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CHAPTER - IV
MOTOR VEHICLE TAXES



CHAPTER – IV Motor Vehicles Taxes

4.1 Results of audit

Test check of records in 20 unit offices of the Transport Department during 2015-16 revealed non-realisation of road tax, non-assignment of new registration mark to vehicles from other States and other irregularities amounting to ₹ 13.83 crore in 107 cases. Besides, a Performance Audit (PA) on ‘Working of Transport Department’ was also conducted during the year involving revenue implication of ₹ 6.51 crore. These are mentioned in **Table – 4.1**.

**Table 4.1
Results of Audit**

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1.	A Performance Audit on ‘Working of Transport Department’	01	6.51
2.	Non-realisation of road tax	20	6.38
3.	Non-assignment of new registration mark to vehicles from other States	06	0.98
4.	Offence cases	03	0.01
5.	Other irregularities	78	6.46
Total		108	20.34

During the course of the year 2015-16, the Department accepted 15 cases involving revenue of ₹ 6.09 crore and recovered ₹ 22 lakh in three cases during the year 2015-16.

A PA on ‘**Working of Transport Department**’ involving revenue implication of ₹ 6.51 crore is discussed in the following paragraphs.

4.2 Performance Audit on ‘Working of Transport Department’

Highlights:

- Due to the absence of a mechanism to review the combined register at periodical intervals, the concerned district transport offices could not detect non-payment of tax of ₹ 2.94 crore by the vehicle owners.

(Paragraph 4.2.8)
- Fitness fee of ₹ 1.28 crore could not be recovered due to not verifying the fitness of the vehicles at the due time.

(Paragraph 4.2.9)
- Failure to renew the licences of Agents of Goods and Passenger Vehicles resulted in renewal licence fee of ₹ 73.60 lakh not being realised.

(Paragraph 4.2.11)
- Inadequate existence of internal control system led to misappropriation and not-depositing of Government revenue.

(Paragraph 4.2.29)

4.2.1 Introduction

The Transport Department of the Government of Assam (GoA) is the fourth largest revenue earning department of the State. It contributes ₹ 1,569.42 crore (Taxes on vehicle) out of total tax revenue collection ₹ 40,263.01 crore which was around four *per cent* of the total tax revenue of the State during the period between 2010-11 and 2014-15. The functioning of the Transport Department and levy, collection of tax and fee in the State of Assam are governed by the Motor Vehicles (MV) Act, 1988, the Central Motor Vehicles (CMV) Rules, 1989, the Assam Motor Vehicles Taxation (AMVT) Act, 1936 and the Assam Motor Vehicle (AMV) Rules, 2003. The main source of revenue in the Department comprises motor vehicle tax, fee for registration/grant of driving licences and issue of road permits, apart from fines and penalty for default. 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, a 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.

The Transport Department had undertaken computerisation of its functions by implementing *VAHAN* (registration of vehicles) and *SARATHI* (grant of driving licences) softwares to achieve faster, transparent and better monitoring of revenue generation under the provision of aforementioned Acts and Rules.

4.2.2 Organisational setup

The Transport Commissionerate was created and established under Section 133 (A) of the MV Act, 1939 in the year 1952 to administer the provisions of the MV Acts and Rules.

The Commissioner and Secretary, Transport Department is in charge of the Department at the Government level. The Commissioner of Transport (CoT) heads the Transport Department and is responsible for overseeing the functioning of the various wings of the Department and implementation of the Acts and Rules governing the assessment, levy and collection of motor vehicles taxes, fees and fines. He is assisted by one Additional Commissioner of Transport, two Joint Commissioners of Transport¹ (JCoT), State Transport Authority (STA) and three Deputy Commissioners of Transport and five Assistant Commissioners of Transport. At the district level, there are 29 District Transport Officers (DTOs)/Regional Transport Authority (RTA) responsible for enforcing the provisions of the Acts and Rules. The Joint Commissioner of Transport in the capacity of Secretary, STA is responsible for issue of the national permit and permit for all stage carriages as specified in the MV Act.

4.2.3 Audit Objectives

The PA was undertaken with a view to examine whether-

- the provisions of the Acts and Rules governing administration of the motor vehicles were being implemented effectively and revenue due to the State exchequer is assessed, levied, collected and remitted promptly;
- the steps taken by the Department to ensure “pollution under control” were adequate and effective;
- the checkgates as well as the enforcement wing of the Department were effective in monitoring that the transport vehicles plying within the State were in conformity with requirements of fitness, carriage capacity and pollution clearance etc; and
- the internal control mechanism including the information technology systems in the Department was adequate and effective to ensure effective and efficient functioning of the Department.

4.2.4 Audit Scope and Methodology

The PA was conducted through test check of records relating to 2010-11 to 2014-15 between March and August 2016. Out of 29 DTOs, 11² DTOs were selected based on Probability Proportional to Size with Replacement (PPSWR) method with size

¹ One of whom is also the *ex-officio* Secretary.

² DTOs of Kamrup (R&L) Guwahati, Dhubri, Sonitpur Tezpur, North Lakhimpur, Dhemaji, Cachar Silchar, Karimganj, Dima Hasao Haflong, Dibrugarh, Jorhat and Sivasagar.

measurable as the total amount of revenue collected during the period. Besides, Office of the CoT, Assam being apex office and STA of the Department and all three MV check gates (Srirampur, Baxirhat and Digharkhal) were taken up for audit.

The audit methodology included scrutiny of files in the selected offices of the Transport Department, verification of the functions of the Enforcement wing, Auto Emission Testing Stations, Weigh bridges issuing weighment slips to commercial goods carriers and check gates of the Transport Department.

The audit methodology and scope of audit scrutiny was discussed with the Additional Commissioner of Transport and the Secretary, Transport Department, GoA in an entry conference held on 1 March 2016. The draft Report was forwarded to the Transport Department and Secretary, Transport Department, GoA on 1 September 2016. The audit findings and the recommendations were discussed in an exit conference on 27 October 2016. The replies furnished by the Department have been suitably incorporated in the Report.

4.2.5 Audit Criteria

The PA was conducted based on the following criteria:

- MV Act, 1988 and CMV Rules, 1989;
- AMVT Act, 1936;
- AMV Rules, 2003;
- Assam Financial (AF) Rules and Bengal Public Demand Recovery (BPDR) Act, 1913;
- Instructions issued by the Ministry of Road Transport and Highways, Government of India (GoI);
- Notifications/orders issued by the Transport Department, GoA; and
- Air quality standards prescribed by Central Pollution Control Board and Pollution Control Board of Assam (PCBA).

4.2.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the Transport Department in providing necessary information and records for audit.

Audit Findings

The PA revealed a number of deficiencies which are discussed in the following paragraphs.

4.2.7 Trend of Revenue

Table 4.2

(₹ in crore)

Year	Total revenue collection of the State	Budget Estimates	Motor Vehicle Tax (MVT) Revenue of the State	Variation between actual MVT revenue and Budget Estimates (4-3)	Percentage of MVT revenue as against total revenue of the State
(1)	(2)	(3)	(4)	(5)	(6)
2010-11	23,004.94	221.70	248.78	27.08	1.08
2011-12	27,455.39	281.00	312.12	31.12	1.14
2012-13	30,690.98	340.00	344.38	4.38	1.12
2013-14	32,212.79	380.59	361.54	(-) 19.05	1.12
2014-15	38,181.49	382.57	378.98	(-) 3.59	0.99

*Source: Transport Department, GoA.

The share of total tax on MVT receipts which was around 1.08 *per cent* of the total collection of the State receipts during 2010-11 had shown a steady increase during next year and had reached 1.14 *per cent* during 2011-12. However, the receipts on MVT showed declining trend from 2012-13 and stood at 0.99 *per cent* during 2014-15. The reason for declining trend was mainly attributed to ban on coal mining in Meghalaya by the National Green Tribunal and Hon'ble Supreme Court order (September 2009) restricting movement of overloaded vehicle.

