

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

Department did not furnish details regarding Internal Audit Wing (IAW) (August 2017). Therefore, the performance of internal audit conducted by the Department could not be analysed.

4.3 Results of audit

In 2016-17, test check of the records of 15 units relating to road tax¹⁴⁸, additional tax¹⁴⁹, special tax¹⁵⁰, audio fee¹⁵¹, special fee¹⁵², video fee¹⁵³, dealer's tax¹⁵⁴, permit fee¹⁵⁵ and penalties showed underassessment of tax and other irregularities involving ₹ 187.82 crore in 213 cases, which fall 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		
	• Tax, additional tax and penalty (LMV)	13	123.82
	• Tax, additional tax and penalty (Goods and other vehicles)	15	25.12

¹⁴⁸ Tax imposed under the West Bengal Motor Vehicles Tax Act, 1979.

¹⁴⁹ Tax imposed under the West Bengal Additional Tax and One-Time Tax on Motor Vehicles Act, 1989.

¹⁵⁰ Tax on air-conditioned vehicles.

¹⁵¹ Applicable to the installation of radio set, gramophone, tape recorder, cassette recorder or any kind of apparatus producing sound effect or voice.

¹⁵² Plying of heavy goods vehicles having gross vehicle weight (GVW) above 22,542 kg is permitted on payment of a special fee.

¹⁵³ Applicable to the installation of video sets, television sets, or any other apparatus, to display any object on the screen with or without amplification of any sound or voice.

¹⁵⁴ 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.

¹⁵⁵ Motor Vehicles (MV) Act, 1988 provides that the owner of a transport vehicle can use his vehicle in a public place having valid permit. Further, the WBMV Rules, 1989, prescribes fees for application and grant/renewal of permit in respect of different kinds of vehicles.

Sl. No.	Categories	Number of cases	Amount
	• Tax, additional tax and penalty (contract carriage vehicles)	15	7.36
	• Tax, additional tax and penalty (stage carriage vehicles)	14	0.95
	• Dealer's tax	16	23.24
	• Permit fees	11	1.35
	• Special fee	14	0.74
	• Authorisation fee	12	0.42
	• Audio fee	13	0.37
	• Special tax	12	0.26
2.	Short realisation of		
	• Fines for delayed production of vehicles for Certificate of Fitness	14	1.34
	• Road taxes from LMV/Omni buses (private use)	14	1.11
	• Road tax from contract carriage vehicles	12	0.44
3.	Other cases	38	1.30
	Total	213	187.82

During the course of the year, the Department accepted non-realisation/blocking of revenue and other deficiencies of ₹ 324.96 crore in 288 cases, of which 90 cases involving ₹ 42.58 crore were pointed out in audit during the year 2016-17 and the rest in earlier years. An amount of ₹ 12.53 crore was realised in 102 cases at the instance of audit.

A detailed compliance audit on “**Outsourcing in Transport Department**” having money value of ₹ 2.19 crore and few illustrative cases involving ₹ 318.03 crore are discussed in the following paragraphs.

4.4 Detailed Compliance Audit on “**Outsourcing in Transport Department**”

4.4.1 Introduction

The Transport Department of the Government of West Bengal is responsible for implementing, coordinating and monitoring policies and programmes on road transport. The functioning of the Department is governed by the Motor Vehicles (MV) Act, 1988, the Central Motor Vehicles (CMV) Rules, 1989, the West Bengal Motor Vehicles (WBMV) Rules, 1989 and notifications issued thereunder, from time to time. The Department outsourced (i) affixation of High Security Registration Plates (HSRP) to vehicles, (ii) issuance of Smart Cards/Plastic Cards for Driving Licence (DL) and Registration Certificate (RC) and (iii) issuance of Pollution under Control Certificates (PUCC) by Auto Emission Testing Centres (AETC) to private agencies. The Department functioned under the supervision of the Principal Secretary, assisted by an Additional Secretary, two Commissioners, two Special Secretaries, two Joint Secretaries and five Deputy Secretaries. The Transport Department functions through Public Vehicles Department, Kolkata (PVD, Kolkata), 18 Regional Transport Offices (RTO) and 28 Additional Regional Transport Offices (ARTO).

4.4.2 Audit objective, scope and methodology

Audit was undertaken with a view to ascertain whether:

- the outsourcing activities conformed to the provisions of Acts and Rules made thereunder;
- notifications issued in that regard and agencies outsourced were working efficiently and effectively; and
- the relevant provisions of Acts/Rules were sufficient to safeguard revenue.

Audit was conducted between February 2017 and July 2017 covering the period from April 2011 to March 2016, in the office of Transport Department and six¹⁵⁶ registering authorities (RAs)¹⁵⁷ selected on the basis of revenue collection. Cumulative Data¹⁵⁸ for the period from 2011-12 to 2015-16 in respect of vendors¹⁵⁹ of HSRPs were obtained from the Department/ West Bengal Transport Infrastructure Development Corporation (WBTIDC) Ltd. This data was analysed by using Computer Assisted Audit Techniques (CAATs). Information collected from vendors was cross-checked with the records of Commissioner of Commercial Taxes (CCT), West Bengal and WBTIDC. Information in respect of licencees¹⁶⁰ of AETCs was cross-checked with the records of West Bengal Pollution Control Board (WBPCB). Audit was conducted with reference to provisions made under Motor Vehicles Acts/Rules and notifications issued thereunder. The scope of audit was restricted to examination of revenue implications from the provisions and process of outsourcing of the three activities – (i) issue of HSRP, (ii) issue of Smart Cards/Plastic Cards for Driving Licence (DL)/Registration Certificate (RC) and (iii) issue of Pollution under Control Certificates (PUCC) by Auto Emission Testing Centres (AETCs).

Audit noticed a number of deficiencies as discussed in the following paragraphs:

Audit findings

4.4.3 High Security Registration Plates

To prevent the misuse of number plates by way of counterfeiting and irregular use in vehicles and to restrain the use of vehicles in illegal activities, the Ministry of Road Transport and Highways (MoRTH), Government of India, introduced a scheme of affixation of HSRPs to vehicles¹⁶¹. MoRTH laid down specifications for affixation of HSRPs to vehicles through various notifications¹⁶² issued in 2001. According to those

¹⁵⁶ Alipur, Barasat, Hooghly, Howrah, Nadia and PVD, Kolkata.

¹⁵⁷ PVD, Kolkata, RTOs and ARTOs.

¹⁵⁸ Data received in 'dmp' format.

¹⁵⁹ Concerns engaged by the Department for affixation of HSRP to vehicles.

¹⁶⁰ Concerns authorised by the Department to carry out emission test of vehicles.

¹⁶¹ By amending Rule 50 of CMV Rules, 1989 in March, 2001.

¹⁶² Notification No.G.S.R.221 (E) dated 28 March, 2001, The Motor Vehicles (New High Security Registration Plates) order, 2001 dated 22 August, 2001, Notification No.S.O.814 (E) dated 22 August, 2001 and Notification No.S.O.1041 (E) dated 16 October, 2001.

notifications, from 28 September 2001, it was mandatory for all newly/already registered vehicles to be affixed with HSRPs having specifications and standards, as prescribed under Rule 50 of the CMV Rules. The objective of this scheme was to ensure (i) uniformity in size, (ii) colour and (iii) specifications of the registration plates affixed to all types of vehicles being registered/already registered all over India. The Automotive Research Association of India (ARAI), an approved test agency recognised by the Government of India, approved the security features, size and specifications of HSRPs. ARAI issues Type Approval Certificate (TAC)¹⁶³ and Conformity of Production (COP)¹⁶⁴ to the manufacturers. These rules/processes were applicable to all the states, including West Bengal.

Deficiencies in the implementation of HSRP scheme

The Government of West Bengal delegated the authority and responsibility to implement the scheme to WBTIDC Ltd. The contract for implementation of the scheme was awarded to M/s Celex Technologies Pvt. Ltd. (CTPL)¹⁶⁵ for Zone A¹⁶⁶ and a consortium headed by M/s Subba Micro System Ltd (SMSL)¹⁶⁷ for Zone B¹⁶⁸, on 10 November, 2010 in the State, by means of open tender. The bid documents for HSRP constituted the agreement between Government of West Bengal and the vendors. All the terms and conditions regarding affixation of HSRPs were specified in the two agreements executed between the WBTIDC Ltd. on behalf of the Government of West Bengal and the vendors in November 2010 (Agreement). Further, the Department issued letters to the WBTIDC Ltd. from time to time to ensure that the affixations of HSRPs to vehicles were done as per provisions of the Government Order 2001¹⁶⁹. The Department was to monitor the implementation of the HSRP scheme. Audit observed several deficiencies in implementation of the scheme as discussed in the following paragraphs:

¹⁶³ TAC means the approval accorded to the bidder by ARAI as per test procedure prescribed, which was to be submitted with the bid document.

