

CHAPTER – IV
TRANSPORT
DEPARTMENT



CHAPTER-IV: TRANSPORT DEPARTMENT

4.1 Tax Administration

The collection of road tax is governed by the provisions of the Motor Vehicles Act, 1988 and Rules made thereunder and the Assam Motor Vehicle Taxation Act, 1936 (as adapted by Government of Meghalaya). The Transport Department is responsible for collection of taxes, fees and fines on motor vehicles in Meghalaya. Motor vehicle tax is realised primarily from all commercial vehicles registered in the State and One Time Tax of 15 years is realised in case of private vehicles. For commercial vehicles, motor vehicle tax is realised every year and the vehicle owner has the option to pay it quarterly, half yearly or annually. Besides, composite fee in lieu of motor vehicle tax is also collected from commercial vehicles bearing national permit/ tourist permit of other states plying in the State. Further, there is provision for levy and collection of fines for various offences, which are imposed under the respective Acts and Rules.

The Additional Chief Secretary to Government of Meghalaya, Transport Department is in overall charge of the Transport Department at the Government level. The Commissioner of Transport (CT) is the administrative head of the Department. He is assisted by an Assistant Commissioner of Transport and the Secretary, State Transport Authority (STA). At the district level, there are 11 District Transport Officers (DTOs) who have been entrusted with the responsibilities of registration of vehicles, issue of permits including collection of duties. The Secretary, STA is responsible for issue of national, inter-State and inter-district permits for commercial vehicles and realisation of fees thereon.

4.2 Results of Audit

Test check of records of eight units out of fifteen units relating to the Transport Department during 2018-19 revealed non-realisation of taxes, fees and fines, *etc.* involving ₹84.82 crore in 44 cases, which fall under the following categories:

Table 4.1

(₹ in crore)

| Sl. No. | Category | Number of cases | Amount |
|--------------|-----------------------------------|-----------------|--------------|
| 1. | Non/ Short realisation of revenue | 15 | 5.27 |
| 2. | Loss of revenue | 11 | 8.04 |
| 3. | Other irregularities | 18 | 71.51 |
| Total | | 44 | 84.82 |

During the year 2018-19, the Department accepted under assessments and other deficiencies of ₹8.91 crore in 19 cases. The Department did not furnish replies in 12 cases and in 18 cases, the audit observations were not accepted. No recovery was intimated in any of the cases during the year.

A few illustrative cases having financial impact of ₹2.32 crore on non-levy of fine, road tax, etc., and other provisions of the Acts are discussed in paragraphs 4.3 to 4.5.

4.3 Non-renewal of Commercial permits by vehicle owners

District Transport Officers/State Transport Authority failed to realise permit fee from commercial vehicle owners due to non-renewal of their lapsed permits

[DTOs, Khliehriat, Mawkyrwat, Williamnagar, Nongpoh, Shillong and STA, Meghalaya; May 2018-June 2019]

Under Section 81(1) and (2) of the Motor Vehicles Act, 1988, the validity of a commercial permit issued to a passenger/goods vehicle is for five years and may be renewed on the basis of an application and on payment of the permit fee⁶³, made not less than 15 days before the expiry of the permit. The use of vehicles without valid permit would attract a minimum penalty of ₹2000 under Section 192A of the MV Act.

Further, as per Section 66 of the Act *ibid*, no owner of a vehicle shall use his vehicle as a transport vehicle in any public place without a valid permit, whether or not such a vehicle is actually carrying a passenger or not. Rule 31 of the Assam Motor Vehicle Taxation (AMVT) Rules, 1936 (as adopted by Government of Meghalaya) further stipulates that if the vehicle is off-road for more than three months, then the owner of the vehicle must surrender the permit together with the Registration Certificate to the DTO supported with a declaration in Form 'H'.

Audit of records (May 2018-June 2019) of five DTOs and one STA, out of total eleven DTOs and one STA revealed that 2400 vehicles owners⁶⁴ out of 4525 vehicles owners⁶⁵ did not renew their permits for various periods between June 2014 and March 2019. For non-renewal of permits after expiry of validity period, penalty of ₹47.82 lakh was leviable under the provision of Section 192A of MV Act. Though, the details of the defaulters can be identified from the VAHAN software/registers maintained by the DTOs/STA, they did not take action to get the same renewed and to realise the penalty. Moreover, since declaration in Form 'H' are not available, the possibility of vehicles being on road could not be ruled out. Thus, inaction on the part

⁶³ ₹300 for Three Wheeler, ₹500 for Goods Carrier and National permit, ₹1000 for Maxi Cab/Tourist Taxi/Motor Cab and ₹3000 for Bus.

⁶⁴ DTO, Khliehriat: 47 vehicles, DTO, Mawkyrwat: 136 vehicles, DTO, Williamnagar: 383 vehicles, DTO, Nongpoh: 338 vehicles, DTO, Shillong: 1041 vehicles and STA, Meghalaya: 455 vehicles

⁶⁵ Total number of vehicles under STA, Meghalaya not available as it is yet to implement the VAHAN software. Audit extracted the information from the manual register maintain by the STA.

of the DTOs and STA had resulted in non-realisation of permit fees of ₹17.24 lakh⁶⁶ and penalty of ₹47.82 lakh.