4.2.8 Failure in raising demands of MV Tax

Sub section (1) of Section 4A of the AMVT 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 instalments payable on or before 15 April, 15 July, 15 October and 15 January respectively. Under section 5A of the AMVT (Amendment) Act, 2002, 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 DTO is required to maintain a Combined Register³ to watch the recovery of tax. He is also required to review the register at periodic intervals and issue demand notices to defaulters.

³ All the particulars relating to vehicle such as Registration No., Date of registration, Date of purchase, Date of validity of Registration, Engine No., Chassis No. and Name and address of vehicle owner etc. is noted in Combined Register.

Test check of the records of nine⁴ DTOs revealed that road taxes amounting to ₹ 2.90 crore was due from 901 commercial vehicles for various periods between April 2010 and March 2015. Further, in DTO, Jorhat road taxes amounting to ₹ 3.71 lakh were also due from 11 vehicles which had entered from other States between November 2011 and February 2013. Due to absence of periodical review of the Combined Registers, those vehicles continued to ply in public places without payment of tax. There was also nothing on records to show that the owners of these vehicles surrendered the licences or submitted 'H' form⁵. Thus, failure of the DTOs to review the Combined Register at periodical intervals and issue demand notices to the defaulters resulted in non-realisation of tax and fine of ₹ 2.94 crore (as shown in **Appendix - VII and VIII**).

The Department may ensure that the Combined Register is reviewed at regular intervals and ensure recovery of outstanding revenue from defaulters. Further, steps may be taken to make a provision in the VAHAN software to generate alerts.

The CoT while accepting the recommendation has stated (October 2016) that instructions have been issued to DTOs in this regard.

4.2.9 Non-realisation of fitness fees from the vehicle owners

Under Section 56 of the MV Act, 1988, a transport vehicle shall not be deemed to be validly registered for the purpose of registration, unless it carries a certificate of fitness in such form containing such particulars and information as may be prescribed by the Central Government. As per provisions of the CMV Rules, 1989 the certificate of fitness issued at the time of registration of a new transport vehicle is valid for two years and it is to be renewed every year thereafter. In case of non-renewal of the certificate of fitness, fine of ₹ 2,000 is recoverable from the vehicle owners under Section 192 of the MV Act.

Test check of the records of seven⁶ DTOs revealed that fitness fee and fine amounting to ₹ 1.28 crore was due from 5,332 commercial vehicles for various periods between April 2010 and March 2015. Plying of 5,332 motor vehicles without valid fitness certificates, besides jeopardising the public safety, resulted in non-realisation of Government revenue amounting to ₹ 1.28 crore (as shown in **Appendix -IX**).

The Department may take immediate steps to verify the fitness of all the vehicles which are due.

⁴ DTOs of Dhubri, Sonitpur Tezpur, Dhemaji, Cachar Silchar, Dima Hasao Haflong, Dibrugarh, Jorhat, Sivasagar and Karimganj.

⁵ If a vehicle owner desires to withdraw his vehicle, off the road for repair etc. for a period more than 30 days continuously, he must submit application in Form 'H' in triplicate along with the documents of vehicle/number plates etc. before the Registering Authority for temporary exemption of taxes under Rule 49 (2) of the AMV Rules 2003.

⁶ DTOs of Dhubri, Dhemaji, Cachar Silchar, Dima Hasao Haflong, Dibrugarh, Jorhat and Sivasagar.

The Department stated (October 2016) that all DTOs have been instructed to verify the fitness issue register and to report compliance within 31 December 2016.

4.2.10 Non-assignment of local/new registration marks to vehicles entered from other States

Section 47 of the MV Act, 1988 stipulates that a motor vehicle registered in one State and kept in another State for a period exceeding 12 months, must be registered in the later State. Rule 81 of the CMV Rules, 1989 prescribes the rate of registration fee for different category of motor vehicles. The AMV Rules, 2003 prescribes that if the owner of the vehicle of other States fails to apply for assignment of new registration mark under section 47 of the MV Act, he shall be liable to pay a fine of ₹ 100 if the application is not submitted within seven days after the expiry of the prescribed period. Further, if the vehicle is not reassigned within seven days of detection of not being registered in the new State by the Department, a fine of ₹ 300 shall be leviable and this procedure can be repeated after every seven days till the vehicle is assigned a new registration number.

Test check of Combined Registers for the period from April 2010 to March 2015 revealed that in five⁷ DTOs, though 65 vehicles of other States were plying within the state of Assam for more than one year, yet the owners of these vehicles failed to apply for new registration marks. No action was taken by the DTOs as well. The Combined Registers were not reviewed periodically and hence no notices were issued to the vehicle owners for assignment of new registration marks. This resulted in non-realisation of reassignment fee of ₹ 0.27 lakh. Besides, fine of ₹ 33.70 lakh was also leviable (as shown in **Appendix -X**).

The Department stated (October 2016) that instructions would be issued to all DTOs to take steps for assignment of local/new registration marks to vehicles entered from other States.

4.2.11 Non-realisation of renewal licence fee of Agents for Goods and Passenger Vehicles

The AMV Rules, 2003 provide that fresh licences to agents for Goods and Passenger Vehicles shall be issued at the time of renewal of licence every year by paying the renewal fee at the prescribed rate by the licences. Rule 53(B) of the AMV Rules prescribed the rates of renewal of licence fee in respect of Agent's Licence⁸ for Goods and Passenger Vehicles as under:

⁷ DTOs of Dhubri, North Lakhimpur, Cachar Silchar, Dima Hasao Haflong and Dibrugarh.

⁸ For the purpose of Agent's Licence, the licensee shall *inter-alia*, shall provide places for loading and unloading of goods, be responsible for proper arrangement for storage of goods collected for dispatch for delivery and exhibit the actual passengers fare for the route or the area.

Table 4.3

Class of Licences	Annual Licence Fees
Goods Vehicle	₹ 20,000 per year plus ₹ 1,200 per year for every Additional Branch ⁹ .
Passenger Vehicle	₹ 10,000 per year plus ₹ 600 per year for every Additional Branch.

Test check of records and information furnished by the CoT revealed that under the Commissionerate there were 36 numbers of Agents in respect of Goods Vehicles and 90 numbers of Agents in respect of Passenger Vehicles. Neither all these 126 Agents had renewed their respective licences between April 2010 and March 2015 nor the Commissionerate initiated action to realise the dues. This resulted in non-realisation of renewal fee of ₹ 73.60 lakh (as shown in **Appendix -XI and XII**).

The Department while accepting the audit observation stated (October 2016) that meetings with agents have been held and they have been instructed to renew the licences within the stipulated time. Also, all DTOs have been instructed to ensure that no agent operates without valid licence.

4.2.12 Trade Licence fee not realised

Under Rule 112(1) of the AMV Rules, 2003, no person shall establish a repairing centre for body building/weigh bridges and become a dealer/sub-dealer of motor vehicles, without a licence granted by the licencing authority, on realisation of licence fee as prescribed under Rule 112(7) of the AMV Rules. Rule 112(3) of the AMV Rules provides that licence shall be in force for five years and thereafter may be renewed for another five years on an application not less than six days before the date of expiry of previous licence. In case of non-renewal of licence in time, a fine of ₹ 2 per day shall be imposed.

Test check of the records of three¹⁰ DTOs revealed that 52 repairing centres for body building/weigh bridges and the dealers/sub-dealers were running their businesses without renewal of trade licences for period ranging from April 2010 to March 2015. The Department had not taken any action towards cancellation of their trade licences. This resulted in fees and fine amounting to ₹ 2.96 lakh not being realised (as shown in **Appendix-XIII**).

⁹ The subordinate places of business of the Agent for goods and passengers vehicles which are controlled from the head office for enhancement of the business.

¹⁰ DTOs of Kamrup (R&L) Guwahati, Dibrugrah and Sonitpur Tezpur.

The Department stated (October 2016) that DTOs will be instructed accordingly.

4.2.13 Composite fee and Renewal Fee of National Permit holder not realised

Section 88(9) of MV Act, 1988 provides that any STA may, for the purpose of promoting tourism, grant permits in respect of tourist vehicles valid for the whole of India, or in such contiguous States not being less than three 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 application.

