

Chapter-V Taxes on Vehicles

5.1 Tax administration

The overall charge of the Transport Department vests with the State Transport Commissioner (STC), Punjab, Chandigarh. There are 11 Regional Transport Authorities (RTAs) which, in observance of the Punjab Motor Vehicles Taxation Act, 1924 and the Rules made there under, monitor and maintain the records of receipt of motor vehicles taxes. The RTA is also responsible for collection of motor vehicles taxes in respect of stage carriage buses of other States. In addition, RTAs regulate the motor vehicles in the State in conformity with the Motor Vehicle Act, 1988 and maintains the records of receipt of fees on motor vehicles.

5.2 Results of audit

Test check of the records of 24 out of 30 units relating to head 0041 – Motor Vehicle Tax during 2017-18 is showing irregularities involving ₹ 62.19 crore in 4,399 cases, which broadly fall under the following categories as depicted below:

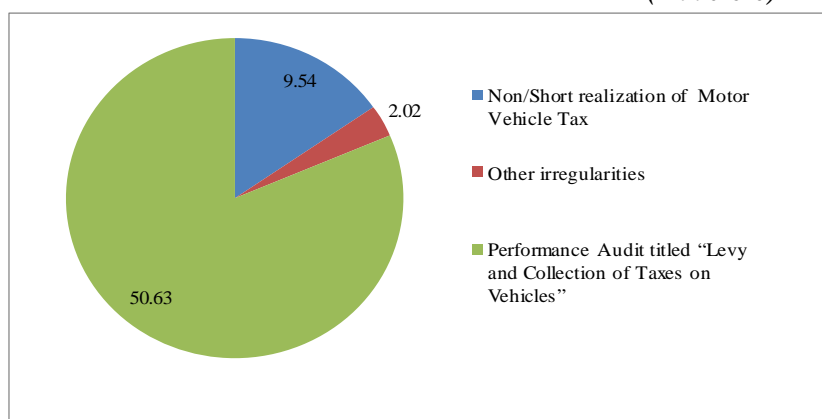
Table 5.1: Results of audit

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
1.	Non/Short realization of Motor Vehicle Tax	3,698	9.54
2.	Other irregularities	700	2.02
3.	<i>Performance Audit titled “Levy and Collection of Taxes on Vehicles”</i>	1	50.63
Total		4,399	62.19

Head wise audit findings noticed under Taxes and motor Vehicles Tax is depicted in Chart 5.1:

Chart-5.1

(₹ in crore)



In 2017-18, the Department informed audit that they have accepted and recovered ` 1.18 crore in 174 cases out of which ` 0.07 crore involved in 43 cases relate to the year 2017-18 and remaining ` 1.11 crore involved in 131 cases relate to the earlier years.

5.3 Performance Audit on “Levy and Collection of Taxes on Vehicles”

The Transport Department regulates vehicles plying in the State and is responsible for registration of vehicles, grant of permits for vehicles and fitness certificates. The Department also issues licences to drivers, conductors and grants trade licences to vehicle traders. It is also responsible for issuing authorization certificates to pollution control centres. A performance audit was undertaken to assess the efficiency of the Department in realization of revenue receipts.

Highlights

Department had no mechanism to identify arrears of MVT and ensure its timely recovery as a result of which there was short realisation of MVT of ` 34.14 crore

(Paragraph 5.3.8)

99 *per cent* of non-transport vehicles and 66 *per cent* of transport vehicles in the selected RTAs did not renew their fitness certificate on time. Revenue that was not realised works out to ` 22.97 crore.

(Paragraph 5.3.12 and 5.3.13(a))

33 *per cent* Pollution Checking Centres in the four test checked RTAs were functioning without valid authorisation certificates.

(Paragraph 5.3.15)

There was short realisation of Trade Fee and Possession Tax from dealers of Motor Vehicles amounting to ` 7.95 crore in the test checked Regional Transport Authorities.

(Paragraph 5.3.16)

5.3.1 Introduction

Motor Vehicle Tax (MVT) is one of the sources of tax revenue receipts of the State. The Transport Department exercises control over vehicles plying in the State and is responsible for registration of vehicles, grant of permits for vehicles and fitness certificates. The Department also issues licences to drivers, conductors and permissions to vehicle traders and pollution check centers. The levy and collection of Motor Vehicle Tax, fees and penalties is governed by the Motor Vehicle Act, 1988 (MV Act), Punjab Motor Vehicle Tax Act, 1924 (Amended in 1993) (PMVT Act) and Rules made thereunder.

