

# CHAPTER-IV



## CHAPTER IV

### MOTOR VEHICLES TAX

#### 4.1 Tax administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicle Acts and Rules made thereunder and are under the administrative control of the Transport Department. The Transport Department collects motor vehicle taxes, fees and fines through the State Transport Authority (STA), Public Vehicle Department (PVD), Kolkata and Registering Authorities (RAs) comprising of Regional Transport Officers (RTOs) at the district level and Additional Regional Transport officers (ARTOs) at the Sub-Divisional level.

#### 4.2 Internal audit

Despite being requested (August 2016), the Department did not furnish details regarding Internal Audit Wing (IAW). Therefore, the performance of internal audit conducted by the Department could not be analysed.

#### 4.3 Results of audit

In 2015-16, test check of the records of 17 units relating to road tax, additional tax, special tax, audio fee, special fee, video fee, dealer's tax, permit fee and penalties showed underassessment of tax and other irregularities involving ₹ 330.75 crore in 252 cases, which fell under the following categories in the **Table 4.1**.

**Table 4.1**  
**Results of audit**

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1.	Non-realisation of		
	• Dealer's tax	16	27.02
	• Showroom inspection fee	12	0.74
	• Permit fee and fine	17	21.06
	• Tax, additional tax and penalty	80	272.67
	• Special fee	14	0.66
	• Special tax and penalty	12	0.07
	• Revenue due to non-renewal of authorisation of National Permit	15	1.85
	• Audio fee	13	0.28
2.	Non-levy and non-realisation of fine from overloaded vehicles	1	2.46
3.	Short realisation of		
	• Road tax from contract carriage vehicles	14	0.60
	• Road taxes from LMV/Omni buses (Pvt. Use)	16	1.18
	• Fines for delayed production of vehicles for Certificate of Fitness	16	1.69
4.	Other cases	26	0.47
<b>Total</b>		<b>252</b>	<b>330.75</b>

During the course of the year, the Department accepted non-realisation/blocking of revenue and other deficiencies of ₹ 114.96 crore in 70 cases, of which 30 cases involving ₹ 11.16 crore were pointed out in audit during the year 2015-16 and the rest in earlier years. An amount of ₹ 10.59 lakh was realised in 40 cases at the instance of audit.

A theme based compliance audit on “Receipts under the State Transport Authority, West Bengal” having money value of ₹ 94.36 lakh and few illustrative cases involving ₹ 227.40 crore are discussed in the following paragraphs.

## 4.4 Audit on “Receipts under the State Transport Authority, West Bengal”

### 4.4.1 Introduction

Under Section 68 of the Motor Vehicles (MV) Act, 1988 the State Government had constituted a State Transport Authority (STA) under the Transport Department consisting of a Chairman, a Deputy Chairman, two Members and a Member Secretary.

STA has been vested with the authority to co-ordinate, regulate and supervise the activities and policies of Regional Transport Authorities (RTAs) of the State that grant and renew different types of permits in respect of their respective regions. For the state as a whole and for inter-state operations, STA issues different types of permits<sup>63</sup>, viz., stage carriage permit<sup>64</sup>, contract carriage permit<sup>65</sup>, tourist permit<sup>66</sup>, special permit<sup>67</sup>, temporary permit<sup>68</sup> and luxury taxi permit<sup>69</sup>. Till 1 September 2013, STA used to issue national permits (NP)<sup>70</sup> to goods vehicles, after which it has been delegated to the RTAs.

### 4.4.2 Audit objective, scope, methodology and criteria

Audit was undertaken with the objective of ascertaining whether the existing rules were complied with in respect of assessment and collection of revenues and remittance thereof to the Government account; whether provisions of Acts/Rules were sufficient to safeguard revenues and whether there was adequate internal control mechanism in place.

Audit was conducted between January 2016 and April 2016 in the Office of the Secretary, STA. Records of the stage carriage permits, international permits, temporary permits, counter-signature on permits, and bank drafts received were audited. Audit was conducted with reference to provisions made under the laws governing transport management in the State: MV Act, 1988; Central Motor Vehicles (CMV) Rules, 1989; West Bengal Motor Vehicles (WBMV) Rules, 1989; West Bengal Treasury (WBT) Rules, 2005 and notifications issued thereunder. The period of audit was from April 2010 to March 2015. The audit findings are discussed in the succeeding paragraphs.

<sup>63</sup> A permit issued by a STA/RTAs or an authority prescribed in this behalf under this Act authorising the use of motor vehicle as a transport vehicle.

<sup>64</sup> A motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers.

<sup>65</sup> A motor vehicle which carries a passenger or passengers for hire or reward and is engaged under a contract, whether expressed or implied, for the use of such vehicle as a whole.

<sup>66</sup> A contract carriage constructed or adapted and equipped and maintained in accordance with such specifications as may be prescribed in this behalf.

<sup>67</sup> A permit defined under Section 88(8) of the MV Act, 1988.

<sup>68</sup> Permits issued for a limited period to authorise the use of a transport vehicle temporarily.

<sup>69</sup> As referred under schedule A under Rule 127 of the WBMV Rules, 1989.

<sup>70</sup> Permit granted by the appropriate authority to goods carriages to operate throughout the territory of India or in such contiguous States not being less than four in number, including the State in which the permit is issued as may be specified in such permit in accordance with the choice indicated in the application.

## Audit findings

### Adequacy of provisions of MV Act/Rules

#### 4.4.3 Absence of provision for realisation of counter-signature fees on permits issued by STA

Section 88 of the MV Act, 1988 prescribes that a permit granted by the RTAs or STA shall not be valid in any other region or State unless the permit has been countersigned by the RTAs/STA of that region/State where the permit holders intend to ply their vehicles covered under it. Further, Rule 102 read with Rule 129 of WBMV Rules, 1989 lays down the procedure for realisation of fees for counter-signature on permits at the rate as specified in Schedule 'A' of the Rules. However, unlike the provision for realisation of fees for counter-signature of stage carriage and contract carriage permits issued by RTAs, there is no provision in WBMV Rules, 1989 for realisation of such fees in cases where stage and contract carriage permits are issued by the STA.