¹⁶⁴ A procedure of periodic evaluation, testing and certification as defined and certified by ARAI, the designated test agency.

¹⁶⁵ Individual concern.

¹⁶⁶ Zone A consists of nine RA/districts viz. Cooch Behar, Dakshin Dinajpur, Darjeeling, Jalpaiguri, Malda, Murshidabad, Nadia, PVD, Kolkata and Uttar Dinajpur.

¹⁶⁷ Consortium -M/s Subba Micro System Ltd.(SMSL) entered into a Consortium Agreement on 10 November 2005 with M/s Utsav Safety System (P) Ltd. (USSL) and M/s M.S. Associates; the financial contribution being 60 *per cent*, 30 *per cent* and 10 *per cent* respectively as per agreement. M/s SMSL participated in bid for HSRP as lead partner.

¹⁶⁸ Zone B consists of 10 districts viz. Bankura, Birbhum, Burdwan, Hooghly, Howrah, North 24 Parganas, Paschim Medinipur, Purba Medinipur, Purulia and South 24 Parganas.

¹⁶⁹ The Motor Vehicles (New High Security Registration Plate) order, 2001 dated 22 August 2001.

4.4.3.1 Delay in implementation of HSRP Scheme

There was delay in implementation of HSRP Scheme by the vendors in the State.

The Government of West Bengal instructed¹⁷⁰ WBTIDC Ltd. in March 2011 for implementation of HSRP Scheme in all the Registering Authorities (RAs) in West Bengal by 30 June 2011. In terms of the Agreements, the vendors were required to set up, operate and build complete infrastructure in all respects at all locations of RAs in West Bengal by the date stipulated by GoI/GoWB. As per Clause 3.10 of the bid document, WBTIDC Ltd. had to provide space and other infrastructure like electricity etc. in the premises of RAs. The agreement further provided that liquidated damages at the rate of ₹ 50,000 for each day of delay subject to maximum of ₹ 50 lakh was recoverable from the vendors. The delay in commencement was not to, in any case, exceed 50 days. The agreement was valid for a period of 10 years.

Audit noticed that the Department failed to ensure timely implementation of the project in West Bengal. The vendors delayed implementation of HSRP scheme by three to seven months in 16¹⁷¹ districts out of 19 districts. Reasons for delay in implementation of the scheme could not be ascertained from the records of the Department.

On being pointed out (April 2017), the Department stated (December 2017) that the District administration took time to provide the requisite space and supporting arrangement to the vendor to set up its complete hardware and software infrastructure. The reply is not tenable as space and other supporting arrangements were to be provided by WBTIDC Ltd. in the premises of RAs and District administration had no role to play.

4.4.3.2. Short payment of royalty on HSRP

There was short payment of royalty of ₹ 60.67 lakh due to taking incorrect price of HSRP for calculation.

As per terms of the Agreements, the vendors (CTPL and SMSL), were to pay royalty, on monthly basis, to WBTIDC Ltd., equivalent to four *per cent* of the amount collected on sale of HSRP from vehicle owners. The royalty was to be paid by vendors through bank draft, calculated at prevailing maximum retail prices (MRP) of HSRP.

Audit observed through analysis of data pertaining to the period between April 2011 and March 2016 that the vendors paid royalty at the rate of four *per cent* of the approved bid price of HSRP, exclusive of taxes. As per the Agreements, they should have paid royalty on the MRP inclusive of all taxes. This resulted in short payment of royalty of ₹ 60.67 lakh for the affixation of 31.69 lakh HSRP. The Department failed to detect such short payment of royalty by vendors till Audit pointed it out.

¹⁷⁰ Letter no. 753-WT/3M-25/2007 dated 1 March 2011.

¹⁷¹ Alipur, Jalpaiguri and PVD, Kolkata implemented the HSRP scheme within the stipulated date.

On being pointed out (April 2017), the Department accepted (December 2017) the audit observation and stated that demand notice to the vendors had been issued (April-October 2017) by the WBTIDC Ltd. to recover short payment of royalty from the year 2011-12.

4.4.3.3 Delay in affixation of HSRP to vehicles

The contract provision of affixation of HSRP within six days of issue of cash receipt by vendors was not complied with.

As per terms of the Agreements with CTPL and SMSL, HSRP was to be affixed to vehicles within six days, including holidays, from the date of issue of cash receipt by the vendor to the vehicle owner.

Audit found from the analysis of data pertaining to the period from April 2011 to March 2016 that out of the total 31.69 lakh HSRP affixed to vehicles, CTPL and SMSL delayed in 21.99 lakh (69.39 per cent) cases. It was noticed that out of the delay cases, 77 per cent HSRP were affixed with a delay ranging from 7 to 30 days. A time analysis is shown in the following table:

Table - 4.2
Delay in affixation of HSRP

Period	Delay Cases		Percentage (%)
	SMSL	CTPL	
7 to 15 days	7,67,446	3,62,432	77
16 to 30 days	3,64,212	1,91,942	
1 to 2 months	1,54,771	1,28,094	21
2 to 6 months	86,945	90,779	
6 months to one year	18,251	18,343	2
1 to 5 years	7,588	7,748	
Total	13,99,213	7,99,338	100
Grand Total	21,98,551		

The RAs failed to ensure compliance of the stipulated time for affixation of HSRP by vendors, making vehicles ply without HSRP. Further, the Department failed to monitor the performance of RAs to ensure compliance of the provisions in respect of affixation of HSRPs as prescribed in agreement. Thus, the objective of the HSRP scheme for prevention of crimes was diluted.

The Department accepted (December 2017) the audit observation and stated that in order to ensure compliance, instructions had been issued to the RAs not to deliver Smart Cards (Registration Certificates) to vehicle owners before affixation of HSRPs, and also to the car dealers urging them to deliver the vehicles only after HSRPs were duly fitted thereupon. However, the Department did not take any action against the vendors for delayed delivery of services.

4.4.3.4 Provision of networking not complied with

Provision of networking as prescribed in Agreement was not complied with by the vendors. This deprived the RAs of verification and monitoring of the performance of the vendors.

As per terms of the Agreements, the vendors were required to submit prescribed reports and details of “ON LINE” management system to be installed by them at all locations of the RAs. The access method relating to the issuance of the HSRP in “ON LINE” real time environment was also to be provided.

Audit noticed from records of the Department and WBTIDC Ltd. that the vendors had not provided access to the system of issuance of the HSRP in an “ON LINE” real time environment to the RAs and centralised access for the entire State to the Department and WBTIDC Ltd. Transfer of data from vendors to RAs was being done manually by means of CD/Pen drive. Audit also found that the vendors had been submitting monthly compliance report to the RAs in hard copies. The Department failed to ensure compliance of Agreement provisions in respect of installation of “ON LINE” network by the vendor. Thus, the updated data and online transmission of prescribed reports from the vendors were not available to the RAs on real time basis. This deprived the RAs of verification and monitoring of the performance of the vendors.

Department accepted (December 2017) the audit observation and stated that after introduction of web-based e-Vahan, HSRP affixation status in an ON LINE real time environment could be cross-checked by RAs and monthly compliance report submitted by the vendors could be cross-checked by the WBTIDC Ltd. through NIC database online.

However, it had been noticed from the data of e-Vahan, made available by the Department in December 2017, that e-Vahan had not been implemented in all the RAs. Thus, provisions of the networking were still to be implemented in all RAs.

4.4.3.5 HSRP not affixed on vehicles

There was shortfall in achievement of target of affixing HSRP to vehicles.

As per Central Government enactment of ‘Motor Vehicles (new High Security Registration Plates) Order, 2001’ issued in August 2001 read with Rule 50 of the CMV Rules, it was mandatory for all newly registered vehicles to be affixed with HSRP having prescribed specifications and standards. In case of vehicles already registered, HSRP were to be affixed within two years from the date of publication of the order.

1. Audit found from the analysis of data obtained from six RAs selected for this audit that HSRP had not been affixed to 1,91,384 vehicles out of 10,92,366 vehicles registered between the date of implementation and 31 March 2016 in these RAs. No reasons for non-affixation were found on records. The shortfall in achievement of targets for affixation of HSRPs on newly registered motor vehicles ranged between 2.80 and 48.31 *per cent* in these RAs, as detailed in **Table 4.3**.