Also, Rule 11 of the Motor Vehicles (All India Permit for Tourist Transport Operators) Rules, 1993 provides that an All India Permit for Tourist Transport Operators shall be deemed to be invalid from the date on which the vehicle covered by the said permit completes nine years, in case of a motor cab and eight years in case of a vehicle other than a motor cab.

Further, as per Rule 87 of the CMV Rules, 1989, an application for the grant of an authorisation for a national permit shall be made to the competent authority with a fee of ₹ 500 per annum in the form of bank draft. After expiry of initial authorisation issued to the concerned vehicle owner, he shall renew the permit for the next year with a fee of ₹ 500. The bank drafts received in respect of taxes or fees shall invariably be forwarded by the authority who grants the authorisation to the respective States.

It was seen in audit that the Governments of Nagaland, Mizoram, Meghalaya, Arunachal Pradesh and Tripura vide their Notifications of 24 September 1993, 21 March 1995, 6 May 1997, 13 July 2000 and 2 July 2001 respectively specified the rates of composite fee in respect of motor vehicles registered in any State or Union Territory of India which were authorised to ply in the respective States under the tourist permits granted under Section 88 of the MV Act. As per Schedule of rates for Nagaland, Mizoram, Meghalaya, and Tripura, the composite fee for Maxi cab of 7-13 seats was fixed at ₹ 3,000 per quarter per State (other than home State). In case of Arunachal Pradesh, rate is ₹ 4,000 per year.

Test check of the National Permit Issue Register of Maxi cabs of 7-13 seats maintained by the CoT revealed that 12 tourist vehicles registered under DTO, Kamrup (R&L) Guwahati, were plying in different States without renewing their permit and without paying the composite fee as fixed by different States. This resulted in non-realisation of composite fee and renewal fee amounting to ₹ 1.97 lakh (as shown in **Appendix -XIV**). Moreover, surrender of National Permit by the permit holder was not recorded in the National Permit Issue Register.

4.2.14 Non- realisation of licence fee for renting a Motor Cab

In exercise of the powers conferred by Sub-section (i) of Section 75 of the MV Act, 1988, the Central Government introduced the scheme for regulating the business of renting of motor cabs. As per the scheme, no person shall engage himself in the business of renting a motor cab under this scheme without licence. For this, licence fee of ₹ 5,000 is payable for five years by the owner to the Transport Department, as specified in para 4 of the Rent a Cab Scheme, 1989.

As per information furnished by the Service Tax Department, Guwahati, 91 Motor Cab Operators were registered under the Service Tax during the period from 2007 to 2015. Test check of records of the CoT revealed that none of the Motor Cab Operators was found to have applied for licence in the Transport Department, in terms of the above mentioned provision of the MV Act. The Department also did not take any initiative to bring the information from the Service Tax Department and levy licence fee on the operators. This resulted in non-realisation of minimum licence fee of ₹4.55 lakh¹¹ for the first five years.

The Department stated (October 2016) that information from Service Tax Department would be sought and action will be taken accordingly.

4.2.15 Short realisation of fee for fancy/choice numbers

As per Section 41(6) of the MV Act, 1988, choice or fancy numbers are provided to owners of motor vehicles on payment of prescribed fee. The GoA fixed in June 2010 the fee for choice or fancy numbers at ₹ 5,000 for the registration numbers from 0001 to 0010 in each series. For other fancy numbers or choice numbers, the fee was fixed at ₹ 4,000.

Scrutiny of the Combined Register of DTO, Cachar Silchar revealed that the DTO issued two fancy numbers¹², realising fee of ₹ 500 in each case, instead of ₹ 4,000 each, which resulted in short realisation of fee amounting to ₹ 7,000.

In some other States, like Delhi, Punjab etc., the system of auctioning of fancy numbers for number plates has been successfully implemented. However, the Transport Department, Assam, does not have the system of auctioning of fancy numbers.

The Department may introduce the system of auctioning of fancy/choice numbers for the number plates which would augment the revenue collection of the Department.

¹¹ 91 Motor Cab Operators X ₹ 5,000 = ₹ 4,55,000.

¹² AS11/BC-0222 and AS11/BC-0333.

The Department while accepting the audit observation stated (October 2016) that the system of auctioning of fancy/choice numbers would be implemented shortly and for this purpose, guidelines had been framed and forwarded to Government for consideration.

4.2.16 Plying of Auto Rickshaws without Fare Meter

Under Rule 72 of the AMV Rules, 2003, no Motor Cab or Auto Rickshaws shall ply on road and carry any passenger without fare meter in working condition.

As per information furnished by CoT, 0.41 lakh auto rickshaws other than Radio Taxis (*viz.* Prime Cab and My Taxi) which were registered in Assam during the period from 2010-11 to 2014-15 plied on roads without fare meters. The Department failed to make it compulsory to affix fare meters in auto rickshaws, as per the above mentioned provision of the AMV Rules.

The Department stated (October 2016) that instructions will be issued to the RTA to address the issue.

4.2.17 Authorisation of national permit for goods carriage

Under the provisions of Section 81 of the MV Act, 1988 a permit¹³ (for public carrier vehicles), other than a temporary or a special permit, shall be issued for a period of five years or up to the age of the vehicle not exceeding 15 years, whichever is less. As per the provisions of the National Permit Scheme, the owner of the vehicle is required to obtain an authorisation¹⁴ for one year at a time on payment of a fee of ₹ 500, along with the prescribed composite fee for the State where the vehicle is to be plied. In case of non-payment of composite fee within the due date, *i.e.*, 15 days prior to the expiry of authorisation, penalty at the rate of ₹ 100 per month or part thereof is leviable.

Audit scrutiny revealed that, till March 2015, 4,726 national permit authorisations were issued by the Secretary, STA, Assam. However, there was no system in the Department to periodically review the National Permit Issue Register, to detect the non-payment of authorisation and composite fees by the national permit holders. As a result, the Government suffered loss of revenue in terms of authorisation fee and composite fee.

The Department stated (October 2016) that notices will be issued to such permit holders on a periodic basis.

¹³ Permit means a permit issued by a STA or RTA or an authority prescribed in this behalf under this Act authorising the use of a motor vehicle as a transport vehicle.

¹⁴ Authorisation means to give permission to drive vehicle in more than one State. Licence – An authorisation issued by the competent authority to drive vehicle in public places.

4.2.18 Badge and uniform – loss of revenue

4.2.18.1 Badge and uniform for Drivers and Conductors

Under Rule 5 of the AMV Rules, 2003, the driver of the public service vehicle, while on duty, shall wear and display on his left breast a metal badge. Moreover, the driver of the public service vehicle shall compulsorily wear, while on duty, a trouser and a bush shirt, both of *khaki* colour for ordinary vehicles and sky blue shirt and navy blue pant for Tourist Omni buses/deluxe buses/taxis. The fee for issue of a badge is ₹ 15.

Further, Under Rule 20 of the AMV Rules, the conductor of the public service vehicle, while on duty, shall wear and display on his left breast a metal badge. Moreover, the conductor of the public service vehicle shall compulsorily wear, while on duty, a trouser and a shirt, both of blue colour. The fee for issue of a badge is ₹ 10.

As per information furnished by CoT, the Department failed to introduce the wearing of badges and the uniforms for the drivers and conductors of the public service vehicles, while on duty. Non-issue of badges and the uniforms for the drivers and conductors of the public service vehicles frustrated the very purpose of the provision of the rule for which it was enacted. The wearing of badges and the uniforms for the drivers of the public service vehicles, while on duty, is essential for passenger safety and identification. During the period from 2010-11 to 2014-15, 1,38,639 driver's licences and 41,283 conductor's licences were issued to the drivers and conductors respectively. Non-issue of badges to the drivers and conductors resulted in loss of revenue to the tune of ₹ 24.92 lakh {₹ 20.79 lakh (1,38,639 x ₹ 15) and ₹ 4.13 lakh (41,283 x ₹ 10)}.