Audit observed that STA had issued/renewed 13,951 stage and contract carriage permits during the period from April 2010 and March 2015 for plying vehicles in more than one region. However, in the absence of any provision in rules, no counter-signature fees from the permit holders could be realised. Had there been provision for realisation of counter-signature fee like that prescribed in cases where stage carriage and contract carriage permits were issued by RTAs, counter-signature fees of ₹ 3.14 crore could have been realised by the STA.

After this was pointed out (March 2016), the Secretary, STA accepted (August 2016) the audit observation, but did not offer any comment on the need of a change in Rules to incorporate provision for realisation of fees for counter-signature of permits issued by the STA.

#### 4.4.4 Incorrect fixation of period of validity of counter-signature of permanent stage carriage permits

Section 81(1) of MV Act, 1988 prescribes that a permit other than a temporary permit and a special permit shall be valid for a period of five years, provided where the permit is countersigned under Section 88(1), such counter-signature shall remain valid without renewal for such period so as to synchronise with the validity of the primary permit. Further, Rule 129 of WBMV Rules, 1989 prescribes that the fees for the counter-signature of permits are to be realised at the rates specified in Schedule 'A' of the Rules.

In respect of inter-state permits, audit observed that in the reciprocal agreement signed between Assam and West Bengal, the period of validity of counter-signature on permanent stage carriage permits was fixed as one year at a time. Fixing the validity of counter-signature on permanent stage carriage permits for a period less than that of the primary permit was in contravention of the provisions laid down in Section 81(1) of the Act. Short-realisation of revenue due to non-synchronisation of validity period of counter-signature with that of permits cannot be ruled out.

After this was pointed out (January 2016), the Secretary, STA stated (August 2016) that necessary steps would be taken for insertion of clauses for

synchronisation of the validity of counter-signature on permit with that of primary permit in the agreement with Assam, whenever fresh reciprocal agreement was executed.

### Compliance deficiency

#### 4.4.5 Non-realisation of application fee for counter-signature on permit

Rule 102 read with Rules 126, 129 and 149 of WBMV Rules, 1989 lays down the procedures for realisation of application fee for grant or renewal of permit or counter-signature on permits<sup>71</sup> at the rates specified in Schedule 'A' of the Rules.

Audit observed that in 14,078 cases, application fees for counter-signature on permits issued by STA were not realised from April 2010 to March 2015. This resulted in non-realisation of application fee of ₹ 80.79 lakh.

After this was pointed out (January and March 2016), the Secretary, STA accepted (August 2016) the audit observation but did not furnish any report on the realisation of application fee.

#### 4.4.6 Non-realisation of permit fees and fine

Section 66(1) of the MV Act, 1988 prescribes that no owner of a motor vehicle shall use or permit the use of the vehicle as a transport vehicle in any public place unless the vehicle carrying any passenger or goods is granted a specific permit to that effect and/or the same is countersigned by the competent STA/RTAs. Further, Rule 102 read with Rules 126, 127 and 129 of WBMV Rules, 1989 lays down the procedures for realisation of fees for application/grant/renewal of permits or counter-signature on permits at the rates as specified in Schedule 'A' of the Rules. Moreover, Section 192A of the MV Act, 1988 prescribes fine for contravention of Section 66(1) of the MV Act, 1988.

Audit observed that in respect of 25 inter-region stage carriages and 16 inter-State stage carriage vehicles, the permits issued by STA were not renewed after expiry of their validity periods. Audit also observed from the database that owners of those vehicles were regularly paying fitness fees and road taxes, which indicated that the vehicles were plying on roads. The permits were neither surrendered nor cancelled. Non-renewal of permits resulted in non-realisation of fees for application and counter-signature and fine of ₹ 7.24 lakh.

After this was pointed out (January 2016), Secretary, STA stated (August 2016) that demand notices would be issued to the respective permit holders.

<sup>71</sup> Counter-signature on permits is done by the RTAs, other than the permit issuing RTA, within whose jurisdiction the vehicle owners intend to ply the vehicle. It is required for granting permission to ply the vehicle in the region other than the issuing region (Section 88(1) of MV Act, 1988).

#### 4.4.7 Short realisation of permit fees

Schedule 'A' to the WBMV Rules, 1989 prescribes permit fees of ₹ 10,000 and ₹ 17,500 for contract carriage vehicles with seating capacity upto 10 excluding the driver and seat capacity beyond 10 excluding the driver, respectively, for plying within the State of West Bengal for five years.

Audit observed that in 134 out of 234 vehicles, having seating capacity beyond 10, permit fees were realised at rates lower than the prescribed rates pertaining to the period from April 2010 to March 2015. The system<sup>72</sup> was unable to prompt/alert the STA to realise permit fees at the prescribed rates at the time of issue/renewal of permit. This resulted in short realisation of permit fees amounting to ₹ 4.87 lakh.

After this was pointed out (March 2016), the Secretary, STA stated (August 2016) that demand notices would be issued to the respective permit holders and necessary steps would be taken for rectification in software.

#### 4.4.8 Blocking of revenue due to delay in credit of bank drafts in Government accounts

Rule 3.01 of the WBT Rules, 2005 and explanation given thereunder, read with Appendix-21 to sub-Rule 3(c) of T.R. 2.33, prescribes the procedures to be followed for remittance of all moneys received by or tendered to government employees on account of the revenues of the State into government account and also its accounting and reconciliation.