Table - 4.3
HSRP not affixed on new vehicles

Name of the RA	Vendor responsible to affixation of HSRP	Date of commencement of affixation of HSRP in the RA	No. of Vehicles registered from the date of commencement to 31.03.2016	HSRP not affixed	HSRP not affixed (percentage)
PVD, Kolkata	CTPL	17.01.2011	2,50,508	7,015	2.80
Nadia		31.01.2012	1,43,068	18,974	13.26
Alipur	SMSL	01.03.2011	2,18,450	1,05,535	48.31
Hooghly		10.09.2011	1,47,971	17,101	11.55
Howrah		31.01.2012	1,35,968	14,716	10.82
Barasat		19.01.2012	1,96,401	28,043	14.28
Total			10,92,366	1,91,384	

Thus, affixation of HSRP to these new vehicles has not been monitored by the RAs at the time of registration of vehicles as directed by the Department.

After this was pointed out (April 2017), the Department stated (December 2017) that HSRPs were actually ready for affixing on vehicles and the time were given to vehicle owners for affixing, but the vehicle owners did not turn up to get those affixed for long.

Thus, the Department did not have any mechanism to ensure that HSRP was affixed on every newly registered vehicle.

- Audit observed from data analysis of six RAs, that in case of vehicles already registered prior to the date of implementation of HSRP scheme, HSRP were not affixed to 16,29,555 vehicles out of 16,61,148 vehicles. The shortfall in achievement of target for affixation of HSRP to vehicles already registered, ranged between 89.14 and 99.98 *per cent* in these RAs as detailed in **Table 4.4**.

Table - 4.4
HSRP not affixed on already registered vehicles

Name of the RA	Vendor responsible to affix HSRP	Date of commencement of affixation of HSRP in the RA	Vehicle registered before the date of commencement of HSRP	HSRP not affixed	HSRP not affixed (percentage)
PVD, Kolkata	CTPL	17.01.2011	6,61,847	6,40,666	96.89
Nadia		31.01.2012	91,357	81,440	89.14
Alipur	SMSL	01.03.2011	2,73,208	2,73,045	99.94
Hooghly		10.09.2011	1,45,805	1,45,722	99.94
Howrah		31.01.2012	2,48,114	2,48,073	99.98
Barasat		19.01.2012	2,40,817	2,40,609	99.91
Total			16,61,148	16,29,555	

Audit also observed that no affixation plan had been framed by the Department for fixing of HSRP on vehicles already registered.

Thus, the Department failed to implement the affixation of HSRP to vehicles already registered even after lapse of more than five years of commencement of the HSRP scheme in the State. This resulted in non-compliance of the orders of MoRTH, depriving the Government of revenue in the form of royalty amounting to ₹ 1.51 crore (approx.)¹⁷² and the applicable Value Added Tax and Service Tax.

Department did not furnish (February 2018) any specific reply.

4.4.3.6 Irregular procurement of HSRP

Department failed to monitor and prevent irregular procurement of HSRP.

As per 'Motor Vehicles (new High Security Registration Plates) Order, 2001' issued in August 2001 by Government of India, the eligibility criteria of manufacturer or supplier of HSRP were specified. The State Governments were instructed to ensure fulfilment of such criteria. Further, HSRP was introduced by the MoRTH as a highly sensitive product for prevention of crime. It involves high security features to prevent counterfeiting and duplication of HSRP.

Contracts for affixation of HSRP to vehicles were awarded to two vendors, comprising of an individual concern and a consortium of three agencies¹⁷³ for implementation of HSRP scheme. Audit found from the records of the Commissioner of Commercial Tax, WB that another company, M/s Subba Micro system (SM), which was not part of the consortium, procured HSRP from one of the consortium partners, USSL, in an unauthorised manner. Audit further observed that SM sold back these HSRP to SMSL during the period from July 2014 to March 2016. The Department failed to monitor and prevent irregular sale of HSRP by USSL to an unauthorised party and procurement by SMSL. The scheme of affixing HSRP was intended to select vendors who had necessary expertise in such works and could strictly comply with high security features of HSRP. Thus, misuse of HSRP for illegal activities could not be ruled out.

On being pointed out (July 2017), the Department stated (December 2017) that the Department was concerned with fitment of proper HSRP only. The bid document did not disallow sourcing from third parties by vendor, provided those come from a manufacturer with type approval certificate.

Reply of the Department is not tenable as the vendor (consortium partner) sold the HSRP to a third party which was not authorised for affixation of HSRP. It indicates that there was no system in place to monitor and prevent sale and purchase of HSRP by unauthorised entities.

¹⁷² Royalty (four per cent) has been calculated on the value of the HSRPs that could not be collected due to non-fixing of HSRPs in the six test checked RAs.

¹⁷³ Consortium vendor- M/s Subba Micro System Ltd.(SMSL) entered into a Consortium Agreement on 10 November 2005 with M/s Utsav Safety System (P) Ltd. (USSL) and M/s M.S. Associates; the financial contribution being 60 per cent, 30 per cent and 10 per cent respectively as per agreement. M/s SMSL participated in bid for HSRP as lead partner.

4.4.3.7 Code of PCIN used in HSRP not in conformity with the approval of ARAI

Type Approval Certificate regarding PCIN and consecutive serial numbering were not maintained in generation of PCIN by vendor.

ARAI issues Type Approval Certificate (TAC) and Conformity of Production (COP) to the manufacturers. As per Notification¹⁷⁴ issued by MoRTH in October 2001, the Permanent Consecutive Identification Number (PCIN)¹⁷⁵ in Arabic numbers shall be preceded by two alphabets representing the name of the vendor, or the manufacturer or the supplier, as the case may be, to whom the TAC has been issued by the ARAI. ARAI had given approval to USSL, a partner of the consortium of SMSL, to use code 'AA'.

Audit noticed from analysis of data in respect of HSRP that the code 'AAA' was used instead of 'AA' as PCIN in 7,82,849 HSRPs out of 50,54,593 HSRPs. Audit also found that there was a gap¹⁷⁶ in the series of PCIN of HSRPs in both the series. Thus, vendor violated TAC issued by the ARAI by using code 'AAA'. Due to lack of monitoring, the Department could not detect and prevent the violation of TAC by the vendor. Further, presence of a gap in serial number of PCIN violated CMV Rules and this might lead to misuse of gaps in series.

Department stated (December 2017) that NIC was being requested to check from e-Vahan database, whether improper PCINs had been allotted by the vendor and fed into the database or not. After receipt of report suitable and stern actions would be taken.

4.4.3.8 Third registration mark on two wheelers not affixed

In the absence of specific provision in the bid documents, norms fixed for affixation of third registration plate to two wheelers were violated by the Department.

As per Notification¹⁷⁷ issued in August 2001, a third Registration plate in the form of a self-destructive type chromium based hologram 'sticker' shall be affixed to all vehicles as additional security feature of HSRP.

During the course of audit, it was observed that affixation of third registration plate in sticker form was not specified in bid documents of HSRP by WBTIDC Ltd., in case of two wheelers. As a result, 'third registration plate' sticker was not affixed to two wheelers. Thus, in the absence of provision for affixation of third registration plate to two wheelers in bid documents, the Department compromised with the security features of HSRP.

¹⁷⁴ Notification No. S.O. 1041 (E) dated 16 October 2001.

¹⁷⁵ Unique number for each HSRP.

¹⁷⁶ The Permanent Consecutive Identification Number (PCIN) were not issued consecutively.

¹⁷⁷ Notification No.S.O.814 (E) dated 22 August 2001 of MoRTH.

After this was pointed out (April 2017), the Department stated (December 2017) that the third registration plate was to be fixed on the inner side of left hand corner of the windshield of a vehicle. Two wheelers did not have mandate for such windshield to be fitted on them.

Thus, the Department initiated tender process without ensuring the place where the third registration plate to be fixed in two wheeler vehicles. Therefore, the Department compromised one of the security features of HSRP in case of two wheeler vehicles.

4.4.3.9 Loss of revenue due to mis-statement of sales of HSRP by vendors

There was mismatch of data in respect of payment of royalty shown in monthly reports and that figured in soft copies submitted by the vendors to WBTIDC. Short payment of royalty to WBTIDC Ltd. by the vendors could not be ruled out.

As per the Agreements, the vendors were to submit a monthly compliance report to WBTIDC Ltd., on affixation of HSRP to vehicles. WBTIDC Ltd., had the right to appoint independent auditors to have books, premises and operations examined at suitable intervals at the cost of the vendors.