The Department stated (October 2016) that steps would be taken to ensure that no licences were issued to the drivers and conductors without issuance of badges.

4.2.19 High Security Registration Plates (HSRPs)

Mention was made, in the Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended March 2015, Government of Assam (Report No. 4 of 2015 *vide* Paras 4.4.10 to 4.4.13) on the theme "Collection of Revenue from out-sourced activities in Transport Department", regarding HSRPs. The HSRPs scheme involves the affixing of registration number plates on motor vehicles in a manner which prevents removal or alteration of the number plates and also prevents the practice of tampering. The GoI had framed the HSRPs scheme by amending Rule 50 of the CMV Rules, 1989. Samples of HSRPs for the State of Assam are depicted through the following diagrams:



The objectives of implementation of the HSRPs scheme were (i) standardisation in display of vehicular registration numbers, (ii) securing the identification and registration of vehicles, (iii) creation of a central repository of nationwide vehicle population; (iv) setting up a national real-time information system; (v) registration plates issuance control by the Department under single window; and (vi) checking the rising instances of theft of motor vehicles and possible use of such stolen motor vehicles in criminal/terrorist activities.

An audit of the theme covered the period upto March 2015 and brought out the following findings:

- Deficiencies in implementation of the HSRPs scheme in respect of not fixing of targets for affixing HSRPs on all old and commercial vehicles and price revision to avoid loss of revenue in the shape of royalty and Value Added Tax.
- Foregoing of revenue due to HSRPs not being implemented in all vehicles.
- HSRPs not affixed to 61,099 new vehicles registered in the State.

In reply to the findings and recommendations made by Audit, the Department stated (August 2016) that steps were being taken to ensure affixture of HSRPs on all vehicles and necessary instruction had been issued to all registering authorities for this purpose. The Department further stated that price revision was made effective from May 2015. Further, the Department also stated (October 2016) that steps would be taken to ensure the same.

4.2.20 Computerisation of Transport Department

4.2.20.1 Short realisation of One Time Tax on personalised¹⁵ four wheeler vehicle

GoA vide Notification of 24 May 2011, revised the rates of One Time tax on personalised vehicles from 1 September 2011 as mentioned in the following table.

¹⁵ A certificate of registration issued under Sub-section (3) of Section 41 of the MV Act, 1988, in respect of motor vehicle, other than a transport vehicle, shall subject to the provisions contained in this Act, be valid only for a period of fifteen years from the date of issue of such registration certificate.

Table 4.4

Schedule-I (One Time Tax)		
See sections 4, 4A(3) and 4A(4) and 4D One Time Tax on personalised vehicles New personalised four wheeler vehicles		
Sub Article No.	Description of Vehicle	Rate of One Time Tax for 15 years (per cent)
1	Original cost price upto ₹ 4 lakh	4
2	Original cost price upto ₹ 6 lakh	5
3	Original cost price upto ₹ 12 lakh	6
4	Original cost price upto ₹ 15 lakh	6.5
5	Original cost price upto ₹ 20 lakh	7
6	Original cost price above ₹ 20 lakh	8

It was noticed that the date of effect of notification for enhancement of rate of One Time Tax calculation was not updated in the VAHAN software/modules. As a result, One Time Tax could not be automatically calculated. Analysis of data relating to DTOs of Kamrup (R&L) Guwahati, Jorhat and Sivasagar revealed that in 2,423 cases of private four wheelers (registered between 1 September 2011 and 31 March 2015), tax of ₹ 4.32 crore was shown to have been collected though revenue of ₹ 4.50 crore was still realisable. Thus, there was short realisation of ₹ 18.01 lakh. (as shown in **Appendix –XV**). Reasons for this need in the VAHAN software/modules are to be looked into by the Department.

The Department stated (October 2016) that VAHAN 4.0 is being rolled out in this financial year. As such, shortcomings as pointed out by audit will be suitably addressed in VAHAN 4.0.

The Department may ensure proper validation with appropriate formula in the related module in the VAHAN software for automated calculation of correct tax rates.

4.2.20.2 Discrepancy in validation check

Analysis of data collected from DTOs of Kamrup (R&L) Guwahati, Jorhat and Sivasagar revealed that inspite of validation checks in the VAHAN and SARATHI softwares, the following discrepancies were noticed

- 1,019 vehicles were registered and 155 driving licences were issued on Sundays which were non-working days; and
- 1,37,181 cases of duplicate Chassis Numbers and 1,38,250 cases of duplicate Engine Numbers were noticed:

The Department while accepting the audit observation stated (October 2016) that explanation would be called for from the concerned DTOs regarding issue of licence on holidays and existence of duplicate Chassis Numbers and Engine Numbers.

4.2.20.3 Short/non-levy of fine for delay in registration

As per Rule 42 of the CMV Rules 1989, no holder of a trade certificate shall deliver a motor vehicle to a purchaser without registration, whether temporary or permanent. Under Rule 47 of the CMV Rules, an application for registration of a motor vehicle shall be made to the registering authority within a period of seven days from the date of taking delivery of such vehicles and in respect of vehicles temporarily registered, the application is to be made before the temporary registration expires. Further, Gazette Notification of 24 May 2011 provides that, for non-transport (personalised vehicles), taxes shall be levied from date of the sale of such vehicles by the dealers. On delay of registration for a period of more than seven days from the date of sale of vehicles, a fine of ₹ 5 per day shall be levied from the date of sale.

Analysis of data relating to DTOs of Kamrup (R&L) Guwahati, Jorhat and Sivasagar revealed that in 53,437 private four wheelers (registered between 1 September 2011 and 31 March 2015), fines amounting to ₹ 62.03 lakh (As shown in **Appendix –XVI**) were not/short levied. This needs to be recovered immediately.

The Department stated (October 2016) that all DTOs will be instructed to ensure that no delivery of vehicles occurs without registration.

4.2.20.4 Registration Certificate (RC) issued beyond the permissible period

Section 41 (7) of the MV Act, 1988 provides that a RC in respect of motor vehicle, other than a transport vehicle, shall be valid for a period of 15 years from the date of issue of certificate and shall be renewed as per provisions of the Act. After expiry of 15 years, the RC shall be renewed for every five years, as per Rule 52(2) of CMV Rules, 1989.

Analysis of the database in the DTO, Kamrup (R&L) Guwhati revealed that in two four wheeler vehicles registered between April 2010 and March 2015, RCs were issued with a validity of more than 15 years. Since the database is designed to replace the Combined Register in the long run, it is expected to serve as a vital control register for the DTO for monitoring the validity of registration and tax payments by vehicle owners. Erroneous entries in the database would, thus, result in alerts not being raised by the system at the end of the 15 years' registration span. This may lead to plying of vehicles without valid registration and fitness, thereby compromising safety of public property and human lives. There would also be non-realisation of revenue in the form of registration fees and road tax. Reasons for this need to be looked into by the Department.

The Department while accepting the audit observation stated (October 2016) that explanation would be sought from the concerned DTO.

4.2.20.5 Learner Licence issued without passing the test

Section 8(5) of MV Act, 1988 provides that no learner licence shall be issued to any applicant unless he passes, to the satisfaction of the licencing authority, such test as may be prescribed by the Central Government.

Analysis of the *SARATHI* database in the DTO, Kamrup (R&L) Guwahati revealed that 1,855 Learner Licences were issued between April 2010 and March 2015, without passing of the preliminary test. Reasons for this need to be looked into by the Department.

The Department while accepting the audit observation stated (October 2016) that explanation would be sought from the concerned DTO.

4.2.20.6 Pending backlog entries leading to incomplete State Register (SR) and National Register (NR)¹⁶

Mention was made in the Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended March 2011, Government of Assam (Report No. 3 *vide* Para No. 4.8.7.3) regarding pending backlog entries leading to incomplete State Register and National Register. Successful application of the *VAHAN* and *SARATHI* software would largely depend on the completeness, authenticity and reliability of data entered therein. Details of backlog data (data of pre-computerisation period) of vehicles registered and driving licences issued manually were required to be entered into the system, on priority.

