in Meghalaya. Through the process, the information on (i) system followed by the DMR to issue coal transport *challans*, (ii) levy and realisation of royalty and penalty on excess load at the check posts and (iii) reports/returns sent by the check posts to the DMR were gathered - as depicted in the following diagram:



Audit scrutiny revealed that in view of the Apex Court's orders, the Government of Meghalaya has reduced the permissible load per truck carrying coal to 9 MT from earlier limit of 15 MT per truck. Accordingly, the DMR, Meghalaya, have restricted the load carrying limit of permits for each truck from 15 MT to 9 MT.

Since the DMR, Meghalaya has the database showing details of number of vehicles carrying coal from Meghalaya to Assam and beyond, information for 2006-07 to 2009-10 on (i) total number of coal laden trucks that had crossed over to Assam from Meghalaya, (ii) quantity of excess load carried by such trucks, (iii) number of trucks which carried the excess load was collected by Audit. It was observed that 6.18 lakh trucks carrying excess load of 48.17 lakh tons over and above the maximum capacity crossed into Assam through three check posts³ located at the exit points of Meghalaya during 2006-07 to 2009-10. As per the provisions of the MV Act and the verdict of the Apex Court, minimum fine of ₹ 605.33 crore was leviable on these vehicles and the excess load of coal unloaded at the risk and cost of the vehicle owner. However, it was noticed that the enforcement wing of the Transport department, Assam could realise ₹ 86.60 crore during all these years and that too from all types of fines collected on various types of offences, of which overloading is one. Thus, the overall position of fines collected by the Transport department, Assam from all types of offences is less than 15 per cent of the minimum fine that should have been collected only from overloaded vehicles carrying coal from Meghalaya. This not only resulted in plying of these vehicles in violation of (i) relevant provisions of the MV Act, (ii) verdict of the Apex Court, thus, endangering human lives and public property; besides (iii) non-levy and realisation of minimum fine of ₹ 518.73 crore, which if realised, could have benefitted the State exchequer.

It was also noticed from the records of the Commissioner of Transport, Assam that in view of the Apex Court's observation on overloading, the Transport department has issued order (April and August 2010 *i.e.* after almost five years

from the Supreme Court's verdict) regarding offloading of excess load at the point of detection. Also, they have taken up the matter with the Government of Meghalaya for discouraging overloading of coal trucks, at source. The efforts of the department in curbing overloading of coal laden trucks are yet to bear results as it has been noticed in Audit from the

Initiative in other State:

The Government of Bihar has invoked 'Prevention of damage to Public Property Act, 1984' to curb overloading.

³ Dainadubi (exit towards Goalpara, Assam), Umkiang (exit towards Cachar District, Assam) and Umling (exit towards Guwahati, Assam).

records of exit check posts of DMR that coal trucks were exiting Meghalaya with overloads even during November 2011 and January 2012.

Though the Government of Assam has initiated steps to contain overloading, it is recommended that they consider adopting more stringent measures like invoking of 'Prevention of damage to Public Property Act' as done in Bihar to eradicate the menace of overloading.

The case was reported to the Department/Government in April 2012; replies have not been received (November 2012).

4.10 Absence of evidence of remittance of revenue of ₹ 1.25 crore

[District Transport Office (DTO), Kamrup Enforcement, Guwahati; December 2011]

The General Financial Rules provide that all moneys collected on behalf of the Government shall immediately be credited to the Government Accounts.

As per system in place in the DTOs in Assam, revenue is collected in cash at the receipt counters of the DTOs and subsequently remitted to the Government Account through treasury *challans*.

Further, the officers depositing revenue into Government account shall obtain a treasury advice list at the end of every month and reconcile the revenue remittances with those mentioned in the departmental Cash Book to ensure that there is no discrepancy of any kind.

During scrutiny of the Cash Book and the treasury *challans* maintained in the DTO, Kamrup Enforcement, Guwahati, it was observed that during July 2008 to November 2011 remittance of revenue of ₹ 5.58 crore through 463 treasury *challans* was recorded in the Cash Book. However, of the 463 treasury *challans*, the DTO could produce copies of only 359 treasury *challans* covering revenue remittance of ₹ 4.33 crore. On being requested to produce the remaining 104 *challans* involving revenue of ₹ 1.25 crore by Audit, the DTO stated (December 2011) that all the 359 treasury *challans* pertaining to the period from

July 2008 to November 2011 available in the office have duly been produced for audit scrutiny and the office did not have any other treasury *challan* in their possession. Thus, there was no evidence of remittance of revenue of ₹ 1.25 crore. There was also no proof of periodic reconciliation of revenue remittances between the departmental figures and the treasury figures. Resultantly, the District Transport Officer remained unaware of the absence of

the copies of 104 treasury *challans* involving substantial revenue till the same was pointed out by Audit.