Audit had pointed out in Para no. 4.4 of the Report of the Comptroller and Auditor General of India (Revenue Receipts) Government of West Bengal for the year ended 31 March 2010 deficiencies in monitoring, remittance and reconciliation of bank drafts. Audit observed that the deficiencies still persisted in STA. Audit further observed that 1,253 bank drafts worth ₹ 9.09 lakh pertaining to the period between April 2010 and March 2015, received from the STAs of other States, were kept out of Government accounts for more than three years, resulting in expiry of the validity of those drafts. There was no mechanism in place to monitor the receipt and remittance of bank drafts into Government account. Absence of a system to monitor receipt and credit of bank drafts into Government accounts in time resulted in blocking of revenue of ₹ 9.09 lakh.

After this was pointed out (March 2016), the Secretary, STA stated (August 2016) that action would be taken for remittance of the bank drafts into the Bank/Government account.

<sup>72</sup> The database in respect of contract carriage permits, maintained in 'MySql' software.



### Internal control mechanism

#### 4.4.9 Non-customisation of Permit Module and non-utilisation of data of 'VAHAN' software

Provision for 'Permit Module' exists in the 'VAHAN' software which has been operationalised in RTAs of Transport Department in West Bengal since 2004. However, STA, WB has not operationalised such module till date, resulting in short realisation of revenue, besides exposure to other risks as detailed below:

**Table 4.2**

#### Non-customisation of Permit module

Sl. No.	Audit observation	Number of cases
1.	Short realisation of road taxes	Nine contract carriage vehicles were paying taxes at the rate applicable to the stage carriage vehicles resulting in short realisation of revenue of ₹ 1.46 lakh.
2.	Short levy of different kinds of fees in issue/renewal of permit/counter-signature on permits	In cases of 134 out of 234 vehicles where the seating capacity was beyond 10, there was short realisation of ₹ 4.87 lakh (also discussed in para 4.4.7 above).
3.	Irregular exemption of fees in respect of issue/renewal of permit/counter-signature on permits	Non-realisation of application fee of counter-signature on permits of ₹ 80.79 lakh in 14,978 cases (also discussed in para 4.4.5).
4.	Issue of duplicate/fake permits	56 pages were kept blank after inscribing the permit numbers.
5.	Issue of stage carriage permit to a goods vehicle	One case observed from the resolution of the meeting of STA held on 19.04.2014.
6.	Irregular grant/renewal of permits to the applicants and irregular refusal of application of permit	669 applicants were not issued any permit while 136 were issued more than one permit each. No record in respect of refusal of permit was made available to audit.
7.	Lack of trail in respect of missing Offer Letters, transactions of permits etc. due to incomplete digitisation of stage carriage permits, all India tourist permit, and international permit	Applicants in 39 cases were not recorded in the database.
8.	Manual intervention in calculation of permit fees, late fees etc. in respect of special permit, luxury taxi permit, contract carriage permit, and stage carriage	Due to manual intervention/ computation mistakes short realisation had been detected (also discussed in para 4.4.7 above).

After this was pointed out (January 2016), Secretary, STA stated (August 2016) that the matter would be taken up with National Informatics Centre (NIC)/West Bengal Transport Infrastructure Development Corporation Limited (WBTIDCL) for proper customisation of permit module.

#### 4.4.10 Absence of a mechanism to monitor performance of foreign agreements

An Agreement for the regulation of motor vehicle passenger traffic between the Government of India and the Government of the People's Republic of Bangladesh was signed on June 1999, which allowed plying of two stage carriages from either side. Article XVII of the Agreement prescribed that the agreement would be valid for two years and the agreement could be extended for one year at a time by mutual consent, subject to such modifications as might be agreed upon. Audit observed that a third international permit was issued in June 2015 by STA without obtaining concurrence from the Government of India. No revision/modification was made, nor was a fresh agreement executed between the two countries regarding the third stage carriage vehicle.

After this was pointed out in audit (March 2016), the Secretary, STA replied (August 2016) that the matter would be brought to the notice of the Govt. of India and necessary concurrence would be obtained.

Audit further observed that STA did not have a copy of the agreement which governed the plying of vehicles between India and Bhutan. Scrutiny showed that five permits were received from Bhutan Government for counter-signature. To verify the maximum number of permits that could be issued by either country, provision and guidelines for such issuance/renewal should be in place. Audit also observed that there was no mechanism in place to regulate, monitor and grant permits for the movement of vehicles due to lack of agreement.

After this was pointed out in audit (January 2016), the Secretary, STA replied (August 2016) that the matter would be brought to the notice of the Government of India for executing appropriate agreement. From the reply of the STA it appeared that the counter-signature permits were issued to vehicles of Bhutan without any appropriate agreement.

#### 4.4.11 Absence of a mechanism to monitor realisation of composite fees

The State of West Bengal had entered into reciprocal agreements with its neighbouring States for smooth plying of vehicles in the reciprocating States. There was a provision in the agreements for realisation of tax from the vehicles in the reciprocating States at the rate agreed upon. Further, Rule 128(5) of WBMV Rules, 1989, prescribed the rates of composite fees in respect of the motorcabs<sup>73</sup> and omnibuses<sup>74</sup> which had All India Permits granted by other States or Union Territories. The aforesaid taxes/composite fees were to be collected by such States or Union Territories, as the case may be, on behalf of the State of West Bengal and were to be sent to it in the mode of payment as agreed upon.

<sup>73</sup> Means vehicles adapted to carry not more than six passengers excluding driver for hire or reward.

<sup>74</sup> Means vehicles adapted to carry more than 13 passengers but less than 35 passengers excluding the driver.

The calculation of taxes/fees was based on seating capacity, engine capacity and laden weight of the vehicle and whether the vehicle was air conditioned or not. Therefore, for proper monitoring of taxes, composite fees etc., it was necessary to maintain the records of specifications of the vehicles entering the State and compare the amount of fees realisable with the fees realised. Audit observed that there was no such system instituted in the State, in the absence of which short realisation of revenue could not be ruled out.