On scrutiny of records relating to computerisation of Transport Department, it was noticed that as many as ₹ 10.95 lakh records pertaining to seven¹⁷ DTOs were yet to be captured in the *VAHAN* and *SARATHI* applications. It was also noticed that the backlog entries were being captured only when the vehicle owner approached the Department for any further transaction, including payment of tax. The basic objective of creation of the SRs/NRs would be achieved only when the database is complete with details of vehicles and licence holders including those pertaining to the pre-computerisation period.

¹⁶ State Register and National Register – As soon as the vehicle is registered the necessary entries such as Class of vehicle i.e. transport or non-transport, details classification of vehicle, i.e. two wheelers, cars, goods carriage, etc. shall be taken up or entered in the SR of Motor Vehicle. The State Government shall supply to the Central Government a copy of the register for its inclusion in the NR, which is a Central repository of all crucial data/ information pertaining to all the vehicles in the country.

¹⁷ DTOs of Kamrup (R&L) Guwahati, Cachar Silchar, Dima Hasao Haflong, Dibrugarh, Jorhat, Sivasagar and Karimganj.

Consequently, the Department could not complete the SR, thereby leading to non-alignment of the SR with the NR.

The Department must ensure that the backlog data is entered into the VAHAN and SARATHI software to ensure its completeness.

The Department stated (October 2016) that steps would be taken to set a specific target date for entering backlog data into the software and ensure that the work would be monitored properly to achieve timely completion.

4.2.20.7 Partial utilisation of the system

The VAHAN and SARATHI softwares were designed to automate the management of complete information relating to vehicle registrations and driving licences. Test check of data collected from the system in seven¹⁸ DTOs revealed that the DTOs captured information relating only to vehicle registration, owner and vehicle details, collection of tax/fee and fitness and issuance of driving licences, the following modules/reports had not yet been made operational:

- Permits including inter-State movement;
- Enforcement/Vehicle Check Report;
- Temporary registration;
- Demand, collection and balance statements;
- Management Information System Report; and
- Conductor's Licence.

Thus, due to partial utilisation of the system, the Department failed to reap the benefits of VAHAN and SARATHI as Management Information System tools.

The Department stated (October 2016) that steps would be taken to utilise the software application fully after capacity building.

4.2.20.8 Issue of duplicate licence without inserting 'DUPLICATE' mark

Under Rule 26 of the CMV Rules, 1989, if, at any time, a licence granted is lost or destroyed, the holder of the licence, if applied for, shall be issued a duplicate licence clearly marked 'DUPLICATE'. Rule 4(5) of the AMV Rules, 2003 further provides that the word 'DUPLICATE' should be in red ink and shall bear the date and seal of the issuing Licencing Authority.

Scrutiny of the records of four¹⁹ DTOs revealed that the DTOs were issuing duplicate licences to applicants whose original licences were lost or destroyed. However, the duplicate licences which were issued in the form of smart cards did not bear the mark

¹⁸ DTOs of Kamrup (R&L) Guwahati, Cachar Silchar, Dima Hasao Haflong, Dibrugarh, Jorhat, Sivasagar and Karimganj.

¹⁹ DTOs of Kamrup (R & L) Guwahati, Dibrugarh, Jorhat and Sivasagar.

'DUPLICATE' on the body of the licences in red ink, in terms of the said provisions of the Rules.

The Department stated (October 2016) that the provision of inserting the mark 'DUPLICATE' on the body of the smart card licences in red ink would be taken up with Assam Electronics Development Corporation Ltd. (AMTRON)/National Information Centre (NIC).

The Department must ensure that duplicate licences are with the mark 'DUPLICATE' on the body of the smart card licences in red ink, as per provision of the Rule.

4.2.21 Monitoring of pollution from vehicles

Rule 115(7) of CMV Rules, 1989 and Gazette Notification (Extraordinary) No. TNV-45/96/183 of 25 April 2000 and No. TNV 45/96/335 of 17 August 2001 of the GoA, Transport Department provides that every motor vehicle, on expiry of one year from the date of registration, should carry pollution under control certificate and thereafter the certificate is to be issued every six months. Further, Notification of 25 April 2010 also authorises Testing Stations to issue Pollution under Control Certificate on behalf of CoT. The Notification of 17 August 2001 provides that the officers of the PCBA are also authorised to check testing stations as and when necessary, in addition to CoT.

Emission from motor vehicles is measured on the basis of three parameters, viz. Carbon Monoxide, Hydrocarbon and Oxides of Nitrogen. The PCBA is the competent authority to check such parameters. Records of PCBA revealed that no inspection was carried out in Testing Stations by the PCBA and as a result there was possibility of pollution being increased manifold due to plying of unfit vehicles. The Commissionerate also stated (August 2016) that co-ordination between Transport Department and PCBA was limited.

The Department stated (October 2016) that the matter would be taken up with the PCBA.

4.2.22 Offence cases

- Test check of records of seven²⁰ DTOs revealed that 1,031 offence cases, relating to the period from April 2011 to March 2015, were lying outstanding. DTOs had neither compounded the cases, nor referred them to the Court for legal proceedings.
- As per Notification No. TMV. 293/99/35 of 26 July 2002, the rate of Compounding Fee (C.F.) was fixed by the GoA as under:

²⁰ DTOs of Dhubri, North Lakhimpur, Cachar Silchar, Dima Hasao Haflong, Dibrugarh, Jorhat and Sivasagar

Table 4.5

Under Section-192	(Amount in ₹)	
	Amount of C.F. for the first offence	Amount of C.F. for the subsequent offence
For two wheelers	2,000	3,000 to 5,000
For three wheelers	3,000	4,000 to 5,000
For four wheelers and above	5,000	5,000 to 10,000

Scrutiny of the records of DTO, Sonitpur Tezpur revealed that the DTO had realised C.F. at lower rates for the first offence, in respect of 50 offence cases, relating to the period from May 2014 to March 2015, resulting in short realisation of C.F. of ₹ 0.81 lakh.

The Department stated (October 2016) that directions would be issued to DTO for realisation of C.F at the prescribed rate fixed by the GoA.

4.2.23 Revenue Recovery Mechanism

Under the provisions of the BPDR Act, 1913 and rules made thereunder, any tax or penalty remaining unpaid is recoverable as arrears of land revenue.

As per information furnished by the CoT and scrutiny of the position of the outstanding revenue in respect of selected DTOs, it was revealed that the Department did not appoint any Recovery Officer (RO) or Certificate Officer (CO) in the department through whom speedy realisation of recovery of outstanding dues can be made, following the procedures as laid down in the BPDR Act.

The Department may take initiative to nominate the RO or CO in the Department, so that the revenue remaining outstanding in the different units can be realised speedily. The Department may also prescribe a timeframe for sending the cases of arrears of revenue by the DTOs to the RO/CO.

4.2.24 Departmental manual not prepared

In order to ensure proper functioning of various wings of the Department, it is essential that a departmental manual is prepared, outlining the process required to be followed by different levels of staff.

It was, however, noticed in audit that there was no such manual in the Department. In the absence of a manual, various checks and balances to be exercised by various functionaries of the Department for registration of vehicles, levy of taxes etc. were not available at one place.

The Transport Department, Assam may prepare a departmental manual.

4.2.25 Road Safety measures in the State

Transport Department, being the nodal department for road safety measures in the State, is responsible for formulating plans/programmes for ensuring road safety and their implementation. While the number of vehicles on the road in the State increased from 12.43 lakh in 2010-11 to 21.62 lakh in 2014-15, road safety has assumed greater significance and has posed a bigger challenge to the State Government. Audit analysed the existence and efficacy of systems in place and found several deficiencies, as discussed in succeeding paragraphs:

4.2.25.1 Inadequate allocation of fund towards road safety

- Audit scrutiny revealed that fund allotment by the Transport Department, under the non-plan budget, during the years from 2011-12 to 2014-15, was ₹ 12.64 crore. This budget was to be utilised for non-plan expenditure like construction of office buildings and road safety measures. However, instead of releasing the allotted fund, only an amount of ₹ 6.44 crore was released by the Department, which was 51 *per cent* of the fund allotment. The Department could only purchase eight Traffic Interceptors²¹, against the minimum need of 30 Traffic Interceptors, due to inadequate release of funds which hampered the enforcement drive in respect of regular checking of vehicles and implementation of road safety measures.

