

CHAPTER-IV

MOTOR VEHICLE RECEIPTS

CHAPTER-IV: MOTOR VEHICLE RECEIPTS

4.1 Tax Administration

The Principal Secretary to the Government of Meghalaya, Transport Department is in overall charge of the Transport Department at the Government level. The Commissioner of Transport (CT) is the administrative head of the Department. He is assisted by an Assistant Commissioner of Transport and the Secretary, State Transport Authority. At the district level, the District Transport Officers (DTOs) have been entrusted with the registration of vehicles, issuance of permits including collection of duties. The collection of tax is governed by the provisions of the Motor Vehicles Act, 1988 and Rules made thereunder and the Assam Motor Vehicle Taxation Act, 1936.

4.2 Internal audit

The Transport Department has no separate Internal Audit Wing (IAW). Despite the same being pointed out in Audit Reports and the PAs from time to time, no action has been taken by the Department to create an IAW to monitor the working of the Department. In the absence of a separate IAW, the Department solely relies upon the audit carried out by the Accountant General.

Recommendation: *The Department may urgently look into the possibility of creating an Internal Audit Wing to effectively monitor the functioning of the Department.*

4.3 Results of Audit

Test check of the records of seven units relating to the Transport Department during 2014-15 revealed non-realisation of taxes, fees and fines, etc. involving ₹ 138.84 crore in 44 cases which fall under the following categories:

Table 4.1

			<i>(₹ in crore)</i>
Sl. No.	Category	Number of cases	Amount
1.	Non/Short realisation of revenue	24	30.78
2.	Loss of revenue	05	27.42
3.	Other irregularities	15	80.64
Total		44	138.84

During the course of the year, the Department accepted under assessments and other deficiencies of ₹ 87.76 crore in 20 cases. An amount of ₹ 0.29 crore was recovered during the year 2014-15.

A few illustrative cases having financial impact of ₹ 45.55 crore in terms of underassessment/short levy/non-levy of tax and other provisions of the Acts are discussed in the paragraphs 4.4 to 4.8.

**4.4 Loss of revenue from leases/annual lease amounts not renewed/
revised**

Due to undue benefit granted to three weighbridge lessees and leases of six other weighbridges not being renewed, there was a loss of revenue of ₹ 6.90 crore.

[CT, Meghalaya; June 2014]

As per Section 138(2)(b) of the Motor Vehicles Act, the State Government can make rules for installation and use of weighing devices. Accordingly, the Government of Meghalaya enacted the Meghalaya Installation, Regulation, Maintenance and Operation of Weighbridge Rules, 2009¹ under which, private parties were allowed to operate weighbridges on behalf of the Transport Department on payment of a lump sum annual lease amount to the Department as agreed upon. The annual lease amount was calculated² on the basis of the weighment fee of ₹ 30 per truck. The Government, subsequently enhanced the weighment fee to ₹ 50 per truck with effect from 08 January 2010 which was further revised to ₹ 200 per truck from 20 January 2015. Ten³ private parties were granted licences to operate ten weighbridges in the State on various dates between 2007-08 and 2009-10 for a period of two to three years on payment of annual lease amounts ranging between ₹ 2.50 lakh and ₹ 75 lakh.

The Government of Meghalaya in a meeting in June 2010 decided to set up an integrated check post at the exit point of National Highway (NH)⁴-62. Consequently all the existing weighbridges on NH-62 were to be allowed to operate till the term of their current leases and thereafter, no further extension was to be given. Out of the ten weighbridges, only two⁵ weighbridges were located on NH-62.

The leases of all the weighbridges expired on various dates between 2009-10 and 2011-12 of which, two⁶ lessees did not apply for renewal while none of the remaining eight leases were renewed in the light of the decision taken in June 2010. However, three⁷ out of the eight weighbridges were allowed to continue operation on the basis of a Supreme Court order⁸ dated 21 June 2012.