The cases were reported to the Transport Department, Government of Meghalaya between October 2018 and July 2019. The Department stated (September 2020) that 333 vehicle owners under DTOs, Khliehriat and Shillong have renewed their permits and fines amounting to ₹1.03 crore were realised. It was further stated that show cause notices were issued by DTO, Mawkyrwat and random checking was resorted to by DTO, Nongpoh. In respect of DTO, Williamnagar, it was stated that most of the vehicle owners have renewed their permits. In respect of STA, Meghalaya, the Department stated that they have realised ₹29.34 lakh towards renewal and authorisation fees from 626 vehicle owners as against 455 vehicle owners pointed out by audit. However, the respective DTOs did not furnish details of amount realised from the vehicle owners. In absence of such details, audit cannot verify as to whether the 455 vehicle owners pointed out by audit were included as part of the 626 vehicle owners who have now renewed the permits as stated by the Department. No further reply was communicated (September 2020).

Audit detected failure of DTOs and STA to levy fine on vehicles plying without renewal of permit on verification of records of five DTOs and one STA out of the total 11 DTOs and one STA.

The Department may look into similar cases in the other six DTOs as well.

4.4 Non-realisation of counter signature permit fees

The STA neither took follow up action nor streamlined the collection system of bank drafts, resulting in non-realisation of countersignature permit fees on permits issued by other States.

[State Transport Authority (STA), Meghalaya; June 2019]

Section 88 of the Motor Vehicles (MV) Act, 1988 stipulates that a permit granted in any one State shall not be valid in another State unless the permit is countersigned by

66

| Name of DTO/STA | Type of vehicles | Number of vehicles | Rate of permit fee (₹) | Total fee (₹) |
|-------------------|------------------|--------------------|------------------------|----------------|
| STA, Meghalaya | Maxi Cab | 74 | 1000 | 74000 |
| | Tourist Taxi | 327 | 1000 | 327000 |
| | National permit | 54 | 500 | 27000 |
| DTO, Shillong | Motor Cab | 711 | 1000 | 711000 |
| | Three Wheeler | 53 | 300 | 15900 |
| | Goods Carrier | 252 | 500 | 126000 |
| | Bus | 25 | 3000 | 75000 |
| DTO, Nongpoh | - | 338 | 300 | 101400 |
| DTO, Williamnagar | - | 383 | 300 | 114900 |
| DTO, Mawkyrwat | Goods Carrier | 62 | 500 | 31000 |
| | Motor Cab | 74 | 1000 | 74000 |
| DTO, Khliehriat | Motor Cab | 37 | 1000 | 37000 |
| | Bus | 2 | 3000 | 6000 |
| | Goods Carrier | 8 | 500 | 4000 |
| Total | - | 2400 | - | 1724200 |

the State Transport Authority (STA) of the latter State on payment of Composite Fee (CF)⁶⁷ fixed by the former State. The rate of CF for each vehicle is fixed at ₹300 for motor cabs, ₹3000 for maxi cabs and ₹12000 for omni buses per quarter per State, other than home State and renewable thereafter. The CF is payable by bank draft and remitted to the STA, Meghalaya when vehicles which have been issued permits by other states are authorised to ply in Meghalaya.

Audit of records of STA, Meghalaya revealed that 1853 bank drafts were forwarded by the STAs Assam and Arunachal Pradesh pertaining to the period from July 2018 to March 2019. Out of the above bank drafts, 1041 bank drafts (56 per cent) amounting to ₹39.64 lakh were returned back by the STA, Meghalaya to the STAs⁶⁸ concerned of other states as they had become time-barred or received with incorrect drawee bank address. The remaining 812 bank drafts were found to be valid. Further examination of records revealed that the STAs of other States belatedly forwarded the bank drafts which were already time barred. Thereafter, neither the bank drafts that were sent for revalidation were received back, nor did the STA, Meghalaya initiate any follow up action to obtain the revalidated bank drafts. Thus, failure of the STA, Meghalaya to initiate follow up action to get back the revalidated bank drafts or streamline the entire system of countersignature of permit has not only resulted in non-implementation of the provision for countersignature of permits but also resulted in non-realisation of revenue to the State to the tune of ₹39.64 lakh.

On the cases being reported to the Transport Department, Government of Meghalaya in (July 2019), the Department stated (September 2020) that the bank drafts received from STA, Assam had already expired at the time of receipt and the same were returned for revalidation. The Department reiterated (September 2020) that this process of returning the expired bank drafts to the STA, Assam for revalidation from the concerned banks would continue.

Similar nature of the observations were brought to the notice of the Department in the Audit Report of the Comptroller and Auditor General (Revenue Sector) for the year ended 31 March 2016 under the Performance Audit of “Functioning of Transport Department”. The fact that these irregularities continued showed that the Department had done nothing to change the prevalent system.