- The Department collected ₹ 7.12 crore at one *per cent* as Road Safety Cess, during the period from 1 September 2011 to 31 March 2015, for the purpose of road safety measures. However, audit found that the amount, as collected for road safety, was not released by the Government.

Thus, inadequate release of funds and non-release of Road Safety Cess, even though the same had been collected, showed lack of attention of the State Government towards road safety measures in the State.

The CoT stated that the matter would be taken up with GoI for allocation of funds towards road safety.

4.2.25.2 Trend of road accidents in the State

Increase of vehicle population and inadequate enforcement of road safety measures has posed a serious threat for the State. The number of road accidents which occurred in the State and resultant casualties during 2010 to 2014, *vis-à-vis* the all India statistics on road accidents, were as under:

²¹ A special type of vehicle with sophisticated machine which captures the image of a high speed moving vehicle.

Table 4.6

Year	State Statistics		National Statistics*	
	No of road accidents	Loss of lives (in No.)	No of road accidents	Loss of lives (in No.)
2010	5,828	2,256	4,99,628	1,34,513
2011	6,569	2,342	4,97,686	1,42,485
2012	6,535	2,291	4,90,383	1,38,258
2013	7,211	2,441	4,86,476	1,37,572
2014	7,144	2,522	4,89,400	1,39,671
2015	6,959	2,397	5,01,423	1,46,133
Total	40,246	14,249	29,64,996	8,38,632

*Source: Ministry of Road Transport and Highways, GoI.

It may be seen from the preceding table that during the period from 2010 to 2015, 40,246 accidents occurred in the State, claiming 14,249 lives, at an average of one death in 2.82²² accidents, as against the National average of one death in 3.54²³ accidents. This showed that the average accident-death rate in the State was higher than the National average accident-death rate. Proper improvement of road safety measures, with sufficient release of funds for the purpose, could have reduced the accident-death rate in the State. Further, it may also be seen that during the period from 2010 to 2015, the number of road accidents increased only by 0.36 *per cent* at National level while the same increased by a remarkably high percentage of 19.40 at the State level. This shows that there is a considerable scope of improvement in the level of road safety at the State level.

The Department stated (October 2016) that Road Safety Authority and road safety policy were in the process of formulation and notification and mechanism were being devised to minimise road safety as part of Sustainable Development Goal.

Government may use safety measures effectively to control road accidents, particularly the fatal accidents.

4.2.26 Irregular expenditure towards Bank Commission

As per Rule 54 of the AF Rules, any Government revenue collected by any department should immediately be deposited into the Government account, under the proper head. No expenditure is allowed to be incurred directly from the revenues collected, before it is deposited into the Government account.

Scrutiny of the records maintained at the MV Checkgate, Baxirhat, under DTO, Dhubri, revealed that the MV Checkgate authority collected revenue from vehicles in cash. The collected cash was subsequently deposited into State Bank of India, Chhagolia branch for obtaining bank draft, and bank charged commission for it.

²² Ratio of death: 40,246/14,249 = 2.82 (State).

²³ Ratio of death: 29,64,996/8,38,632 = 3.54 (National).

From the records and the information furnished by DTO, Dhubri, it was seen that the DTO had received revenue of ₹ 2.28 crore from the checkgate, during the period from April 2010 to March 2015, out of which an expenditure of ₹ 6.03 lakh was incurred towards payment of commission to the Bank for obtaining bank drafts, instead of depositing the cash into the Government account through treasury *challans*. This irregular and avoidable expenditure resulted in loss of revenue of ₹ 6.03 lakh.

The Department stated (October 2016) that steps would be taken to rectify the same.

The Department may discuss the matter with the banking authority to make a provision to deposit the collected revenue at the nearest branch of the bank i.e. State Bank of India, Chhagolia Branch.

4.2.27 Avoidable expenditure on electricity bills

Scrutiny of records of CoT revealed that two separate agreements were made with AMTRON on 25 January 2006 and M/s Agros Impex (I) Pvt. Ltd. on 4 February 2012 by the Transport Department, GoA for printing 'Smart Cards based Driving Licence and Registration Certificate' and HSRPs respectively.

As per clause 6.3 of the agreement with AMTRON, "The First Party agrees that it shall grant an irrevocable licence to AMTRON to use the premises and its facilities, allotted to them by the First Party for the project, free of cost during the tenure of the Agreement." As per clause 4 (iii) of Description of Service, charges for utilities like electricity and water would be payable on actual basis by the concessionaire or his dealer.

Both AMTRON and M/s Agros Impex (I) Pvt. Ltd. avoided the payment of electricity bills. Their electricity bills were paid by the Department. This was irregular as the above mentioned clause did not entitle AMTRON and M/s Agros Impex (I) Pvt. Ltd. to use free electricity.

The Department after detecting the irregularities in respect of payment of electricity bills directed the AMTRON and M/s Agros Impex (I) Pvt. Ltd. during May 2015 for installation of separate Electricity Meter *w.e.f* 1 April 2015 and make payment of the electricity bill of their own.

Non-insertion of specific condition in the agreements regarding payment of electricity bill resulted in avoidable payment of electricity bill in respect of said two agents till March 2015. The actual amount of electricity bill paid by the Department on behalf of the agents could not be quantified as the bills of the agents were paid by the Department along with their own bill.

The Department stated (October 2016) that matter would be taken up with AMTRON and M/s Agros Impex (I) Pvt. Ltd. to make payment of the electricity bill.

4.2.28 Man power Management

Effective functioning of an organisation largely depends upon appropriate human resources and manpower management. Substantial vacancies in different posts, as against the actual requirement of posts, especially in a department dealing in revenue collection on behalf of the Government, affects the functioning of the Department, which consequently becomes a barrier in the growth of revenue collection.

An analysis of the sanctioned strength, *vis-à-vis* men-in-position of the Department, as on 31 March 2015, revealed that against 512 sanctioned posts of District Transport Officers (DTOs), Motor Vehicle Inspectors (MVIs), Enforcement Inspectors (EIs), Asst. Enforcement Inspectors (AEIs) and Enforcement Checkers (ECs) there were 476 officers/officials in position, leaving a vacancy of 36 posts, which was around eight *per cent* of the sanctioned posts. Audit analysis further revealed that vacancy of posts in different levels adversely affected the functioning of the Department in many ways, such as realisation of motor vehicle taxes and fine, fitness fee, composite fee, renewal fee, trade licence fee etc. as discussed in the Performance Audit. Had the appropriate human resources and manpower management been applied in the Department, the functioning of the Department could have been better, as far as collection of revenues was concerned. It was further seen that although the department failed to fill up the existing vacancy of 36 posts, yet further requirement of 184 posts under various categories was proposed, on the grounds of substantial growth of vehicle population in the State (as shown in **Appendix-XVII**).

The Department stated (October 2016) that proposal to fill up the existing vacancies and for additional posts will be sent to the Government.

The Department may take steps to fill up the existing vacancies for effective functioning of the Department.

4.2.29 Internal Control Mechanism

Internal controls are intended to provide reasonable assurance of orderly, efficient and effective operations, safeguarding of resources, adherence to laws, regulations and management directives and developing and maintaining reliable data.

➤ *Lack of monitoring system to check carriage of excess load of coal and limestone*

Section 113 of the MV Act, 1988 empowers the State Government to prescribe, *inter-alia*, the maximum weight to be carried by transport vehicles. Section 114 provides that vehicles suspected to be carrying more than the authorised weight can be weighed by a weighing device. Further, in terms of section 194 of the MV Act, whoever drives a

motor vehicle, or causes or allows a motor vehicle to be driven in contravention of the provisions of sections 113 and 114 of the MV Act, is punishable with a minimum fine of ₹ 2,000 per vehicle and an additional amount of ₹ 1,000 per MT of excess load.