After this was pointed out (January 2016), Secretary, STA, stated (August 2016) that the matter would be taken up with the concerned States and monitoring system would also be strengthened at the local level.

#### **4.4.12 Lack of transparency in issue of permits**

Section 80(2) of the MV Act, 1988 prescribes that the STA shall not ordinarily refuse to grant an application for permit of any kind made at any time under this Act. Provided that the RTA, STA or the prescribed authority refuses an application for grant of permit of any kind under this Act, it shall give to the applicant in writing its reason for refusal of the same and an opportunity of being heard in the matter. Further, Rule 124(2) of the WBMV Rules, 1989 provides for refund of security deposit.

During the period from April 2012 to March 2015, 3,761 applications were made before STA, WB for issue of luxury taxi permits. The applicants had paid security deposit of ₹ 1,000 each along with application fee of ₹ 520 at the time of application for luxury taxi permits. Audit observed that permits were not issued in cases of 669 applicants. However, neither the reasons for refusal were given nor refund of security deposit was made to them. Thus, there was lack of transparency in system of grant of permits.

After this was pointed out (January 2016), the Secretary, STA stated (August 2016) that action would be taken.

#### **4.4.13 Conclusion**

Audit observed certain deficiencies in the working of STA in the state. There was absence of provision for realisation of counter-signature fees which inhibited revenue collection. Further, there was loss of revenue due to non/short realisation of fees/fines related to permits, application fees for counter-signature on permits, composite fees and incorrect fixation of period of validity of counter-signature of permanent stage carriage permits. Weak internal controls in STA resulted in blocking of revenue. Audit also observed deficiencies in the IT module, besides poor monitoring of implementation of foreign agreements, and lack of transparency in the system of grant of permits.

## Other Audit Observations

### 4.5 Non-realisation of tax, additional tax, penalty and special fees due to non-maintenance of Tax Demand Register

Section 3 of West Bengal Motor Vehicles Tax (WBMVT) Act, 1979 and Sections 3 and 4 of the West Bengal Additional Tax & One-time Tax on Motor Vehicles (WBAT & OTMV) Act, 1989 prescribe the rates of tax and additional tax on vehicles. Further, Sections 11 and 10 of these Acts, respectively, provide for imposition of penalty in case of non-payment of taxes. Moreover, Rule 26 of the West Bengal Motor Vehicles Tax (WBMVT) Rules, 1957 prescribes that the tax officer shall maintain a Tax Demand Register (TDR) in Form 'J' showing registration number, name and address of the owner, tax due etc. and shall review the register in order to see whether the tax is regularly paid and shall take prompt action against the person concerned who has not paid the tax. In addition, Rule 121 of the WBMV Rules, 1989 prohibits plying of heavy goods vehicles having gross vehicle weight (GVW) above 22,542 kg within the State. This provision was relaxed by Government of West Bengal and it permitted plying of such vehicles on payment of a special fee at varying rates depending on the GVW.

During analysis of data pertaining to 15 Regional Transport Authorities (RTAs) between January 2015 and March 2015, Audit found that the RTAs did not maintain TDR as prescribed under the rule either manually or electronically. The software VAHAN<sup>75</sup> did not have the provision to maintain TDR to monitor payment of taxes, fees etc falling due from the owners of the vehicles. VAHAN also did not have any provision to generate a report providing information as required in the TDR, by capturing data spread across various tables created in the software. However, by analysing the data as available in the tables, Audit calculated the taxes and penalty of ₹ 205.02 crore realisable from the defaulting owners of 75,864 vehicles during 2010-2014, of which owners of 1,696 vehicles were also liable to pay special fees of ₹ 61.62 lakh during the period. Thus, non-maintenance of TDRs deprived the Department of monitoring and taking necessary action against defaulting owners of vehicles. This resulted in non-realisation of tax, additional tax, penalty and special fee of ₹ 205.64 crore, as detailed in the following table:

<sup>75</sup> An application software used by the Transport Department for registration of vehicles and collection of taxes and fees thereof.

**Table 4.3**  
**Non-realisation of tax, additional tax, penalty and special fee**

(₹ in lakh)

Sl. No.	Name of the RTA	Period of Audit	Tax, additional tax and penalty		Special fee		Total amount of non-realisation
			No. of vehicles	Amount of non-realisation	No. of vehicles	Amount of non-realisation	
1.	Alipur	2013-14	7,756	2,420.44	44	1.26	2,421.70
2.	Barasat	2013-14	3,262	379.11	237	5.44	384.55
3.	Barrackpore	2013-14	4,690	1,272.61	325	7.97	1,280.58
4.	Birbhum	2012-14	3,946	712.56	143	6.12	718.68
5.	Contai	2011-14	1,157	222.87	9	0.37	223.24
6.	Howrah	2013-14	3,009	699.57	134	4.08	703.65
7.	Jalpaiguri	2012-14	2,182	403.50	49	1.68	405.18
8.	Kalimpong	2005-14	70	11.40	0	0	11.40
9.	Murshidabad	2012-14	5,294	1,108.21	203	9.07	1,117.28
10.	Nadia	2011-14	4,226	863.51	73	3.36	866.87
11.	Paschim Medinipur	2012-14	5,652	1,212.79	169	7.08	1,219.87
12.	Purulia	2012-14	1,878	194.59	8	0.42	195.01
13.	PVD, Kolkata	2013-14	26,112	9,724.92	21	0.47	9,725.39
14.	Tamluk	2013-14	1,138	245.11	91	2.55	247.66
15.	Uttar Dinajpur	2010-14	5,492	1,031.31	190	11.75	1,043.06
<b>Total</b>			<b>75,864</b>	<b>20,502.50</b>	<b>1,696</b>	<b>61.62</b>	<b>20,564.12</b>

After audit pointed out the cases, nine<sup>76</sup> RTAs accepted the system deficiency pointed out in the audit observations (between January 2015 and April 2016) in 54,363 cases involving ₹ 159.77 crore. RTA, Barasat also intimated realisation of ₹ 1.06 lakh in 22 cases. In the remaining cases, the RTAs did not furnish any specific reply (October 2016).