Audit found from the analysis of data and monthly compliance reports in hard copies submitted by the vendors to the WBTIDC Ltd. that the payment of royalty as per monthly report did not match¹⁷⁸ with the receipts as per data. Further, the WBTIDC Ltd. has failed to produce any report on periodic reconciliation by themselves or through an independent auditor. In the absence of periodical reconciliation of compliance reports by WBTIDC Ltd. with the data in respect of HSRP in soft copy submitted by the vendors, the correctness of figures of sale of HSRP could not be ascertained in audit. Thus, short payment of royalty to WBTIDC Ltd. by the vendors could not be ruled out.

After this was pointed out (July 2017), the Department stated (December 2017) that the checking data of monthly compliance report on affixation of HSRP to vehicles used to be made through sampling, but after introduction of e-Vahan all data were being checked through online process.

However, it had been noticed from the data of e-Vahan, made available by the Department in December 2017, that e-Vahan had not been implemented in all the RAs from January 2017. Thus, the correctness of figures of sale of HSRP was still to be ensured in all RAs.

Absence of required provisions in the scheme

4.4.3.10 Absence of provision for sharing of royalty from outsourcing of HSRP

Royalty collected from vendors was retained by WBTIDC Ltd in the absence of provision for sharing revenue with the State exchequer.

There is no provision for sharing royalty by WBTIDC Ltd., with the Government,

¹⁷⁸ A difference of ₹ 3.53 lakh was noticed.

whereas in other States like Assam¹⁷⁹, Haryana¹⁸⁰, the Government receives royalty on HSRP from vendors.

Audit noticed from the records of WBTIDC Ltd., that WBTIDC Ltd., had collected an amount of ₹ 381.18 lakh towards royalty from vendors on sale of HSRP between 2012-13 and 2015-16 as detailed in the following table:

Table - 4.5
Collection of royalty

Year	Royalty collected (₹)
2012-13	72,50,486
2013-14	87,03,939
2014-15	1,06,12,303
2015-16	1,15,51,271

In the absence of suitable provisions, royalty on HSRP was not shared with the Government.

Department stated (December 2017) that WBTIDC Ltd. was a fully owned Government Company and the royalty earned by WBTIDC Ltd. was used by the Government for public purposes for the infrastructure development of Transport Department.

The reply is not tenable as the WBTIDC Ltd. was authorised to implement HSRP scheme in the State on behalf of the Transport Department, Government of West Bengal. Retention of full amount of royalty by the WBTIDC Ltd. was not in conformity with the Government Accounting Rules, 1990. Rule 15(a) prescribes that all receipts on behalf of Government be deposited into Government Accounts.

4.4.3.11 Absence of provision for lost HSRPs

There were no provisions for generation of new PCIN in case of lost HSRP.

The scheme of affixation of HSRP to vehicles was introduced by Government of India based on the Motor Vehicles (New High Security Registration Plates) Order, 2001, Rule 50 of CMV Rules, 1989 and various notifications issued from time to time for guidance. For every HSRP, a new Permanent Consecutive Identification Number (PCIN) was to be generated for the front and rear plates of the vehicle.

¹⁷⁹ One per cent.

¹⁸⁰ Five per cent.

Audit noticed that in none of the notifications issued by the Government of West Bengal on HSRP, was there any provision for the mode and manner of issuing a HSRP for lost HSRP and generation of new PCIN. In absence of any guidelines in this regard, the purpose of affixing HSRP to vehicles tend to be defeated in cases of lost HSRP.

After this was pointed out (April 2017), the Department accepted (December 2017) that there was no provision of replacement of HSRP against lost one. Further, the Department stated that it had sought clarification from the competent authority i.e MoRTH several times in that regard.

4.4.3.12 Uniformity of HSRP not maintained

Authorities approved different style of HSRPs, which compromised the objective of maintaining uniformity in specifications.

As per Notification¹⁸¹ issued in August 2001 by MoRTH, the objective of HSRP scheme was to ensure uniformity in size, colour and specifications of the number plates all over India, to all types of vehicles being registered/already registered. The testing agency, ARAI, carries out verification of documents, inspection at the plant and necessary testing before providing the TAC to vendors for manufacture of HSRP.

- Audit noticed that the TAC issued to USSL (the consortium partner of SMSL) did not have 'INDIA' inscription in the third number plate (sticker type) approved by ARAI, whereas in TAC issued to CTPL, 'INDIA' inscription had been approved by the same testing agency.
- Further, Audit noticed that ARAI had approved different styles of snap locks to the vendors for affixation of HSRP on vehicles.

Thus, ARAI approved different style of HSRPs to vendors, compromising with the objective of maintaining uniformity of the scheme. The Department had not taken any initiative to bring it to the notice of the MoRTH or ARAI for rectification of TAC issued to USSL by ARAI.

Department stated (December 2017) that ARAI was the Government approved authority to issue type approval and Conformity of Production Certificates. If they had approved any particular type of any material for any vendor, the State Government had no jurisdiction in the matter to object.

The Department, however, did not communicate the matter to MoRTH for rectification of TAC.

4.4.4 Issue of Smart Card for DL/RC

The issue of Driving License (DL) and Registration Certificate (RC) in smart card for the area under the jurisdiction of PVD, Kolkata commenced from 12 October 2004 as per notification¹⁸² of the Department. The Government of West Bengal executed

¹⁸¹ Notification No.S.O.814 (E) dated 22 August 2001.

¹⁸² No.4595-WT/3M-187/2004 dated 6 October 2004.

agreement in October 2003 with West Bengal Electronics Industry Development Corporation Ltd. (WEBEL), a Government of West Bengal Undertaking, for implementation of project for issue of DL/RC in smart card and for keeping records thereof electronically. This agreement was executed prior to issue of the notification (October 2004) stipulating the date of implementation of scheme. Hence, in the agreement it had been prescribed that the project was to be rolled out throughout the State within one year's time.

Irregularities noticed in this regard are discussed in the following paragraphs:

4.4.4.1 Unauthorised contract on Smart Card

There was violation of West Bengal Financial Rules in selection of the vendors for implementation of the project of issuing smart cards.

As per terms and conditions of the Agreement between Government of West Bengal and WEBEL, performance of WEBEL was to be reviewed by the Department at the end of each year. The Department was responsible to monitor the project. WEBEL entered into an agreement in December 2003 with a private agency, SMSL, to execute and implement this project. Rule 47(8) of the West Bengal Financial Rules (WBFR) as amended vide GoWB notification No. 10500-F of November, 2004, provides that "orders should be placed only after open tenders or quotations have been invited".

Audit found from records of the PVD Kolkata and Department that:

- No tendering documents were available with the Department in respect of selection of WEBEL for the project. Similarly, in the absence of any records relating to selection of SMSL by WEBEL, it could not be vouched safe that provisions of Rule 47(8) of the WBFR were complied with.
- As per Clause III of the agreement with Government, WEBEL was adjudged to be capable of executing and implementing the project and to provide technical support and assistance to the Department for this project. However, WEBEL passed on all the responsibilities assigned to them by GoWB to SMSL by incorporating the same terms and conditions in their agreement with SMSL. This indicated that WEBEL itself was in need for technical support and assistance for this project. Therefore, selection of WEBEL for this project could not be justified.

On being pointed out (April 2017), the Department stated (December 2017) that WEBEL was a West Bengal Government undertaking under the IT Department. Finance Department had allowed direct e-procurements from them by any Department by order.

However, there were no restrictions for exploring the better options through tendering. Department did not respond to the observation about compliance with the provisions of WBFR by WEBEL for selection of SMSL.

4.4.4.2 Smart Card based Management System not implemented through out the State

Smart Card based Management system had not been implemented throughout the State even after 12 years of its introduction in the State.

As per Notification¹⁸³, Smart Card Based Management System for motor vehicles was to be introduced to improve vigilance towards closing the window of clandestine operations which entail loss of revenue. As per agreement between the Government and the vendor (October 2003), the vendor was required to roll out smart card based DL and RC in one year from the date of execution of that agreement. Further, smart card readers and Hand Held Terminals (HHT) in motor vehicle offices, essential for checking of authenticity of smart card, was required for maintaining smooth operations of the system.

Audit observed that smart card for DL and RC had been introduced in PVD, Kolkata in the year 2004. However, even after a lapse of more than 12 years of its introduction in the State, the Department failed to roll out the project in other 46 RAs in the State. Thus, plastic card/laminated card based RC and DL continued to be issued by these RAs. This defeated the objective of the Smart Card based Management System. There was no information on record regarding procurement and issuance of HHTs by the Department. Nor were any records to show that the authenticity of the smart cards had been verified by the HHTs. Thus, the Department failed to ensure complete implementation of Smart Card Based Management system in the State.