While allowing the three weighbridges to issue weighment slips at the revised rates of ₹ 50 and ₹ 200 per truck, the Transport Department failed to take any action to revise the annual lease amounts in respect of any of

¹ In lieu of the erstwhile Office Memorandum for Operation of Weighbridges, 2003.

² The lease amount was calculated on the basis of the number of trucks passing through the checkgate multiplied by ₹ 30 per truck (being the prevailing weighment fee).

³ Details of the weighbridges in Annexure – VI.

⁴ NH from Dalu (South Garo Hills District in Meghalaya) to Damra (Goalpara District in Assam).

⁵ Dobu Weighbridge and Momin Weighbridge.

⁶ Shallang weighbridge and Athiabari weighbridge.

⁷ Umling Weighbridge (NH-44), 7th Mile Weighbridge (NH-40) and Momin Weighbridge (NH-62).

⁸ SLP (CC) 9966 of 2012 (All North East Commercial Truck Owners & Operators Association v/s State of Meghalaya).

the three weighbridges thereby resulting in undue benefit to the tune of ₹ 4.62 crore⁹ to these weighbridges which was a loss of revenue to that extent.

In respect of the remaining five weighbridges, although only one¹⁰ out of them was situated on NH-62, yet the Transport Department rejected the applications for renewal of the other four weighbridge operators citing the Government decision of June 2010. The Transport Department, by erroneously taking the Government decision to not renew the weighbridges only on NH-62 and applying it to all other weighbridges in the State, caused a further revenue loss of ₹ 1.99 crore¹¹.

Although the Department continued to reject the applications for renewal of weighbridge operators in view of setting up of an integrated check post on NH-62, the same was also yet to be set up and no progress had been made at all in this regard (July 2015). There was thus an additional loss of revenue of ₹ 0.29 crore¹² due to the lease of the weighbridge¹³ located in NH-62 not being renewed.

The case was reported to the Transport Department, Government of Meghalaya between March and July 2015; their reply has not been received (November 2015).

4.5 Loss of revenue due to under-reporting of overloaded vehicles

The Enforcement Branch failed to detect movement of 45753 trucks carrying load in excess of the permissible limit resulting in short realisation of fine amounting to ₹ 28.35 crore.

[DTO, EB, Shillong; May 2014]

Section 194(i) of the Motor Vehicles (MV) Act, 1988 states that whoever drives motor vehicles carrying loads in excess of the permissible limit shall be punishable with a minimum fine of ₹ 2000 plus an additional fine of ₹ 1000 per Metric Tonne (MT) of excess load together with the liability to pay charges for off-loading of the excess load. In pursuance of the Supreme Court order¹⁴ dated November 2005, the Government of

⁹ Calculated upto March 2015. Calculation in [Annexure-VI \(A\)](#).

¹⁰ Dobu weighbridge.

¹¹ Calculated upto March 2015. Calculation in [Annexure-VI \(B\)](#).

¹²

Name of the weighbridge	Annual Rate (in ₹)	From	To	New Lease amount	Period (in days)	Amount non-realised (in ₹)
Dobu	8,00,000	01/09/2013	19/01/2015	13,33,333	505	1844748
		20/01/2015	31/03/2015	53,33,333	70	1022831
TOTAL						2867579

¹³ Out of two weighbridges located on NH 62 only one (Dobu weighbridge) was not renewed. The other one (Momin weighbridge) was functioning based on Supreme Court's orders as already stated.

¹⁴ Supreme Order dated 9- 11-2005 in WP(C) 126 of 2006.

Meghalaya (GOM) in July 2011 fixed the maximum permissible load for commercial trucks (with two axles) at 9 MT per truck.

In order to detect and penalise vehicles carrying loads in excess of the legal permissible limit, the Transport Department enacted the Meghalaya Installation, Regulation, Maintenance and Operation of Weighbridge Rules, 2009 which provides for establishment of weighbridges at all major exit points of the State. The weighbridge Rules *inter alia* stipulate that:

- each weighbridge shall be supervised by an Enforcement Inspector in order to check and penalise vehicles carrying excess load (*Rule 9*); and
- a monthly statement of details of vehicles checked is to be submitted to the Commissioner of Transport (CT) by the weighbridge operator (*Rule 10(f)*).