The cases were reported to the Government between February 2015 and April 2015, followed by reminders issued up to November 2016; their reply has not been received.

#### 4.6 Non-realisation of dealer's tax and penalty

Section 3(2) of the West Bengal Motor Vehicles Tax (WBMVT) Act, 1979 prescribes that every dealer or manufacturer who keeps in his possession or control any motor vehicle shall pay dealer's tax on such motor vehicle at the time of its first registration at the rates specified in part H of the Schedule

<sup>76</sup> Alipur, Barasat, Birbhum, Contai, Jalpaiguri, Kalimpong, Nadia, Paschim Medinipur and PVD, Kolkata.

appended to the Act. The motor vehicles in part H comprise motor cycles, three wheelers, light motor vehicles (excluding motor cars and omnibuses with seats up to 14 and not registered as transport vehicle and tourist taxi, luxury taxi or contract carriages with seats upto 14)<sup>77</sup>, medium motor vehicles and heavy motor vehicles including chassis. Further, Section 11(b)(iii) of the Act provides that in case of delay in payment of tax exceeding 60 days after the expiry of grace period of 15 days, penalty equal to the amount of tax payable is also realisable from a defaulting dealer.

During analysis of data of 13 RTAs between January 2015 and March 2015, Audit found that out of 5,40,157 vehicles registered between 2010-11 and 2013-14, dealer's tax in case of 3,56,699 registered vehicles was not paid by the dealers even after the expiry of 75 days including grace period of 15 days. The RTAs also did not take any action to realise the tax and penalty for delay in payment of tax by the dealers. Audit also found that the VAHAN software was not customised to make entries in the field "dealer's tax", mandatory for realisation of the dealer's tax at the time of first registration. Imposition of penalty for delayed payment of dealer's tax was also not customised in the software. This resulted in non-realisation of dealer's tax and penalty of ₹ 14.30 crore, as detailed in the following table:

**Table 4.4**  
**Non-realisation of dealer's tax**

(₹ in lakh)

Sl. No.	Name of the RTA	No. of newly registered vehicles	No. of defaulter vehicles	Year of default	Non-realisation of dealer's tax and penalty
1.	Alipur	34,370	29,467	2013-14	119.71
2.	Barasat	39,520	36,108	2013-14	144.43
3.	Barrackpore	22,680	19,760	2013-14	79.04
4.	Contai	11,901	5,997	2011-14	24.04
5.	Howrah	29,830	26,932	2013-14	107.73
6.	Jalpaiguri	22,744	14,927	2012-14	59.75
7.	Murshidabad	65,848	47,718	2012-14	190.99
8.	Nadia	78,736	40,906	2011-14	163.79
9.	Paschim Medinipur	93,082	63,576	2012-14	254.54
10.	Purulia	21,634	13,901	2012-14	55.65
11.	PVD, Kolkata	52,769	24,554	2013-14	98.42
12.	Tamluk	15,980	15,313	2013-14	61.26
13.	Uttar Dinajpur	50,703	17,540	2010-14	70.28
<b>Total</b>		<b>5,39,797</b>	<b>3,56,699</b>		<b>1,429.63</b>

Though similar observations were made in the Audit Reports for the years 2009-10, 2011-12, 2013-14 and 2014-15, no action has yet been initiated to customise the VAHAN.

<sup>77</sup> Substituted by Government notification no. 1181-L dated 10.08.2012 for the words "light motor vehicles".

After Audit pointed out the cases, five<sup>78</sup> RTAs accepted (between January 2015 and April 2016) the audit observations in 1,64,500 cases involving ₹ 6.61 crore but did not furnish any report on realisation. In the remaining cases, the RTAs did not furnish any specific reply (October 2016).

The cases were reported to the Government between February and April 2015 followed by reminders issued up to November 2016; their reply has not been received.

#### 4.7 Non-realisation of fee on the permits issued by RTAs

Section 66 of the Motor Vehicles (MV) Act, 1988 provides that the owner of a transport vehicle can use his vehicle in a public place only after obtaining a permit from the prescribed authority. Further, Rules 126 and 127 of West Bengal Motor Vehicles (WBMV) Rules, 1989 prescribe that fees for application and grant/renewal of permits in respect of different kinds of vehicles are realisable as per rates specified in Schedule- 'A' of the Rules.

On scrutiny of permit registers and analysis of database of 12 RTAs, Audit found between January and March 2015 that 6,805 public transport vehicles plied with expired permits during 2011-14. Audit also observed from the database that owners of those vehicles were paying fitness fees and road taxes, which indicated that the vehicles were plying on roads. RTAs, however, did not realise permit fee from them. This resulted in non-realisation of permit fee of ₹ 5.50 crore as detailed in the following table:

**Table 4.5**

#### Non realisation of permit fee

(₹ in lakh)

Sl. No.	Name of the RTA	No. of vehicles	Non-realisation of permit fee
1.	Alipur	382	23.97
2.	Barasat	787	56.43
3.	Birbhum	826	69.56
4.	Howrah	332	28.83
5.	Jalpaiguri	422	35.77
6.	Murshidabad	1,113	94.57
7.	Nadia	453	37.76
8.	Paschim Medinipur	638	53.62
9.	Purulia	273	23.20
10.	PVD, Kolkata	471	34.71
11.	Tamluk	214	15.94
12.	Uttar Dinajpur	894	75.64
<b>Total</b>		<b>6,805</b>	<b>550.00</b>

It has also been observed in audit that the permit module in the VAHAN has not been made operational despite its implementation in 2004, which resulted in non-monitoring of timely renewal of expired permits. Though the matter of non-realisation of permit fee has been reported regularly in the Audit Reports for the last five years, no remedial action has been taken.