Department accepted (June 2017) the audit observation and stated that WEBEL was asked to select vendors through tender process for smart card based RC and DL for all the offices. As to procurement of smart card readers and HHT, the Department stated (December 2017) that smart card readers were made available in the smart card enabled motor vehicle offices of Kolkata. Smart Card management system and HHT had been made part of the new vendor selection process.

However, this was still to be made operational in all motor vehicle offices.

4.4.5 Issue of Pollution under Control Certificate

Rule 115(7) of the CMV Rules, 1989, prescribes that after expiry of a period of one year from the date on which vehicle was first registered, shall carry a valid Pollution under Control Certificate (PUCC) issued by an agency authorised for this purpose by the State Government, to test exhaust emission. The validity of such certificate shall be for six months from the date of its issue. Further, under Rule 62, certificate of fitness (CF) was to be issued to the vehicles having valid PUCC. For issuance of CF, the inspecting officer or authorised testing stations had to carry out tests specified under

¹⁸³ Notification No.4595-WT/3M-187/2004 dated 6 October 2004.

the rule and one of the tests to be carried out was exhaust emission from the vehicles. As per GoWB notification¹⁸⁴ (July 2004) the Director of PVD, Kolkata and RAs in Districts were authorised to issue licences to Auto Emission Test Centres (AETCs) for conducting emission tests and issuing PUCCs. The licenses were issued to AETCs after getting technically examined by the West Bengal Pollution Control Board (WBPCB). The validity of licences to AETCs was for one year. The AETCs had to apply for renewal of licence two months before expiry of the valid licence. The Department had authorised WBTIDC Ltd. to print and distribute blank PUC to AETCs and Auto Emission Testing Centres' Associations (AETCA) subject to recommendation from Director, PVD/District Magistrates as the case may be.

4.4.5.1 Fee for renewal of AETC licence not realised

In two out of six RAs, renewal fee of AETC licences amounting to ₹ 6.88 lakh was not realised. These AETCs continued to conduct emission test of vehicles without getting their licences renewed.

As per Notification¹⁸⁵, the application fee and licence fee for grant/renewal of licence for AETCs was ₹ 300 and ₹ 1,000 per annum respectively.

Audit noticed from the records of six RAs that in 115 cases¹⁸⁶ of AETCs under two¹⁸⁷ RAs, did not renew their licences though the period of validity of the licences expired between August 2006 and March 2016. The RAs neither issued notices to recover the dues nor suspended/cancelled their licences. Moreover, the defaulting AETCs did not surrender their licences. It was evident from monthly returns of AETCs that emission test of vehicles was being carried out by those AETCs even after expiry of the period of validity of the licenses. Thus, due to lack of monitoring by the RAs fee for renewal of licence of ₹ 6.88 lakh could not be realised in these cases.

Department stated (December 2017) that both RAs were directed to check and take necessary actions in the matter including cancellation of licence, if necessary.

4.4.5.2 Issuance of Certificate of Fitness to the vehicles on invalid PUC

Certificate of Fitness issued to vehicles not having valid PUC defeated the objective of minimising the pollution level in exhaust emissions.

Under Section 56 of the MV Act read with Rule 62 of CMV Rules, certificate of fitness (CF) shall be renewed only after the Inspecting Officer (IO) or authorised AETCs has carried out the specified emission tests.

¹⁸⁴ Notification No.3357-WT/3M-7/2003/2004 dated 28 July 2004.

¹⁸⁵ Notification No.4467-WT/3M-7/2004 dated 28 October 2004.

¹⁸⁶ One case means one licence. One AETC is required to have separate licences for Petrol, Diesel and alternative fuels.

¹⁸⁷ Alipur and Barasat.

Audit found from the analysis of the data in respect of six¹⁸⁸ RAs that in cases of 2,221 vehicles, CFs of the vehicles were renewed despite the fact that such vehicles did not have valid PUCs. IOs did not take into account the validity of PUC for issue of CFs to the vehicles. Moreover, as AETCs were not interlinked with the VAHAN database, system was not able to identify vehicles having invalid PUC and could not prompt IOs to take necessary action. Thus, RAs were not able to monitor the process of granting of CF to the vehicles due to lack of validation control in VAHAN database. This allowed unfit vehicles to ply on road without valid PUC. Thus, such vehicles without valid PUC were adding pollution to the environment.

Department stated (December 2017) that letters were sent in August 2017 to RTOs/ARTO to strictly follow the provisions of existing Notifications.

4.4.5.3 Licence fee of AETC not revised

Licence fee of AETC was not revised in the State for last 12 years.

As per Notification¹⁸⁹, the application fee and license fee for grant/renewal of licence for AETCs was ₹ 300 and ₹ 1000 per annum respectively. Fee for grant/renewal of licence of AETC in States¹⁹⁰ like Haryana, Assam and Delhi was higher than that in West Bengal.

Audit noticed that the fees for grant/renewal of AETC licence had not been revised in the State for the last 12 years.

On being pointed out (April 2017), the Department accepted the audit observation and stated (December 2017) that the Department would soon be considering the issue to take a policy decision.

4.4.5.4 Absence of provision for sharing of revenue from outsourcing to AETCs

In the absence of relevant provision, Government was deprived of the share of fee collected from issue of PUC.

As per notification¹⁹¹, AETCs are authorised by the State Government to test smoke emission level and charge fees at the rate of ₹ 80 from owners of two wheelers and ₹ 100 for other vehicles for issue of a PUC. In terms of notification¹⁹² issued by the Transport Department in February 2007, WBTIDC Ltd. was authorised to issue blank PUC to AETCs and AETCAs subject to recommendations of the Director, PVD Kolkata/District Magistrate and on payment of the cost price of blank PUC to WBTIDC Ltd.

¹⁸⁸ Alipur, Barasat, Hooghly, Howrah, Nadia and PVD, Kolkata.

¹⁸⁹ Notification No.4467-WT/3M-7/2004 dated 28 October 2004.

¹⁹⁰ Haryana- Fee for issue and renewal of PUC licence- ₹ 2,500 per annum; Assam- Initial licence fee for petrol vehicle/for diesel vehicle- ₹ 10,000 and subsequent renewal for diesel/ petrol- ₹ 5,000 per annum; Delhi- Application fee for authorisation and renewal of AETC Licence- ₹ 5,000.

¹⁹¹ Notification No.4467-WT/3M-7/2004 dated 28 October 2004.

¹⁹² Notification No.413-WT/3M-7/2003 Pt-1 dated 12 February 2007.

Audit noticed from record of WBTIDC Ltd. that 1,79,98,000 blank PUCC were issued by the WBTIDC Ltd. during the period from April 2011 to March 2016 to AETCs/AETCAs on realisation of cost price of ₹ 1.35 crore. Of this, ₹ 90 lakh was realised as printing cost of the forms which was subsequently paid to printing press and ₹ 45 lakh was retained as service charge by the WBTIDC Ltd. Audit also noticed that AETCs collected ₹ 142.63 crore¹⁹³ by issue of PUCC. The Government did not have any share from such receipts of test fees for issuance of PUCCs in absence of any provision in this regard.

Department stated (December 2017) that the whole issue of administering/ regulating the AETCs under a networked surveillance system was being contemplated by the Department which might bring about policy changes in this regard.

4.4.5.5 Absence of network among AETCs and RAs

Networking among the AETCs and with the RAs had not been established.

As per notification¹⁹⁴ issued by the Government of West Bengal in July 2004, network among the AETCs and with the RAs was to be established to improve the level of performance of the AETCs of the State.

Audit noticed that no network was established among the AETCs and between AETCs and RAs for online transmission of reports from the AETCs to monitor the performance of the AETCs. In the absence of such network, AETCs were submitting monthly testing reports of the vehicles in voluminous hard copies as noticed in three RAs¹⁹⁵ out of six RAs. Though the process of computerisation of the Department was initiated in 2004, networking of AETCs had not been established by the Department till date. In absence of network, issue of PUCCs and its misuse by AETCs without having valid licence could not be ruled out.

Department accepted the audit observation and stated (December 2017) that IIT, Kharagpur had been entrusted with the task of studying vehicular pollution and preparation of a Vision document along with action plans to curb and control vehicular pollution. The task included developing of protocol for surveillance, monitoring through a regulatory networking system, and performance audit of AETCs and overall control of AETCs.

4.4.5.6 Guidelines for AETCs not followed

AETCs did not follow prescribed guidelines regarding submission of monthly and half yearly returns to RAs.