After being requested (December 2011) by Audit, the Treasury Officer, Dispur requested the DTO, Kamrup Enforcement to submit a detailed statement of remittance of revenue for reconciliation with treasury records. The DTO stated in August 2012 that reconciliation of the figures with the records of the Treasury had been initiated and results would be intimated soon. Further reply had not been received (November 2012).

The case was reported to the Department/Government in December 2011 and followed up in February 2012; replies have not been received (November 2012).

4.11 Motor vehicles tax remaining unrealised

[DTOs, Cachar, Lakhimpur; December 2010 and November – December 2011]

The Assam Motor Vehicles Taxation Act, 1936 provides that taxes on motor vehicles are to be paid in advance on or before 15 April of each year or optionally in four equal installments payable on or before 15 April, 15 July, 15 October and 15 January respectively. The Act also provides that every owner of a motor vehicle who fails to pay the appropriate road tax in time shall be liable to pay a fine at a rate of ₹ 5 per day of such delayed payment with effect from 9 May 2002.

Further, as per the provisions of the Act, the District Transport Officer is required to maintain a combined register to watch the recovery of tax. He is also required to review the register at periodic intervals and issue demand notices to defaulters.

It was observed from the combined registers of the above DTOs that the owners of motor vehicles in 161 cases did not pay road tax of ₹ 19.56 lakh for various periods falling between April 2005 and September 2011. In addition to non-realisation of road tax, fine of ₹ 6.59 lakh at prescribed rate of ₹ 5 per day was also leviable in these cases for non-payment of dues within the stipulated time. This indicates that there is a need to reinforce the mechanism of reviewing the combined registers by the DTOs so that demand notices to the defaulting vehicle owners for recovery of the dues are issued in time and regularly.

After this was pointed out, the DTO, Cachar stated (March 2012) that ₹ 4.33 lakh had since been recovered (the reply did not mention the number of cases in which recovery was effected) and efforts were on to recover the balance amount. Further reply of

DTO, Cachar and initial reply/response of the DTO, Lakhimpur and the Department/Government have not been received (November 2012).

It is recommended that the Department/Government issue suitable instruction to DTOs making it mandatory for them to review the combined registers at regular intervals and the status of the same may be monitored by higher authorities in Government at regular intervals.

4.12 Mis-appropriation of revenue of ₹ 5.05 lakh

[DTO, Kamrup Enforcement, Guwahati; December 2011]

The Assam Financial Rules provides that all moneys collected on behalf of the Government shall immediately be credited to the Government Account. As per system in place in the DTOs in Assam, revenue is collected in cash at the receipt counters of the DTOs and subsequently remitted to the Government Account through treasury *challans*. Further, the officers depositing revenue into Government account shall obtain a treasury advice list at the end of every month and reconcile the revenue remittances with those mentioned in the departmental Cash Book to ensure that there is no discrepancy of any kind.

During scrutiny of the Cash Book maintained in the DTO, Kamrup Enforcement, Guwahati, it was observed that there was misappropriation of revenue of ₹ 5.05 lakh by adopting fraudulent means as indicated in the following table:

Sl. No.	Nature of irregularity	Revenue involved (in ₹)
1.	<p>Remittance of ₹ 3,70,602 and ₹ 1,46,676 was recorded in the Cash Book vide treasury <i>challans</i> no. 1/5149 and 1/12446 dated 9 and 29 January 2009 respectively.</p> <p>A cross verification of the records of the Treasury Officer, Dispur indicated that through the same <i>challan</i> numbers, revenue of ₹ 70, 602 and ₹ 46,676 was actually remitted.</p> <p>Thus, by inserting figures in the receipted copies of the treasury <i>challans</i>, revenue of ₹ 4 lakh (₹ 3 lakh in treasury <i>challan</i> no. 1/5149 and ₹ 1 lakh in treasury <i>challan</i> no. 1/12446) was misappropriated.</p>	4,00,000

2.	Closing balances of revenue on 29 January and 6 February 2010 were shown as ₹ 6,62,204 and ₹ 5,40,512 respectively. However, the opening balances of revenue on the next days were shown as ₹ 5,87,854 and ₹ 5,12,842 respectively, thereby resulting in misappropriation of revenue of ₹ 1,02,020.	1,02,020
3.	Fine of ₹ 2,500 was collected vide receipt no. 9353145 (book no. 93532) dated 18 July 2010 which was neither accounted for in the Cash Book nor remitted in Government accounts.	2,500
Total		5,04,520

The case was reported to the Department/Government in January 2012 and followed up in February 2012; their replies have not been received (November 2012).