In Punjab, the registration of vehicles of all categories along with initial fitness certification and initial payment of taxes was being handled by a software application called “VAHAN 1.0”. Another software application “Online Motor Vehicle Payment System (OMVPS)” was developed, maintained and managed by a private operator engaged by the Government for online payment of taxes and fees. Upgraded version of VAHAN (VAHAN 4.0) was rolled out in June 2018.

5.3.2 Organizational setup

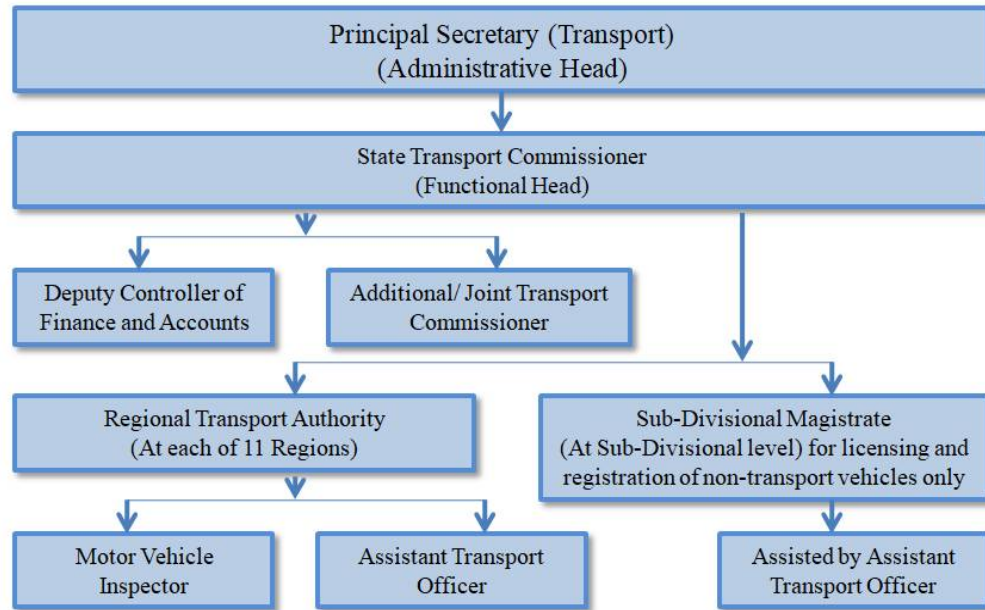
The Principal Secretary (Transport) is the administrative head of the Department. The functional head of the Department is State Transport Commissioner (STC).

Prior to August 2017, the State was divided into four regions each headed by a Regional Transport Authority (RTA) and each of the 22 districts was headed by a District Transport Officer (DTO). State Transport Commissioner issues permits for All India Tourist vehicles and RTAs used to issue permits in respect of Stage Carriage buses, Goods Carriages and interstate buses whereas DTOs were issuing registration certificates, driving licenses, fitness certificates, permits to Private Service Vehicles (PSVs) and contract carriages.

In August 2017, Government of Punjab (GoP) abolished the posts of DTOs, increased the number of RTAs from four¹ to eleven², created the posts of Assistant Transport Officers (ATOs) and designated Sub Divisional Magistrates (SDMs) as Registration and Licensing Authorities (RLAs). RTAs, in addition to their earlier responsibilities, are assigned the work pertaining to transport vehicles of DTOs also. The SDMs function in the sub divisions where office of RTA is not situated and are responsible for registration of non-transport vehicles and issue of driving licenses. ATOs assist RTA/SDM in the discharge of their responsibilities. The organizational chart of the Department is as under:

¹ Bathinda, Ferozepur, Jalandhar and Patiala.

² Amritsar, Bathinda, Faridkot, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar, Ludhiana, Sahibzada Ajit Singh Nagar (Mohali), Patiala and Sangrur.



5.3.3 Audit objectives

The Performance Audit was conducted with a view to ascertain whether:

- the systems to comply with the provisions of Acts/Rules for levy and collection of taxes were in place and were consistent and complementary to the computerised applications;
- the computerised applications such as Online Motor Vehicle Payment System (OMVPS) and VAHAN, working in the Department, are adequate, complete, accurate and are also delivering the desired output; and
- adequate internal controls existed for precise estimation of targets for the realisation of revenue and for arresting pilferage/leakage of revenue.