As per Clause 12 of the Notification¹⁹⁶, all AETCs have to follow WBPCB guidelines provided along with the application form for grant/renewal of AETCs. AETCs were

¹⁹³ In the absence of records in respect of type of vehicles for which PUCCs were issued, collection charges of ₹ 142.63 crore (₹ 143.98 crore minus ₹ 1.35 crore) have been calculated taking into account the minimum cost of ₹ 80 applicable for two wheelers only.

¹⁹⁴ Notification No. 3357-WT/3M-7/2003/2004 dated 28 July 2004.

¹⁹⁵ Alipur, Barasat and PVD, Kolkata.

¹⁹⁶ Notification No. 3357-WT/3M-7/2003/2004 dated 28 July 2004.

required to submit monthly statement of vehicles tested date-wise. Further, AETCs were required to submit information regarding tests carried out during last six months to RAs for records.

Audit noticed from the records of three¹⁹⁷ RAs that none of the AETCs were submitting monthly returns as well as six monthly information in respect of tests carried out. Thus, AETCs did not follow the prescribed guideline. In this connection RAs also did not take any action. Therefore, the RAs could not control and monitor the work of AETCs.

The AETCs were to be inspected occasionally by the Motor Vehicle Inspector (Technical) of the RAs. The AETCs shall always remain open for inspection by the inspecting staff of the Department so as to ensure proper facilities to the customers/motorists.

Audit noticed from the records of six¹⁹⁸ RAs that none of the AETCs were inspected by the officials of RAs except at the time of commissioning of AETCs and renewal of their licences. In absence of occasional inspection of AETCs, it could not be ensured AETCs were carrying out their designated functions properly.

After this was pointed out (July 2017), the Department stated (December 2017) that letters were sent to DMs, RTOs and Director-PVD in August 2017 in that regard.

4.4.6 Conclusion

The Detailed Compliance Audit noticed certain system deficiencies, deficiencies in the compliance to the provisions of the Acts, Rules and Notifications. The Department had not ensured the objective of affixation of HSRP to all vehicles in the State. The Department had not put in place any mechanism to ensure that unique PCIN for each HSRP was consecutively generated and affixed to vehicles. There were weaknesses in monitoring of vendors engaged for HSRPs scheme and Smart Card scheme for DL and RC. Except for PVD, Kolkata, Smart Card for DL and RC in other RAs did not get started even after a lapse of 12 years since its introduction in the State. There was no system to ensure that the compliance of stipulated time limit for renewal of licenses by AETCs was done due to weak correlation between the WBPCB and RAs. In the absence of networking among AETCs and with VAHAN software, the system could not identify vehicles plying without valid PUCs and generate any information of such vehicles.

Other Audit Observations

The Transport Department introduced VAHAN software from July 2004 for collection of Motor Vehicles Tax. Data for the period from 2011-12 to 2014-15 in respect of public transport vehicles were obtained from the Registering Authorities. On analysis

¹⁹⁷ Hooghly, Howrah and Nadia.

¹⁹⁸ Alipur, Barasat, Hooghly, Howrah, Nadia and PVD, Kolkata.

of data by Computer Assisted Auditing Techniques (CAATs), Audit observed deficiencies in VAHAN software. This resulted in non/short realisation of revenue as discussed in the following paragraphs:

4.5 Tax, additional tax, penalty and special fee not realised

Tax, additional tax, penalty and special fee of ₹ 272.41 crore were not realised from owners of 1,05,483 vehicles.

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)¹⁹⁹. Tax Demand register shows registration number of the vehicle, name and address of the owner, tax due etc. Further, tax officer shall review the register in order to see whether the tax is regularly paid. He shall take prompt action against the person concerned who has not paid the tax. In addition, Rule 121 of the West Bengal Motor Vehicles (WBMV) Rules, 1989 prohibit plying of heavy goods vehicles having gross vehicle weight (GVW) above 22,542 kg within the State. Government of West Bengal relaxed this provision in February 1991. Plying of such vehicles is now permitted on payment of a special fee at varying rates depending on the GVW.

During analysis of data pertaining to 16 Registering Authorities (RAs), Audit found that with the introduction of VAHAN²⁰⁰ software in July 2004, the RAs discontinued maintenance of TDRs manually. The software VAHAN did not have the provision to maintain TDR electronically 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. Audit, however, by analysing the data as available across different tables, calculated the taxes and penalty of ₹ 271.76 crore which was realisable from the defaulting owners of 1,05,483 vehicles during 2012-2015. Out of these, owners of 2,436 vehicles were also liable to pay special fees of ₹ 65.22 lakh during the period. Thus, non-maintenance of TDRs deprived the Department of monitoring and taking necessary action against defaulting owners of vehicles. It was seen that the Department was aware of the deficiency in the software which except for the list of defaulting vehicles, did not generate the period of default and amount involved therein. No corrective measures, however, were taken by the Department to address these deficiencies in the VAHAN software.

¹⁹⁹ In Form 'J'

²⁰⁰ An application software used by the Transport Department for registration of vehicles and collection of taxes and fees thereof.

Thus tax, additional tax, penalty and special fee of ₹ 272.41 crore were not realised as detailed in **Appendix IV**.

After Audit pointed out the cases

- in respect of tax, additional tax and penalty, 13²⁰¹ RAs accepted²⁰² audit observations in 96,476 cases involving ₹ 260.79 crore. Of these, five²⁰³ RAs realised ₹ 1.52 crore in 841 cases.
- As to special fees, nine²⁰⁴ RAs accepted²⁰⁵ audit observations in 1,690 cases involving ₹ 42.28 lakh. Of these, two²⁰⁶ RAs realised ₹ 0.30 lakh in 12 cases.
- In the remaining cases, RAs did not furnish any specific reply (February 2018).

The matter was reported to the Government in July 2017 followed by a reminder issued in August 2017. Their reply has not been received (February 2018).

4.6 Permit fee not realised

RAs did not realise permit fee of ₹ 20.15 crore from owners of 23,747 transport vehicles plying with expired permits.

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 having valid permit. Further, Rules 126 and 127 of the WBMV Rules, 1989 prescribe fees for application and grant/renewal of permit in respect of different kinds of vehicles. These fees are realisable from owners of the vehicles as per rates specified in Schedule-‘A’ of the Rules.

Audit found²⁰⁷ from the scrutiny of permit registers and analysis of database of 15 RAs, that 23,747 public transport vehicles were plying with expired permits during 2011-12 to 2014-15. Audit also noticed that owners of those vehicles were paying fitness fees and road taxes. This indicated that the vehicles were plying on road and not lying idle. RAs, however, did not realise permit fee from them while collecting other taxes. There was no provision in the system to raise an alert regarding the requirement of realisation of permit fee at the time of collection of other taxes. Thus, permit fee of ₹ 20.15 crore was not realised as detailed in **Appendix-V**.

²⁰¹ Alipurduar, Asansol, Bankura, Barasat, Barrackpore, Cooch Behar, Hooghly, Howrah, Murshidabad, Paschim Medinipur, Purba Medinipur, Purulia and PVD, Kolkata.

²⁰² Between December 2016 and March 2017.

²⁰³ Alipurduar, Cooch Behar, Hooghly, Howrah and PVD, Kolkata.

²⁰⁴ Bankura, Barasat, Barrackpore, Hooghly, Howrah, Murshidabad, Paschim Medinipur, Purba Medinipur and PVD, Kolkata.

²⁰⁵ Between December 2016 and March 2017.

²⁰⁶ Hooghly and PVD, Kolkata.

²⁰⁷ Between January 2016 and March 2016.

After Audit pointed out the cases, 10²⁰⁸ RAs accepted²⁰⁹ audit observations in 18,095 cases involving ₹ 15.36 crore. Of these, four²¹⁰ RAs intimated realisation of ₹ 5.16 lakh in 63 cases. Further report on realisation was however awaited. In remaining 5,652 cases, RAs did not furnish any/specific reply (February 2018).

The matter was reported to the Government in July 2017. Reply was awaited (February 2018).

4.7 Dealer's tax and penalty not realised

In case of 4,70,076 vehicles, RAs did not realise dealer's tax of ₹ 18.87 crore from the dealers of vehicles at the time of first registration of the vehicles.

Section 3(2) of the 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. The rates are specified in part H of the Schedule appended to the Act. Further, Sections 4 and 11(b)(iii) of the Act provide 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 16 RAs, Audit found²¹¹ that 6,55,902 vehicles were registered between 2012-13 and 2014-15. Of these, in case of 4,70,076 vehicles, dealer's tax of ₹ 18.87 crore was not realised from the dealers at the time of first registration of the vehicles.