The Hon'ble Supreme Court held²⁴ in 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 adverse impact posed by overloading, the Apex Court directed all the State Governments to ensure that overloaded vehicles, once detected, should not be allowed to continue with excess load after levying fine and should be offloaded.

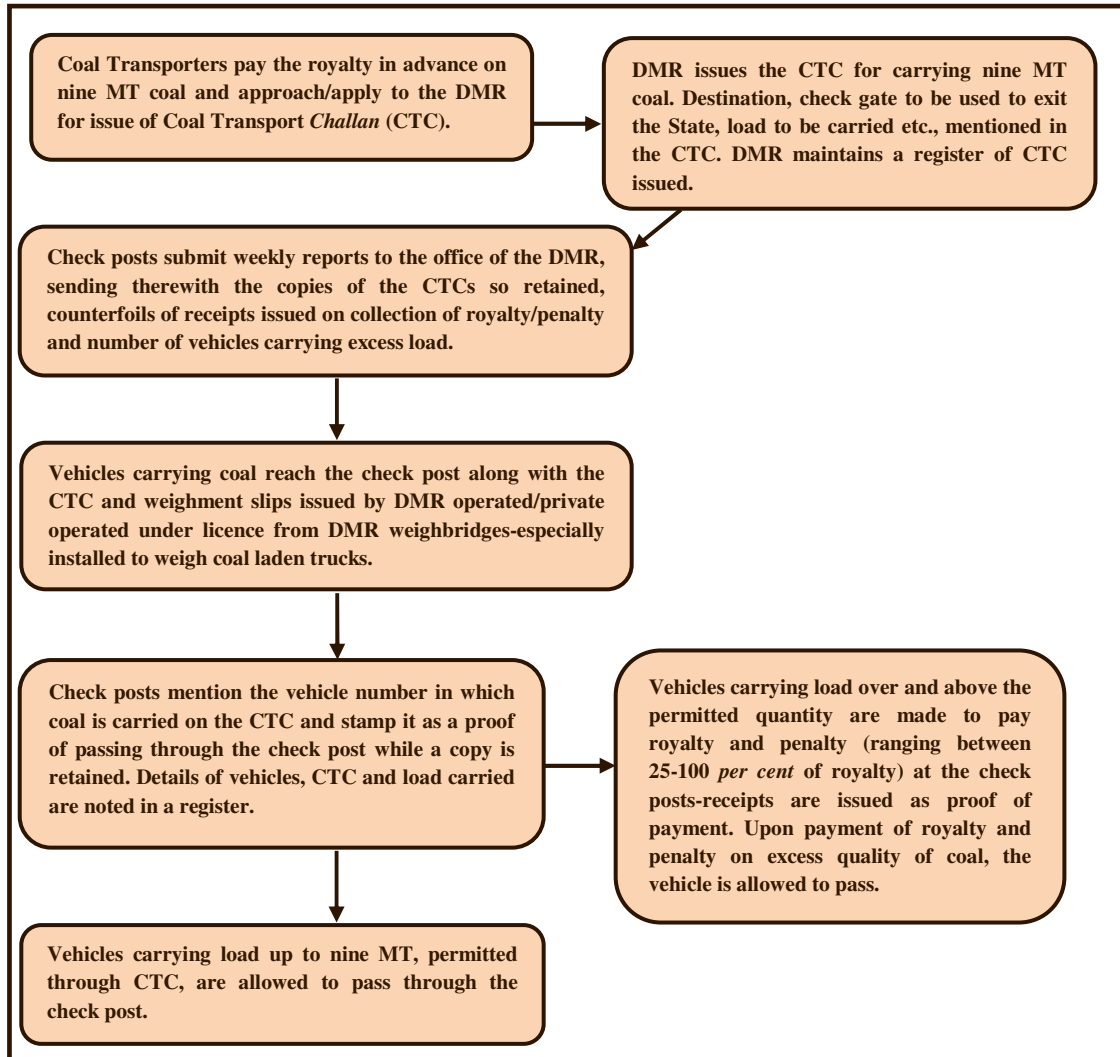
The State of Meghalaya is rich in coal and limestone. The State is landlocked and is connected by road through Assam only, while there is a long international boundary with Bangladesh. Hence, vehicles carrying coal from Meghalaya intended for consumption within the country (except the coal exported to Bangladesh through the international border), have to enter and ply through Assam to reach their destinations in Assam and beyond. There are three²⁵ checkgates of Assam for entry of vehicles carrying coal and limestone from Meghalaya.

Audit has independently attempted to examine the extent of overloaded vehicles plying and passing through the State of Assam from Meghalaya *vis-a-vis* compliance of the provisions of MV Act and the Hon'ble Supreme Court's verdict on arresting overloading by the Transport Department of Assam. For this purpose, the Directorate of Mineral Resources (DMR), Meghalaya, Shillong, which controls the movement of coal and limestone from Meghalaya into Assam and elsewhere in the country, was approached, through the counterparts of Audit in Meghalaya.

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 was gathered from DMR, Meghalaya and is depicted in the following diagram:

²⁴ Source: The Hon'ble Supreme Court's verdict (September 2005) in the case of *Paramjit Bhasin vs Union of India and others* {WP (Civil) 136 of 2003}.

²⁵ Checkgates at Umling (exit towards Khanapara, Guwahati, Assam), Dainadubi (exit towards Goalpara District, Assam) and Digarkhal (exit towards Cachar District, Assam).



Verification of records of one Checkgate of DMR at Umling, Meghalaya (exit checkgate) revealed that 14,68,940 commercial trucks carried 6,42,906 MT of coal and limestone beyond the permissible limits, during the period from 2010-11 to 2014-15, from Meghalaya and passed through the Khanapara MV Checkpoint and then entered Assam.

On test check basis, Audit collected (August 2016) the registration numbers of some trucks carrying excess load of coal and limestone from Umling DMR Checkgate of Meghalaya, but could not cross-check the same with the records of MV Checkpoint of Khanapara, as DTO, Kamrup (Enforcement) stated (August 2016) that the MV Checkpoint did not maintain any records relating to overloaded trucks carrying minerals from Meghalaya.

Thus, due to lack of proper monitoring system at Khanapara MV Checkpoint, the DTO could not detect trucks carrying excess load of coal and limestone coming from

Meghalaya, which deprived the State Government revenue earnings of around ₹ 358.08²⁶ crore.

Had the Transport Department installed a mechanism of cross-verification with concerned departments of other adjoining States and maintained records relating to the number of overloaded trucks carrying minerals through the two other checkgates of Meghalaya and entering Assam, the State Government could have earned more revenue.

During the Exit Conference (October 2016), the CoT while accepting the audit observation stated that steps would be taken for installation of weigh-in-motion devices and also to strengthen the enforcement mechanism. Further, JCoT stated that check-posts are operational during day time only and over-loaded trucks carrying minerals enter Assam from Meghalaya at night to evade taxes. However, CoT stated that more emphasis would be given to strengthen the enforcement wing and also accepted that there was loss of revenue to the State exchequer.

➤ **Management of cash receipt**

As per Rule 54 of the AF Rules, the Government money collected by the Government officials is to be remitted in to Treasury on the same or the next working day. Further, in terms of GoA, Finance (Budget) Department's order No.BWI/2003/pt/149 of 20 January 2007, monthly reconciliation of figures, relating to drawals and deposits, is to be compulsorily carried out between the Heads of Department and Treasuries concerned, in the State.