<sup>78</sup> Alipore, Contai, Nadia, Paschim Medinipur and PVD, Kolkata.

After the cases were pointed out, nine<sup>79</sup> RTAs accepted (between January and September 2015) the audit observations in 2,390 cases involving ₹ 1.91 crore but did not furnish any report on realisation except RTA, Purulia which reported realisation of ₹ 0.47 lakh in six cases. In the remaining cases, RTAs did not furnish any/specific reply (October 2016).

The cases were reported to the Government between February and April 2015, followed by reminders issued upto November 2016; their reply has not been received.

#### 4.8 Short realisation of fitness fee

Rules 62 and 81 of the Central Motor Vehicles (CMV) Rules, 1989 prescribe that the owner of a transport vehicle shall make application and produce the vehicle for inspection for conducting test of fitness annually for the renewal of certificate of fitness (CF) after completion of two years of registration and pay fees at the prescribed rates. Further, Rule 57(6) of the West Bengal Motor Vehicles (WBMV) Rules, 1989 provides that if the owner fails to produce the vehicle within stipulated time, he shall be liable to pay 150 per cent of prescribed fee for conducting test of fitness.

During analysis of data of 14 RTAs pertaining to the period 2010-11 to 2013-14, Audit found that owners of 93,616 vehicles produced the vehicles belatedly for inspection for renewal of CF. RTAs, however, realised the fee for CF at normal rates instead of at the rate of 150 per cent of the fitness fee. This was due to non-mapping of any provisions in the VAHAN software regarding realisation of fee for CF at the rate of 150 per cent in case of delayed production of vehicles. This resulted in short realisation of fitness fee of ₹ 1.19 crore, as detailed in the following table:

**Table 4.6**  
**Short realisation of fitness fee**

(₹ in lakh)

Sl. No.	Name of the RTA	No. of Vehicles produced belatedly for inspection of fitness	Fee realisable (inclusive of application fee @ ₹ 100 per vehicle)	Fee realised (inclusive of application fee @ ₹ 100 per vehicle)	Short-realisation
1.	Alipur	6,166	24.06	18.09	5.97
2.	Barasat	10,274	50.75	37.26	13.49
3.	Barrackpore	8,080	50.17	36.14	14.03
4.	Birbhum	3,061	17.44	12.65	4.79
5.	Contai	2,149	10.60	7.78	2.82
6.	Howrah	4,145	22.19	16.18	6.01
7.	Jalpaiguri	2,655	13.83	10.10	3.73
8.	Murshidabad	5,131	26.91	19.65	7.26
9.	Nadia	4,814	23.52	17.28	6.24
10.	Paschim Medinipur	7,787	41.19	30.06	11.13
11.	Purulia	1,348	6.10	4.52	1.58
12.	PVD, Kolkata	27,873	109.43	82.25	27.18
13.	Tamluk	3,302	19.11	13.84	5.27
14.	Uttar Dinajpur, Raiganj	6,831	35.54	25.97	9.57
<b>Total</b>		<b>93,616</b>	<b>450.84</b>	<b>331.77</b>	<b>119.07</b>

<sup>79</sup> Alipur, Barasat, Birbhum, Jalpaiguri, Murshidabad, Nadia, Purulia, PVD, Kolkata and Uttar Dinajpur.



After the cases were pointed out, seven<sup>80</sup> RTAs accepted (between February 2015 and April 2016) the audit observation in 57,306 cases involving ₹ 67.23 lakh; but did not furnish any report on realisation. In the remaining cases, RTAs did not furnish any/specific reply (October 2016).

The cases were reported to the Government between February 2015 and April 2015, followed by reminders issued upto November 2016; their reply has not been received.

#### 4.9 Short realisation of one-time and life –time tax

WBMVT Act, 1979 and WBAT&OTMV Act, 1989 prescribe the rates of tax and additional tax on vehicles.

WBAT&OTMV Act, 1989 was amended<sup>81</sup> in August 2012 and provisions were made for:

- (a) realisation of life-time tax or one-time tax at prescribed rates on motor cars and omnibuses (with seats up to 14 and not registered as transport vehicles);
- (b) realisation of life-time tax from owners of such vehicles registered in other States; and
- (c) rebate on life-time tax or one-time tax to non-air-conditioned (non-AC) vehicles having engine capacity upto 800 cc.

During analysis of data of 14<sup>82</sup> RTAs between January and March 2015, Audit found that one-time and life-time taxes of ₹ 1.83 crore were realised, instead of ₹ 2.60 crore in case of 600 vehicles during the period from September 2012 to March 2014. This was due to realisation of life-time and one-time tax at rates lower than the prescribed rates in 523 cases, realisation of tax at the rate applicable prior to the date of implementation of the notification in 16 cases, irregular rebate to AC vehicles in 35 cases and irregular rebate to non-AC vehicles having engine capacity more than 800 cc in 26 cases, due to improper mapping of the amendment in the WBAT&OTMV Act in the VAHAN software which resulted in short levy and subsequent short realisation of life-time and one-time tax of ₹ 76.94 lakh, as detailed in the following table:

<sup>80</sup> Barasat, Birbhum, Contai, Nadia, Paschim Medinipur, Purulia and PVD, Kolkata.

<sup>81</sup> Vide Government notification No. 118 2-L dated 10.08.2012.

<sup>82</sup> Alipur, Barasat, Barrackpore, Birbhum, Contai, Howrah, Jalpaiguri, Murshidabad, Nadia, Paschim Medinipur, Purulia, PVD, Kolkata, Tamluk and Uttar Dinajpur.