It was noticed that the VAHAN software was not customised to make 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 integrated into the software. Thus, dealer's tax and penalty of ₹ 18.87 crore was not realised as detailed in **Appendix-VI**.

After Audit pointed out the cases, seven²¹² RAs accepted²¹³ audit observations in 1,91,257 cases involving ₹ 7.66 crore.

Four²¹⁴ RAs in 1,31,733 cases involving ₹ 5.32 crore contested that these vehicles were not liable to pay dealer's tax as per amendment in WBMVT Act, 1979 in August 2012. The reply is not tenable as the amendment in WBMVT Act was applicable only to motor car and omnibus (with seats up to 14 and not registered as transport vehicles) and tourist taxi, luxury taxi or contract carriages with seats up to 14. The vehicles under audit observation were motor cycles, three wheelers and light motor vehicles. In remaining 1,47,086 cases, RAs did not furnish any specific reply (February 2018).

²⁰⁸ Alipurduar, Asansol, Bankura, Barasat, Cooch Behar, Hooghly, Howrah, Murshidabad, Paschim Medinipur and PVD, Kolkata.

²⁰⁹ Between December 2016 and March 2017.

²¹⁰ Alipurduar, Cooch Behar, Hooghly and PVD, Kolkata.

²¹¹ Between January 2016 and March 2016.

²¹² Alipurduar, Bankura, Barrackpore, Murshidabad, Paschim Medinipur, Purulia and PVD, Kolkata.

²¹³ Between December 2016 and March 2017.

²¹⁴ Cooch Behar, Hooghly, Howrah and Purba Medinipur.

The matter was reported to the Government in July 2017. Reply was awaited (February 2018).

4.8 Fine on overloaded vehicles not levied and not realised

RA failed to levy and realise fine of ₹ 2.46 crore in case of 2,424 overloaded vehicles.

Section 194(1) of the MV Act, 1988 prohibits driving of a motor vehicle in contravention of the provisions in respect of permissible weight. Such driving is punishable with minimum fine of ₹ 2,000 and an additional amount of ₹ 1,000 per tonne of excess load.

Audit cross-verified²¹⁵ data relating to plying of overloaded vehicles as maintained in a weighbridge²¹⁶ in the district of Cooch Behar, with the offence register and other records maintained under RA, Cooch Behar. Audit found that fine was not levied under the provisions of the Act in case of 2,424 overloaded vehicles. These overloaded vehicles had plied with excess load of 19,799 tonne during 2012-2013 to 2014-2015. Thus, RA failed to levy and realise fine of ₹ 2.46 crore in these cases. Plying overloaded vehicles on road not only compromises with public safety, but also causes damage to the road. This entails avoidable excess expenditure on repair and maintenance of the road.

After this was pointed out, the RA accepted the audit observation and stated²¹⁷ that there was no deployment of Enforcement Wing by the Transport Department at the said weighbridge till February 2016. RA also stated that action would be taken against the listed vehicles and Enforcement Wing was alerted over the movement of those vehicles.

The matter was reported to the Government in July 2017 followed by a reminder issued in August 2017. Their reply has not been received (February 2018).

4.9 Short realisation of fitness fee

RAs realised fee for conducting test of fitness at normal rates instead of 150 per cent of the fee for delayed production of vehicles. This resulted in short realisation of fitness fee of ₹ 1.69 crore in case of 91,079 vehicles.

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. This is 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 WBMV Rules, 1989 provides that if the owner fails to produce the vehicle within the stipulated time, he shall be liable to pay 150 per cent of prescribed fee for conducting test of fitness.

²¹⁵ March 2016.

²¹⁶ Operated under Toofanganj Construction Engineering Co. Pvt. Ltd. as per order vide No.-04-JS (UB)/2010 dated 10 November 2010 of Transport Department, Government of West Bengal.

²¹⁷ February 2017.

During analysis of data of 16 RAs, Audit found²¹⁸ that in case of 91,079 vehicles, the owners produced the vehicles for inspection for renewal of CF with delay. The delay was ranging from 15 days to more than two months during the period between April 2012 and March 2015. RAs, however, realised the fee for conducting test of fitness at normal rates instead of 150 *per cent* of the fee for conducting test of fitness. This was due to non-mapping of the particular provision in the VAHAN software. This resulted in short realisation of fitness fee of ₹ 1.69 crore as detailed in **Appendix VII**.

After this was pointed out, six²¹⁹ RAs accepted (between December 2016 and March 2017) the audit observations in 18,721 cases involving ₹ 34.28 lakh. Of these:

- Three²²⁰ RAs stated that fitness fee in 10,200 cases could not be realised as VAHAN software was not mapped to realise fitness fee as per applicable rates. These RAs, however, did not give any assurance regarding mapping of the particular provision in the VAHAN software.
- Three²²¹ RAs in respect of 8,521 cases though stated to have made part realisation of the dues, they did not furnish the details of realisation.

In 17,048 cases involving ₹ 25.46 lakh, PVD, Kolkata contested²²² the audit observations. It stated that Rule 57(6) of WBMV Rules, 1989 did not cover 150 *per cent* of fee for conducting test of fitness under Sl. No. 11²²³, but covered fee for grant/renewal of CF only under Sl. No. 12²²⁴. The reply is not tenable. Rule 57(6) WBMV Rules, 1989 provides payment of 150 *per cent* of the fee by the owner of the vehicles, if they fail to produce the vehicle for inspection for renewal of certificate of fitness on or before the expiry of last certificate of fitness. Further, in terms of Rule 62 of Central Motor Vehicles Rules, 1989, renewal of CF shall be made only after the inspecting officer has carried out the specified tests. Thus, conducting specified tests of vehicles constitutes an integral part of renewal of the CF. Therefore, application of Rule 57(6) i.e., 150 *per cent* of fee for conducting test of fitness in case of delayed production of vehicles is valid.

In the remaining 55,310 cases, the RAs did not furnish any/specific reply (February 2018).

The matter was reported to the Government in July 2017. Reply was awaited (February 2018).

²¹⁸ Between January 2016 and March 2016.

²¹⁹ Alipurduar, Bankura, Howrah, Murshidabad, Paschim Medinipur and Purulia.

²²⁰ Alipurduar, Bankura and Paschim Medinipur.

²²¹ Howrah, Murshidabad and Purulia.

²²² December 2016.

²²³ Sl. No. 11 of the Table under Rule 81 of CMV Rules, 1989 prescribes fees for conducting test of a vehicle for grant and renewal of certificate of fitness of motor vehicles.

²²⁴ Sl. No. 12 of the Table under Rule 81 of CMV Rules, 1989 prescribes fee for grant or renewal of certificate of fitness for motor vehicles.

4.10 Authorisation fee not realised

Authorisation fee of ₹ 89.05 lakh was not realised due to non-renewal of authorisation for national permit in case of 8,896 vehicles.

Rule 87 of CMV Rules, 1989 read with guidelines²²⁵ issued by Ministry of Road Transport and Highways, Government of India laid down the procedure for grant of authorisation for a national permit. It also prescribes a fee of ₹ 1,000 per annum for such authorisation. The Rule prescribes that the period of validity of such authorisation shall not exceed one year at a time.

During analysis of data of 13 RAs between January 2016 and March 2016, Audit found that 8,896 vehicle holders of national permits²²⁶, did not get their authorisation renewed after the expiry of validity of authorisation during 2013-14 and 2014-15. The analysis also disclosed that the owners of the vehicles, covered under the permits, continued paying their taxes. Further, they were in possession of valid fitness certificates of the vehicles. This indicated that these vehicles were plying on the road without renewal of authorisation. Thus, RAs did not realise authorisation fee of ₹ 89.05 lakh due to non-renewal of authorisation for national permit during 2013-14²²⁷ and 2014-15 as detailed in **Appendix VIII**.

After Audit pointed out the cases, nine²²⁸ RAs accepted²²⁹ the audit observations in 7,374 cases involving ₹ 73.78 lakh. RA, Asansol realised an amount of ₹ 0.11 lakh in 11 cases. RA, Purulia, and PVD, Kolkata also intimated that they had realised authorisation fee in above-mentioned cases. Vehicle-wise details regarding realisation were, however, not produced. Report on further realisation was awaited. In the remaining 1,522 cases, RAs did not furnish any/specific reply (February 2018).

The matter was reported to the Government in July 2017. Reply was awaited (February 2018).

4.11 Short realisation of one-time and life-time tax

Improper mapping of the amendment in the WBAT&OTMV Act in the VAHAN software resulted in short levy with consequent short realisation of life-time and one-time tax of ₹ 72.49 lakh.