5.3.4 Audit scope and methodology

The Performance Audit was conducted between January 2018 and May 2018 covering the office of the State Transport Commissioner, Punjab, and five³ out of 11 RTAs were selected on the basis of Probability Proportionate to Size without Replacement (PPSWR) method taking MVT receipts as the size measure.

Records wherever maintained manually for the period from 2013-14 to 2017-18 (December 2017) were test checked and correlated with VAHAN 1.0 and OMVPS data (February 2018) and analysed using a Computer Aided Audit Tool namely; Interactive Data Extraction and Analysis (IDEA). Besides, similar cases noticed during regular audit of other than selected RTAs have also been included in this report. An entry conference was held with the Principal Secretary, Transport, Punjab (Government) and the State Transport

3 Amritsar, Hoshiarpur, Jalandhar, Ludhiana and Patiala.

Commissioner (Department) on 30 January 2018 in which objective, scope and methodology of Performance Audit were discussed. The findings of the Performance Audit were forwarded to the Government/Department in July 2018 for their comments. An exit conference was also held with the Department on 24 August 2018. The replies of Department and views expressed during Exit Conference have been incorporated in the Report. Reports that could be generated on VAHAN 4.0 were accessed using VAHAN report portal.

5.3.5 Audit criteria

The audit criteria were drawn from the following sources:

- Motor Vehicles Act, 1988 (MV Act), Central Motor Vehicles Rules, 1989 (CMV Rules); Punjab Motor Vehicle Rules, 1989 (PMV Rules);
- Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act), Punjab Motor Vehicles Taxation Rules, 1925 and;
- Circulars and Notifications issued by the Department and Government from time to time.

5.3.6 Trend of revenue receipt

Actual receipts vis-à-vis budget estimates and revised estimates and its contribution to the total receipts of Punjab during the period 2013-14 to 2017-18 are exhibited in the Table below:

Table 5.2: Trend of revenue receipts

(` in crore)

Year	Budget Estimates (BE)	Revised Estimates (RE)	Actual Receipts	Variation with BE		Variation with RE		Tax revenue raised by the State	Percentage of actual MVT receipts to tax revenue raised by the State
				Excess (+) Shortfall (-)	Percentage of variation	Excess (+) Shortfall (-)	Percentage of variation		
2013-14	1,350.00	1,320.00	1,145.69	(-)204.31	(-)15.13	(-)174.31	(-)13.20	24,079.19	4.76
2014-15	1,350.00	1,350.00	1,393.32	(+)43.32	(+)3.21	(+)43.32	(+)3.21	25,570.20	5.45
2015-16	1,500.00	1,500.00	1,474.83	(-)25.17	(-)1.68	(-)25.17	(-)1.68	26,690.49	5.52
2016-17	1,650.00	1,478.91	1,548.12	(-)101.88	(-)6.17	(+) 69.21	(+)4.68	27,746.66	5.56
2017-18	3,175.00	1,858.91	1,911.20	(-) 1,263.80	(-)39.80	(+)52.29	(+)2.81	30,423.24	6.28