• **Misappropriation of Government revenue**

Test check of the records of DTO, Jorhat revealed that the cashier attached to the DTO, Jorhat, had not deposited Government revenue amounting to ₹ 18.64 lakh in the bank, against revenues collected on 25, 26 and 27 June 2012, although the treasury *challans* were passed for deposit into the bank. Knowing the fact of not-depositing of the money by the cashier, the DTO lodged a FIR against the cashier in the concerned Police Station. The enquiry and other departmental proceedings confirmed the misappropriation of Government revenue and the cashier was terminated from his service in June 2014. Although, a *Bakijai*²⁷ case was initiated against the cashier for recovery of the said amount, no recovery could be made from the cashier (till August 2016).

²⁶ As per records of DMR Umling Checkgate, Meghalaya:
14,68,940 trucks X ₹ 2, 000 per truck = ₹ 293,78,80,000
6,42,906 MT excess load X ₹ 1, 000 per MT of excess load = ₹ 64,29,06,000
Total = ₹ 358,07,86,000

²⁷ *Bakijai* is a process of realisation of Government revenue as arrears of land revenue through issuance of warrant, arrest, detention, attachment of property etc. of defaulting person by a *Bakijai* Officer.

The Department stated (October 2016) the cashier in question had been dismissed from the service and further necessary action would be taken in compliance with audit observation.

• **Delay in deposit/non-deposit/short accounting/non-reconciliation of revenue**

During scrutiny of records of 11²⁸ DTOs and three Checkgates, it was noticed that there were delays in deposit of revenue, non-deposit/short accounting of revenue and non-reconciliation of monthly deposit of Government revenue with the concerned treasuries, as detailed below:

Delay in deposit of revenue:

During test check of the Cash Books, Treasury *Challans* and the Revenue Receipt Books of 11²⁹ DTOs it was noticed that, in 29 cases, two DTOs³⁰ and Srirampur Checkgate Authority had deposited the collected revenue into the treasuries belatedly, instead of depositing it on the same day of collection or on the next working day, as per the provisions of the AF Rules. Delays of deposit into the treasuries ranged between five to 69 days.

Not-depositing of revenue:

Test check of records of DTO, Dima Hasao Haflong, revealed that the DTO failed to deposit an amount of ₹ 0.89 lakh into the treasury, which was collected during the period from 29 October 2014 to 31 December 2014.

Short accounting of revenue:

Test check of the Subsidiary Cash Book, alongwith the Receipt Book and deposit slip of the main Cash Book, for the month of March 2015, of the office of the Digarkhal MV Checkgate, revealed that the actual amount received was not taken into the main Cash Book through deposit slip, which resulted in short accounting of Government money amounting to ₹ 24,645.

On this being pointed out by audit, the DTO deposited the amount vide treasury *challans* dated 22 April 2016.

Non deposit of revenue against offence cases:

During test check of Offence Case Registers and Cash Books of DTO, Sonitpur Tezpur, it was noticed that, in two cases, DTO failed to deposit ₹ 5,000 and ₹ 500 respectively into the treasury, which had been collected as penalty against offence case No.114 dated 20 March 2015 from a vehicle owner, using money Receipt No. 4695079 dated 23 March 2015, of Receipt Book No. 46951 and against offence case No.141 dated 18 March 2015 from another vehicle owner, using money Receipt No. 4694945, dated 19 March 2015, of Receipt Book No. 46950.

Non-reconciliation of remittances:

Records of five³¹ DTOs out of 11 DTOs test checked revealed that DTOs did not reconcile the treasury remittances with the concerned Treasuries for the period ranging from April 2010 to March 2015, although during the said period, an amount of ₹ 74.36 crore had been remitted into the treasuries. In the absence of reconciliation of treasury remittances, the genuineness of deposits of revenue could not be ascertained by audit.

The Department may deposit the Government revenue into the treasury without delay and install a mechanism for regular reconciliation of the treasury remittances to ensure the genuineness of the remittances into the appropriate Head of Accounts.

²⁸ DTOs of Kamrup (R&L) Guwahati, Dhubri, Sonitpur Tezpur, North Lakhimpur, Dhemaji, Cachar Silchar, Karimganj, Dima Hasao Haflong, Dibrugarh, Jorhat and Sivasagar.

²⁹ DTOs of Kamrup (R&L) Guwahati, Dhubri, Sonitpur Tezpur, North Lakhimpur, Dhemaji, Cachar Silchar, Karimganj, Dima Hasao Haflong, Dibrugarh, Jorhat and Sivasagar.

³⁰ DTOs of Karimganj and Sivasagar.

³¹ DTOs of Dhubri, Sonitpur Tezpur, Cachar Silchar, Karimganj and Dima Hasao Haflong.

The Department stated (October 2016) that efforts would be made to devise mechanism to reduce delay in deposit of revenue.

4.2.30 Internal Audit

Scrutiny of records and as per information furnished by the CoT, Assam, it was found that no internal audit wing existed in the Commissionerate. Audit further noticed that the Department had an Internal Audit Wing (IAW) consisting of one post of an Audit Officer and one post of an Assistant Audit Officer prior to 2004-05. However, no internal audit had ever been conducted to evaluate the system of working of the Department and to suggest ways and means to plug the leakage of revenue. Non-existence of internal audit is likely to weaken the internal control mechanism of the Department.

Government may make the IAW operational and also strengthen it, so as to safeguard the interest of revenues and avoid recurrence of deficiencies brought out.

The Department stated (October 2016) that the matter would be taken up with the Government.

4.2.31 Compliance of outstanding audit observations

External audit observations are to be attended by the Department after getting the inspection reports from the Accountant General (Audit). Moreover, there is a system of holding Audit Objection Committee (AOC) meeting at least once in a year, which is to be fixed by the Review Committee formed by the GoA.

Scrutiny of the outstanding position of inspection reports revealed that there were huge number of outstanding paras in respect of the Transport Department, which could not be settled, either due to lack of reply or not taking or taking the action partially, on the outstanding observations, by the Department. Moreover, no AOC meeting relating to revenue paras was convened after 2009-10. As a result, outstanding position of revenue paras, as on 30 June 2014, was as under:

Table 4.7

Outstanding inspection reports	Outstanding paras	Money value involved
94	315	₹ 36.55 crore

The Department may take initiative to furnish reply in time and to conduct AOC meeting regularly to clear the backlog of audit observations.

The Department stated (October 2016) that proposal had been made to hold AOC meeting and replies of the audit observations from respective DTOs had been called for.

4.2.32 Conclusions

The Performance Audit on ‘Working of Transport Department’ revealed a number of deficiencies in enforcement of the provisions of the MV Act and Rules, which affected the collection of revenue adversely. The DTOs could not detect cases of non-payment of tax due to absence of a system of reviewing the Combined Registers. Failure of the STA to monitor number of vehicles permitted to ply in other States and recovery of composite fee thereof. Lack of regular checking of overloaded vehicles by the Check gates/Enforcement Wing resulted in loss of revenue. The system of auctioning of fancy/choice number for number plate could not be implemented. The Department did not take initiative to bring information from Service Tax Department resulted non-levy of licence fee from Motor Cab. The Department is functioning without departmental manual; it indicates there is no proper guideline and direction as regards maintenance of records and implementation of Acts and Rules etc. The internal control mechanism of the Department was weak, as is evidenced by the lack of an IAW and a management tool for plugging leakages of revenue. Government was unable to effectively use the safety measures, consequently road accidents increased by 19 *per cent* during 2010-15.

4.2.33 Summary of Recommendations

The Department may consider implementing the recommendations with special emphasis on the following:

- The Department may ensure that the Combined Register is reviewed at regular intervals and ensure recovery of outstanding revenue from defaulters. Further, steps may be taken to request the NIC to make a provision in the VAHAN software to generate alerts.
- The Department may take immediate steps to verify the fitness of all the vehicles which are due.
- The Department may introduce the system of auctioning of fancy/choice numbers for the number plates which would augment the revenue collection of the Department.
- The Department may ensure proper validation with appropriate formula in the software for automated calculation of correct tax rates.
- The Transport Department, Assam may prepare a departmental manual.

- Government may make the IAW operational and also strengthen it, so as to safeguard the interest of revenues and avoid recurrence of the deficiencies brought out.
- Government may use safety measures effectively to control road accidents, particularly the fatal accidents.