WBMVT Act, 1979 and West Bengal Additional Tax and One Time Tax on Motor Vehicles Act, 1989 (WBAT&OTMV Act) prescribe the rates of tax and additional tax on vehicles. WBAT&OTMV Act, 1989 was amended²³⁰ in August 2012 and provisions were made for:

²²⁵ F. No. RT-16031/3/2009-T dated 27 August 2010.

²²⁶ Effective for a period of five years.

²²⁷ During analysis for the period 2013-14, nine cases of default – one each in seven RAs namely, Asansol, Barasat, Birbhum, Hooghly, Howrah, Malda and Purulia, and two cases in RA, Purba Medinipur were detected.

²²⁸ Asansol, Bankura, Barrackpore, Hooghly, Howrah, Murshidabad, Paschim Medinipur, Purulia and PVD, Kolkata.

²²⁹ Between December 2016 and March 2017.

²³⁰ Vide Government Notification No. 1182-L dated 10.08.2012.

- (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) rebate on life-time tax or one-time tax to non-air-conditioned (non-AC) vehicles having engine capacity up to 800 cc.

Further, after the amendment in WBAT and OTMV Act, 1989, the VAHAN software was to be updated accordingly. Every amendment in the Act was to be mapped in the system for the prevention of short assessment and realisation of revenue.

During analysis of data of 13 RAs, Audit found²³¹ that in case of 410 vehicles, one-time and life-time tax of ₹ 93.73 lakh was realised instead of ₹ 1.66 crore during the period from September 2012 to March 2015. Of these, one-time and life-time tax was realised at rates lower than the prescribed rates in 312 cases, irregular rebate was given in 86 cases and in remaining 12 cases, irregular rebate to non-AC vehicles having engine capacity more than 800 cc was given. This was due to improper mapping of the amendment in the WBAT&OTMV Act in the VAHAN software. This resulted in short levy with consequent short realisation of life-time and one-time tax of ₹ 72.49 lakh as detailed in **Appendix IX**.

After this was pointed out, six²³² RAs accepted²³³ audit observations in 209 cases involving ₹ 49.72 lakh. They, however, did not furnish any report on realisation. In remaining 201 cases, RAs did not furnish any/specific reply (February 2018).

The matter was reported to the Government in July 2017 followed by a reminder issued in August 2017. Their reply has not been received (February 2018).

4.12 Short realisation of tax from contract carriage vehicles

RA's realised tax of ₹ 10.19 lakh instead of ₹ 63.48 lakh from the owners of 549 contract carriage vehicles. This was due to incorrect mapping in VAHAN software. This resulted in short realisation of tax of ₹ 53.29 lakh.

Schedule to Section 3 of the WBMVT Act, 1979 prescribes different rates of tax for stage carriage vehicles and contract carriage vehicles. An amendment was made in August 2012 which prescribed the tax for contract carriage vehicles as 1.2 per cent of the value of vehicle or ₹ 8,000 whichever is higher for vehicles with seating capacity up to seven and 1.2 per cent of the value of the vehicle or ₹ 14,000 whichever is higher for vehicles with seating capacity beyond seven. After the amendment in WBAT and OTMV Act, 1989, the VAHAN software was to be updated accordingly. Every amendment needed to be mapped in the system for the prevention of short assessment and realisation of revenue.

²³¹ Between January 2016 and March 2016.

²³² Bankura, Cooch Behar, Hooghly, Paschim Medinipur, Purba Medinipur and PVD, Kolkata.

²³³ Between December 2016 and March 2017.

During analysis of data of eight RAs, Audit found²³⁴ that the RAs realised²³⁵ tax of ₹ 10.19 lakh instead of ₹ 63.48 lakh, from the owners of 549 contract carriage vehicles comprising 539 maxi cabs and 10 luxury taxis. Audit observed that in case of maxi cabs, the system incorrectly mapped them as stage carriage vehicles. Thus, lower rates of taxes as applicable to stage carriage vehicles were imposed. In case of luxury taxis, however, the amended rate of tax was not found to have been mapped in the system. This resulted in short realisation of tax of ₹ 53.29 lakh as detailed in **Appendix X**.

After this was pointed out, five²³⁶ RAs, accepted²³⁷ the audit observations in 209 cases involving ₹ 21.65 lakh. They however, did not furnish any report on realisation of tax, except RA, Hooghly. RA, Hooghly realised an amount of ₹ 0.03 lakh in one case. In remaining cases, RAs did not furnish any/specific reply (February 2018).

The matter was reported to the Government in July 2017 followed by a reminder issued in August 2017. Their reply has not been received (February 2018).

4.13 Audio fees not realised

RAs did not realise audio fees of ₹ 17.13 lakh from the owners of 3,359 vehicles fitted with audio sets.

Schedule F to Rule 218(7) of the WBMV Rules, 1989 provides for realisation of annual audio fees at prescribed rates. These fees are applicable to the installation of radio set, gramophone, tape recorder, cassette recorder or any kind of apparatus producing sound effect or voice. The owner of motor cars and omnibuses (with seats upto 14 and not registered as transport vehicles), other than battery operated motor vehicles, however, shall not be liable to pay audio fees with effect from 3 September 2012.

During analysis of data of 10 RAs, Audit found²³⁸ that audio fees could not be realised from the owners of 3,359 vehicles fitted with audio sets. This was due to the VAHAN software having been not customised to make entries in the field 'audio fees', mandatory for realisation of the fees at the time of payment of tax. Thus, audio fees of ₹ 17.13 lakh was not realised during the period from 2012-13 to 2014-15 as detailed in **Appendix XI**.

After Audit pointed out the cases, seven²³⁹ RAs accepted²⁴⁰ audit observations in 2,851 cases involving ₹ 14.34 lakh. They, however, did not furnish any report on realisation except RA, PVD, Kolkata who realised ₹ 3.51 lakh in 701 cases. In remaining 508 cases, RAs did not furnish any/specific reply (February 2018).

²³⁴ Between February 2015 and March 2016.

²³⁵ Between September 2012 and March 2015.

²³⁶ Cooch Behar, Hooghly, Paschim Medinipur, Purba Medinipur and PVD, Kolkata.

²³⁷ Between December 2015 and March 2017.

²³⁸ Between February 2015 and March 2016.

²³⁹ Barasat, Barrackpore, Hooghly, Murshidabad, Nadia, Paschim Medinipur and PVD, Kolkata.

²⁴⁰ Between December 2016 and March 2017.

The matter was reported to the Government in July 2017 followed by a reminder issued in August 2017. Their reply has not been received (February 2018).

4.14 Special tax from air-conditioned vehicles not realised

RAAs did not realise special tax and penalty of ₹ 12.08 lakh from the owners of 351 vehicles.

Section 3 of the WBMVT Act, 1979 and Sections 9B and 10 of the WBAT&OTMV Act, 1989 provide for realisation of special tax on air-conditioned vehicles. Rates of the tax have been prescribed based on their use, seating capacity, engine capacity and category of the vehicle. The owner of motor car and omnibus (with seats up to 14 and not registered as transport vehicles), other than battery operated motor vehicles and contract carriage vehicles with seating capacity up to 14 however, shall not be liable to pay special tax with effect from 3 September 2012²⁴¹. Further, Section 11 of the WBMVT Act, 1979 and Section 10 of the WBAT&OTMV Act, 1989 provide for imposition of penalty in case of non-payment of taxes.

During analysis of data of 13 RAAs, Audit found²⁴² that owners of 351 vehicles were liable to pay special tax for different periods between 2011-12 and 2014-15. RAAs, however, did not realise the tax from the owners. Thus, special tax and penalty of ₹ 12.08 lakh was not realised due to failure of RAAs to monitor payment in such cases as detailed in **Appendix XII**.

After Audit pointed out the cases, six²⁴³ RAAs accepted²⁴⁴ audit observations in 146 cases involving ₹ 6.34 lakh. They however, did not furnish any report on realisation. In remaining 205 cases, RAAs did not furnish any specific reply (February 2018).

The matter was reported to the Government in July 2017 followed by a reminder issued in August 2017. Their reply has not been received (February 2018).

These are the results of the test check of records made available to audit. The department may consider devising a system to identify similar cases and take necessary action.

²⁴¹ Government Notification nos. 1181 L and 1182 L both dated 10 August 2012.

²⁴² Between January 2015 and March 2016.

²⁴³ Barasat, Barrackpore, Birbhum, Howrah, Nadia and PVD, Kolkata.

²⁴⁴ Between January 2015 and March 2017.