It was seen from the offence case registers that between 01 April 2014 and March 31 2015, the Enforcement Branch (EB), Shillong detected 6,655 trucks carrying 0.48 lakh MT of minerals in excess of the permissible limit of 9 MT at three¹⁵ checkpoints and realised ₹ 6.17 crore as fine. However, cross-checking with the records of the DMR checkgates¹⁶ situated at the same locations revealed that during the same period, 52,408 trucks passed through the DMR check posts carrying 2.40 lakh MT¹⁷ of minerals in excess of the permissible limit. Thus, the DTO, EB by under reporting excess load of 1.92 lakh MT carried by 45,753 trucks and failing to realise penalty amounting to ₹ 28.35 crore¹⁸ caused a revenue loss to the State exchequer to that extent.

Audit observed that the detection of excess load by the DMR checkgates was on the basis of weightment slips issued by the weighbridges under the control of the Transport Department. The fact that this information was supposed to be available with the CT, despite which, no action was taken by the CT to fix responsibility on the DTO, EB for such massive under reporting indicated weak monitoring by the CT of his subordinate officers. Failure of the CT to monitor the functioning of his subordinate officers thus resulted in recurring loss of revenue to the Government as was pointed out in the Audit Reports¹⁹ year after year.

¹⁵ Dainadubi Umkiang and Athiabari.

¹⁶ The Directorate of Mineral Resources (DMR), Meghalaya also has established check posts at all major exit routes of the State in order to detect irregular export of minerals without payment of royalty.

¹⁷ Coal : 210300 MT
Limestone : 35226 MT
Total : 245526 MT

¹⁸ 45753 trucks X ₹2000 = ₹9.15 crore
1.92 lakh MT X ₹1000 = ₹19.20 crore
Total = ₹28.35 crore

¹⁹ Between 2006-07 and 2013-14, six Audit Paragraphs on short detection/non detection of excess load by the Transport Department have featured in the Audit Reports having a financial impact of ₹1558.63 crore.

The case was reported to the Transport Department, Government of Meghalaya in June 2015; their reply has not been received (November 2015).

4.6 Short realisation of road tax

Irregular registration of commercial trucks as private carriers resulted in short realisation of road tax amounting to ₹ 1.06 crore.

[DTO, Shillong; June 2014]

In exercise of the powers conferred by Section 41(4) of the MV Act, the Government of India has specified “Goods Carrier Trucks²⁰” as Transport Vehicles²¹ with effect from 05 November 2004. Further under Section 4 of the Assam motor Vehicles Taxation Act, 1936 (as adapted by Meghalaya) the annual road tax for goods carrying vehicles with gross laden weight between 07 MT and 12 MT was fixed at ₹ 4500 plus ₹ 150 for every additional MT beyond 07 MT. In Meghalaya, the maximum carrying capacity is 9 MT²² per truck.

It was observed from the vehicle registration records that 4,573 trucks were irregularly allowed by the DTO to be registered as private carriers between April 2009 and March 2015, instead of being registered as goods carriers. By incorrectly classifying goods carriers as private vehicle, the DTO realised road tax of ₹ 1.00 crore instead of ₹ 2.06 crore²³ thereby resulting in short realisation of road tax amounting to ₹ 1.06 crore.

The case was reported to the Transport Department, Government of Meghalaya in June 2015; their reply has not been received (November 2015).

4.7 Short levy of fine on trucks carrying loads in excess of the permissible limit

Two DTOs realised ₹ 0.48 crore, as fine from 2415 trucks carrying excess load, instead of ₹ 0.72 crore resulting in short levy of fine of ₹ 0.24 crore.