**Table 4.7**  
**Short realisation of one-time and life-time tax**

(₹ in lakh)

Sl. No.	Name of the RTA	Total no. of cases	Amount of tax realisable	Amount of tax realised	Short realisation of road tax
1.	Alipur	39	19.93	13.49	6.44
2.	Barasat	79	28.49	20.89	7.60
3.	Barrackpore	50	21.23	16.37	4.86
4.	Birbhum	12	2.62	2.02	0.60
5.	Contai	4	1.28	1.06	0.22
6.	Howrah	36	12.47	10.16	2.31
7.	Jalpaiguri	10	4.75	1.78	2.97
8.	Murshidabad	52	13.98	8.91	5.07
9.	Nadia	11	3.32	2.43	0.89
10.	Paschim Medinipur	16	4.40	3.26	1.13
11.	Purulia	10	2.78	2.24	0.55
12.	PVD, Kolkata	243	131.43	90.80	40.63
13.	Tamluk	10	5.15	4.07	1.08
14.	Uttar Dinajpur	28	7.88	5.29	2.59
<b>Total</b>		<b>600</b>	<b>259.71</b>	<b>182.77</b>	<b>76.94</b>

After the cases were pointed out, seven<sup>83</sup> RTAs accepted (between January 2015 and April 2016) the audit observations in 404 cases involving ₹ 57.51 lakh, but did not furnish any report on realisation. In the remaining cases, the RTAs did not furnish any/specific reply (June 2016). Similar observations had been made in respect of RTAs Alipur, Barasat, Barrackpore and PVD, Kolkata in the Report of the Comptroller and Auditor General of India (Report No.5 of 2015), West Bengal, out of which RA Barasat had accepted the observations in 76 cases involving ₹ 16.11 lakh. No remedial action has since been taken, resulting in persistent irregularities.

The cases were reported to the Government between February and April 2015 followed by reminders issued upto November 2016; their reply has not been received.

#### 4.10 Report of follow up audit on Performance Audit on “Computerisation in Motor Vehicles Department”

##### 4.10.1 Introduction

The Performance Audit on “Computerisation in Motor Vehicles Department” featured as Paragraph No. 5.7 of Chapter V of the Audit Report (Revenue Receipts) for the year ended 31 March 2011 of the CAG of India was conducted between June 2011 and August 2011 to cover implementation of the software VAHAN and SARATHI and examination of controls in the

<sup>83</sup> Alipur, Barasat, Birbhum, Contai, Nadia, Paschim Medinipur and PVD, Kolkata.

software from the date of their implementation in various Regional Transport Offices (RTOs)/Additional Regional Transport Offices (ARTOs) upto 31 March 2011. The report was placed before the State Legislative Assembly on 24 September 2012.

#### 4.10.2 Objective, scope and methodology

The follow up audit on Performance Audit on “Computerisation in Motor Vehicles Department” was conducted during the period from May 2016 to July 2016 to ascertain the action taken by the Department on audit observations accepted by it. The Performance Audit Report contained 23 audit observations. Of those 23 observations, 14 were accepted by the Department. Information about action taken on those accepted observations was called for and analysed.

#### 4.10.3 Audit findings

The status of implementation of the 14 audit observations, accepted by the Department, has been arranged in three categories i.e. (A) Insignificant or no progress (nine observations); (B) Partial implementation (five observations); and (C) Full implementation (none). Detailed analysis is as follows:

Table 4.8

#### Status of implementation

##### A. Insignificant or no progress

Para no. and caption of the PA	Gist of the Audit observation/ Follow up audit observation	Replies/Comments of the Department	Audit comments
<b>5.7.8 Non-existence of User Requirement Specification (URS)</b>	<i>The Department did not furnish URS or any other document to Audit to establish that VAHAN and SARATHI were customised according to the Acts and Rules of the State.</i>  The Department was requested to furnish information on status of preparation of URS with supporting documents (May 2016).	The Department stated that a core committee on e-Governance had been formed to centrally decide on all customisation requests. The committee deliberated on such requests on the basis of extant provisions of law and took decisions on the matter. Decisions so taken were ratified by the Government. NIC was asked for effecting the changes only thereafter.	The reply was not acceptable as in the absence of URS, or any other such document, requirements of system user cannot be ascertained and unexpected output from the system due to improper customisation of system cannot be ruled out.
<b>5.7.9 Lack of security policy</b>	<i>In absence of well framed and implemented security policy and business continuity plan, the goal and objectives of computerisation of the Department could not be achieved which might lead to data loss in computerised environment.</i>  Audit observed that security policy was yet to be framed. Audit further observed that in respect of business continuity plan, all data of the RTOs/ARTOs were stored at their offices and respective data of the States were stored at Delhi.	The Department stated that Expression of Interest (EoI) was being invited shortly for framing such policy. It further stated that e-Vahan had been introduced on pilot study basis in a motor vehicles office and it would be rolled out to all motor vehicles offices in the centralised architecture model which might resolve security policy shortcomings pointed out in the PA.	The Department did not offer comments on the action to be taken to secure the existing data base.
<b>5.7.13 Analysis of budget provision</b>	<i>Due to non-analysis of budget provision, the Department was not able to quantify the funds</i>	No action on this point was reported by the Department.	