Recommendation: *STA may develop a mechanism to receive the remittances from other STAs by e-payments or by way of designated bank accounts where the money could be deposited by any mode, by the permit holders and do away with the outdated system of receiving money on bank drafts.*

⁶⁷ Composite Fee is a fee levied on passenger vehicles covered by All India Permits granted by State Transport Authority of other States, other than the State of Meghalaya.

⁶⁸ 1038 to STA, Assam and 3 to STA, Arunachal Pradesh

4.5 Non-realisation of road tax

Despite availability of VAHAN computerised application system, the Department failed to recover road tax of ₹1.24 crore from 3437 commercial vehicles

[District Transport Officers (DTOs), Shillong, Mawkyrwat, Williamnagar, Khliehriat and Nongpoh; May 2018 - June 2019]

Under Section 5 of the Assam Motor Vehicle Taxation (AMVT) Act (as adopted by the Government of Meghalaya) and Rules made there under, every owner of a registered commercial vehicle has to pay road tax in advance either annually or quarterly in four equal instalments⁶⁹ in April, July, October and January. In cases where the vehicle owners fail to pay tax, demand notices are to be issued promptly directing the defaulters to pay the tax due, failing which the following actions as per provisions of both the Motor Vehicles (MV) Act 1988 and the AMVT Act are to be initiated. These include suspension of certificate of Registration (RC), seizure/detention of vehicles, recovery of tax as arrears of land revenue (Section 53, 207 and 16 of AMV Act).

Further, Rule 31 of the AMVT Rules, 1936 stipulates that if the vehicle is off-road for more than three months, the owner of the vehicle must surrender the permit together with the Registration Certificate to the DTO supported with a declaration in Form 'H'

Section 177 of the MV Act, 1988 further stipulates that whoever contravenes any provision of the Act or of any rule, regulation or notification made there under shall, if no penalty is provided for the offence, be punishable with a fine, which may extend to one hundred rupees.

Meghalaya has computerised the functioning of the DTOs through the application of *Vahan*⁷⁰ software, for all activities related to registration of both private and commercial vehicles. It includes calculation of fees and taxes, fitness of vehicles and other transactions such as transfer, conversion, alteration, *etc.* In addition, the software has the facility to generate list of defaulters for non-payment of motor vehicle tax and penalty if any, levied. After computerisation tax payment were directly uploaded in the VAHAN portal.

Audit of *Vahan* database (May 2018- June 2019) of the five DTOs⁷¹ out of 11 DTOs in the State revealed that out of 19290 vehicle owners, 3437 commercial vehicles owners⁷² (18 *per cent*) had not paid road tax of ₹1.24 crore pertaining to the period

⁶⁹ On or before 15th of each of these four months

⁷⁰ *Vahan* is an application software for registration of vehicles, collection of taxes, issuing various certificates, permits and recording of fitness of vehicles *etc.*

⁷¹ DTOs Shillong, Mawkyrwat, Williamnagar, Khliehriat and Nongpoh.

⁷²

| Name of the DTO | No. of vehicles | Road Tax (₹) |
|-----------------|-----------------|-----------------|
| Shillong | 1949 | 4423845 |
| Mawkyrwat | 106 | 663180 |
| Williamnagar | 129 | 449830 |
| Khliehriat | 126 | 374430 |
| Nongpoh | 1127 | 6461620 |
| Total | 3437 | 12372905 |

from March 2013 to February 2019⁷³. There was no evidence to prove that the vehicles were off road either as no Form 'H' was made available to Audit.

Despite having access to the software, the DTOs did not take action to recover tax due from the owners of the 3437 defaulting vehicles. Further, for non-payment of road tax, the DTOs neither suspended the registration of any of the vehicles, nor detained any defaulting vehicles or referred the cases to the Deputy Commissioners for recovery of road tax as proceedings of arrears of land revenue. Thus, inaction of the DTOs in taking appropriate action as per the provision of the MV Act/AMVT Act, has resulted in non-realisation of road tax amounting to ₹1.24 crore. Penalty is also leviable for non-payment of the tax dues.

On the cases being reported to the Transport Department, Government of Meghalaya (October 2018 and July 2019), the Department stated (September 2020) that demand notices were issued by DTOs, Mawkyrwat and Khliehriat, while DTO Nongpoh had resorted to random checking. In respect of DTO, Shillong, it was stated that tax will be recovered from the vehicle owners at the time of renewal of documents and in case of failure to renew, the registration certificates would be suspended and the cases would be referred to the *Bakijai* Officer. DTO, Williamnagar informed that enforcement officials were instructed to take necessary action as per MV Act and Rules while checking vehicles on road.

Thus, the DTOs failed to utilise the facility provided in the VAHAN software to detect the arrears of road tax until pointed out by audit on sample verification of records of five out of the 11 DTOs in the State.

The Department may take action on similar issues and cases in the remaining six DTOs also.

⁷³ ranging from ₹750/₹225 to ₹5250/₹1150 per annum/per quarter upto October 2018 and from ₹1030/₹315 to ₹7350/₹2100 per annum/per quarter wef November 2018