[DTOs, Williamnagar & Baghmara; February & March 2015]

Section 194 read with Section 113 of the Motor Vehicles (MV) Act, 1988 states that whoever drives a motor vehicle with laden weight in excess of the permissible limit²⁴ shall be punishable with minimum fine of ₹ 2000 per truck plus and an additional fine of ₹ 1000 per metric tonne (MT) of the excess load. In Meghalaya, the maximum legal permissible load for commercial trucks is 9 MT per truck.

²⁰ Goods Carrier Trucks are Commercial Trucks which carry goods on payment of money.

²¹ Transport Vehicles are those which ply for hire.

²² Vide a Supreme Court order dated September 2006.

²³ 4573 trucks X ₹ 4500 = ₹ 2.06 crore.

²⁴ Laden weight is to be prescribed by the State Government.

It was observed from the offence case registers maintained by the DTOs that between January 2010 and March 2014, the DTOs detected 2415 trucks carrying loads in excess of 9 MT for which minimum fine amounting to ₹ 0.72 crore was leviable²⁵ against which, the DTOs realised ₹ 0.48 crore. While realising the fines, the DTOs did not record the excess load actually carried by the trucks. Thus, failure of the DTOs to record the exact weight and realise the applicable fine resulted in minimum short levy of ₹ 0.24 crore.

The cases were reported to the Transport Department, Government of Meghalaya in March 2015; their replies have not been received (November 2015).

4.8 Revenue not realised on account of failure to renew certificates of registration of private vehicles

Registration certificates of 22717 private vehicles were not renewed, resulting in registration fees amounting to ₹ 4.46 crore not being realised, on which, penalty amounting to ₹ 4.54 crore was also leviable.

[DTO, Shillong; June 2014]

Section 41(7) of the MV Act lays down that the certificate of registration in respect of a motor vehicle other than a transport vehicle shall be valid for a period of 15 years from the date of issue of such registration and shall be renewable as per provision of the Act *ibid*. Under Rule 44 of the Assam Motor Vehicle Rules (as adopted by Meghalaya), the DTO shall maintain a register of all the vehicles in Form III known as the Combined Register in which detail of every registered vehicle shall be maintained and periodically review the same. Further, Section 192 of the MV Act prescribes that whosoever drives or causes to drive a motor vehicle without registration shall be penalised for the first offence with fine which may extend to ₹ 5000 but shall not be less than ₹ 2000. The Transport Department, Government of Meghalaya fixed the fees for re-registration of the private vehicles with effect from 08 September 2011 as follows:

Types of vehicles	Re-registration fees (₹)
Two wheelers	60
Three/four wheelers	200

Section 8 and 9 of the Assam Motor Vehicles Taxation Act, 1936 however, provides for surrender of certificate of registration by the owner of a vehicle (and exemption from payment of tax to that extent) by submitting a declaration in Form 'H' if the vehicle is off-road for a period exceeding three months.

²⁵ The quantity of excess load is not mentioned. Hence additional fine calculated at ₹ 1000 per truck for one MT.

Audit of records of the DTO revealed that the certificates of registration in respect of 22717 private vehicles had expired between January 1990 and December 2014 but the same had not been renewed. It was also noticed that none of the vehicles were off-road on the basis of declarations in Form 'H'. Despite the information being available²⁶ with the Department, no action was taken by the DTO to issue notices to these vehicle owners for re-registration of the vehicles and levy fine on them. Thus, failure of the DTO to re-register the vehicles led to re-registration fees amounting to ₹ 4.46 crore²⁷ not being realised. In addition, fine amounting to ₹ 4.54 crore²⁸ was also realisable but was not realised.

The case was reported to the Transport Department, Government of Meghalaya in June 2015; their reply has not been received (November 2015).

²⁶ All information pertaining to a vehicle is captured and available in real-time with the DTO through a software called 'VAAHAN'.

²⁷ Calculation shown in Annexure – VII.

²⁸ 22717 vehicles X ₹2000 = ₹4,54,34,000.