	<p><i>utilised for computerisation in the State.</i></p> <p>The Department was requested to furnish information on provisions made in the budget for the period 2007-16 along with status of utilisation of funds (May 2016).</p>		
<p><b>5.7.14 Partial implementation of software</b></p>	<p><i>Due to partial implementation of software i.e., areas like issue/renewal of permits to transport vehicles, enforcement activities relating to offending vehicles, temporary registration of vehicles, issue/renewal of trade certificates to dealers, surrender of vehicles, maintenance of daily collection register and sub-dealer's licence register etc., the desired objective of computerisation had not been achieved.</i></p> <p>Audit observed from the analysis of data that issue/renewal of permits of goods vehicles and contract carriage vehicles, temporary registration of vehicles and surrender of vehicles, were done through RVS. Enforcement activities relating to offending vehicles, issue/renewal of trade certificates to dealers, maintenance of daily collection register and sub-dealer's licence register were not computerised</p>	<p>The Department stated that prospective implementation of VAHAN and SARATHI had taken place at all the offices equipped with required infrastructure.</p>	<p>The Department did not furnish specific reply/ documentation with regard to implementation.</p>
<p><b>5.7.15. Non-replication of Smart Card system</b></p>	<p><i>Due to non-replication of Smart Card system in all RTOs/ARTOs, the use of fake driving licences (DL) and registration certificates (RC) of vehicles could not be ruled out.</i></p> <p>Audit observed that Smart Card of DL and RC was issued only by Public Vehicles Department, Kolkata since the year 2004 but had not been replicated in other RTOs/ARTOs.</p>	<p>The Department stated that uniform smart card system would be rolled out in that financial year.</p>	<p>The smart card system was yet to be introduced.</p>
<p><b>5.7.16 Partial implementation of online services</b></p>	<p><i>Online services for payment of tax, registration of vehicles, driving licences and fitness of vehicles to reduce the rush to the RTOs were not implemented.</i></p> <p>Audit observed that online services were not made available by the Department till date for vehicle owners.</p>	<p>The Department stated that integration of VAHAN and GRIPS had been completed in all offices and online facilities would be extended throughout the State</p>	<p>The online services were yet to be introduced.</p>
<p><b>5.7.21.1 Allotment of work</b></p>	<p><i>The Department had not taken any initiative to implement centralised tendering processing for Annual Maintenance contract(AMC) for BOT model, ensure uniformity in issuance of cards for DL and RC and to incorporate relevant terms and conditions in tender</i></p>	<p>The Department stated that the issue had been resolved and uniformity in the output had been ensured.</p>	<p>No evidence was made available by the Department in support of their reply. Audit also observed that centralised tendering process for AMC was still in progress, and</p>

	<p><i>agreements of AMC by the concerned District Magistrates for smooth running of computerised system.</i></p> <p>Audit observed from the scrutiny of documents that deficiencies still existed.</p>		therefore it was not possible for the Department to issue uniform cards.
<b>5.7.21.3 Non-realisation of electricity charges</b>	<p><i>Non-realisation of electricity charges resulted in loss of revenue to the Government.</i></p> <p>Audit observed in RTO, Hooghly that electricity charges were still not being recovered from the agency due to non-inclusion of concerned clause in the agreement.</p>	The Department stated that the District Magistrate, Hooghly had been instructed to realise electricity charges and modify agreement, if required.	The report on realisation was not furnished.
<b>5.7.21.4 Irregular allotment of work of Lamination</b>	<p><i>Work of lamination to the BOT agency in RTOs at Barasat and Barrackpore was allotted without following the process of competitive bidding for selection of vendor.</i></p> <p>Audit observed from the scrutiny of documents that the same agency was still executing the lamination work.</p>	No action on this point was reported by the Department.	

### B. Partial implementation

Para no. and caption of the PA	Gist of the Audit observation/ Follow up audit observation	Replies/Comments of the Department	Audit comments
<b>5.7.10 Non-updating of antivirus software</b>	<p><i>Non-existence and non-updating of antivirus software led to system crash and vulnerability of data.</i></p> <p>Audit observed that in two RTOs, antivirus software was installed but not being updated regularly. In remaining RTOs covered in the PA, no antivirus software was installed in their systems.</p>	The Department stated that requirement of antivirus system had been dealt with adequately.	No evidence was provided by the Department. It was however observed by Audit that till May/June/July 2016, in eight of the motor vehicle offices, antivirus software had neither been installed nor updated regularly.
<b>5.7.12 Non-segregation of duties</b>	<p><i>Due to non-segregation of duties for functioning in the computerised environment, the accountability of user could not be ascertained.</i></p> <p>The Department was requested to furnish a copy of the Manual of Office Procedure and manuals for segregation of duties and functioning in the computerised environment (May 2016).</p>	The Department stated that model set of roles of RTO/ARTO/MVI had been set by the Transport Department and ascertaining user's responsibilities was very much possible.	Requirement of a written down procedure to segregate duties/ responsibilities cannot be dispensed with.
<b>5.7.17 Local/ Customised Application</b>	<p><i>Due to continuation of use of Regional Vahan Sarathi (RVS), the locally developed software, the provisions of VAHAN and SARATHI had not been fully utilised.</i></p>	The Department stated that collection of revenue had been discontinued through RVS and it was principally used for report generation purposes and collection of revenue in some cases where	The Department did not furnish any report on steps taken for updating VAHAN and incorporation of modules which were

	Audit observed from analysis of data that RVS was still running parallel.	corresponding modules were not available in VAHAN and SARATHI.	not readily available in VAHAN. The use of RVS had still not been discontinued.
<b>5.7.18 Irregular utilisation of Regional Vahan Sarathi</b>	<i>Utilisation of RVS for generation of computerised money receipts after manual assessment of taxes, fees and fines payable by the vehicle owners, inspite of such provisions of automatic assessment of such dues available in VAHAN, did not fulfil the objective of computerisation.</i> Audit observed from analysis of data that deficiencies existed.		
<b>5.7.19 Non-completion of State Register</b>	<i>Due to non-completion of State Register (SR) back up data was not stored for disaster recovery at State Consolidation Register (SCR).</i> Audit observed that the SR was incomplete as backlog data of VAHAN and SARATHI of RTO, Bankura were pending for data entry in SR (June 2016).	The Department stated that SR for Vahan had been completed. That issue would be effectively managed once e-Vahan was operational.	The Department has not informed the status of completion of SR of SARATHI.

### C. Full implementation

Para no. and caption of the PA	Gist of the Audit observation/ Follow up audit observation	Replies/Comments of the Department	Audit comments
In none of the accepted observations, full implementation was observed.			

#### 4.10.4 Conclusion

Thus, the extent of implementation by the Department on accepted audit observations was zero *per cent* implemented, 35.71 *per cent* partially implemented and 64.29 *per cent* not implemented (October 2016).