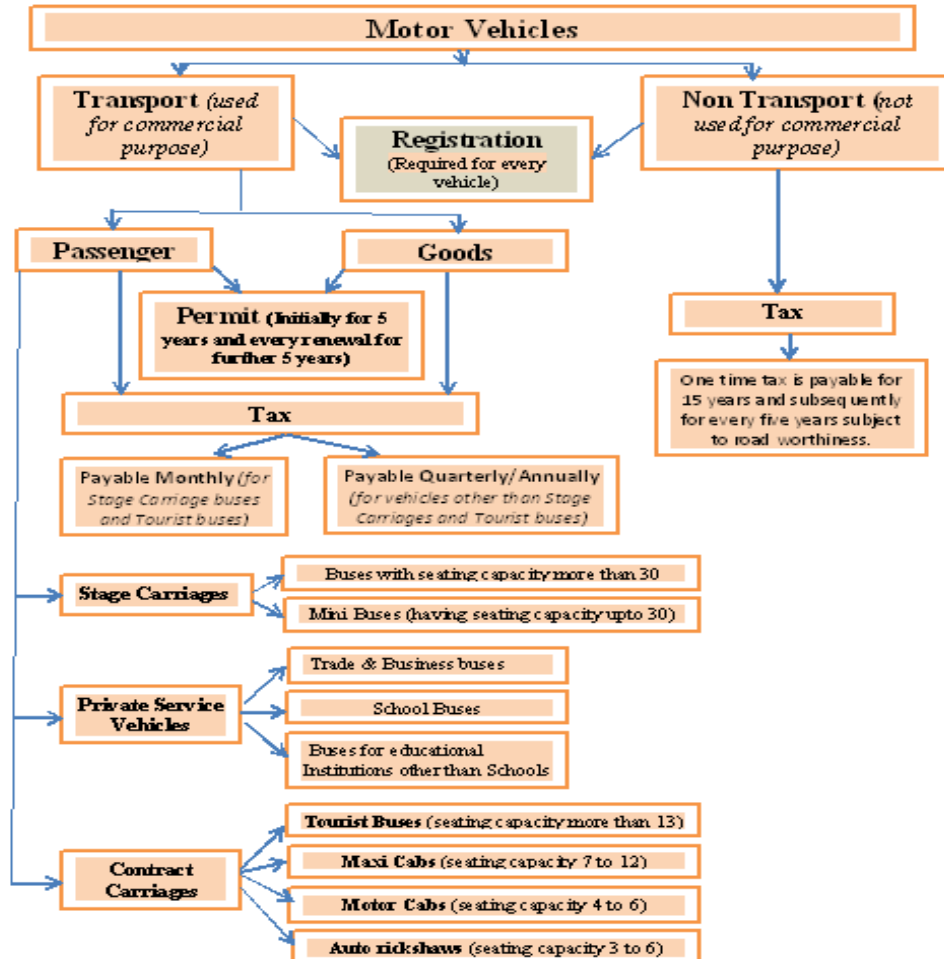
(Source: Annual financial statements and Finance Accounts of the Government of Punjab)

Receipts from taxes on vehicles showed an increasing trend during 2013-18. Motor vehicle tax receipts accounted for around 5 to 6 per cent of State's own tax receipts in the last three years. Actual tax receipts fell short of budget estimates in all years except in 2014-15.

During 2017-18 the Budget Estimate of Motor Vehicle Tax was raised by 92.42 per cent from ` 1,650.00 crore to ` 3,175.00 crore. However, the actual realisation was only ` 1,911.20 crore. The Finance Department stated (December 2018) that BE were revised in anticipation of policies for raising

MVT. However, actual receipt was only ₹ 1,911.20 crore since MVT was raised only in respect of two categories of vehicles, Stage Carriage Buses and Goods Vehicles.

5.3.7 Activity flow chart



Stage Carriage buses are vehicles which carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey.

Private Service Vehicles are vehicles running upto 50 km from the place of business.

Contract Carriage means a motor vehicle which carries a passenger or passengers for hire or reward from point to point and is engaged under a contract entered into by a person holding a permit.

Audit findings

5.3.8 Short collection of MVT

Section 3 of PMVT Act, empowers the State Government to fix the rate of tax by issue of notifications from time to time. The rate of tax imposed from time to time is given in the *Appendix-II*.

Audit of five selected RTAs disclosed that against due MVT of ` 62.36 crore, only ` 29.06 crore was found to have been deposited leaving unrealized MVT of ` 33.30 crore in respect of different categories of vehicles as tabulated below:

Table 5.3: Detail of unrealized Motor Vehicle Tax

(` in crore)

Sl. No.	Type of Vehicle	Population in five RTAs/STC	Audit Sample Test Checked/Analysed	Cases involved in objection	RTAs involved in objection	Nature of Objection	Amount Due	Amount Paid	Amount Short paid	Remarks
1.	Stage Carriage Buses	421 Transporter 1,711 Permits	145 Transporter 825 Operating Permits	19 Transporter 61 Permits	4 Selected RTAs (Amritsar, Hoshiarpur, Jalandhar, Patiala) and RTA Faridkot	Outstanding MVT	4.97	2.87	2.10	No short payment of MVT found in RTA Ludhiana
2.	Mini Buses	2,091	1,120	141	5 RTAs	Outstanding MVT	2.52	1.43	1.09	
3.	Contract Carriages	20,687	20,687	12,459	5 RTAs	Outstanding MVT	10.02	3.89	6.13	
4.	All India Tourist Buses	322	103	53	STC Punjab	Outstanding MVT	1.86	0.61	1.25	
5.	Goods Carriages	46,865	46,865	19,650	5 RTAs	Outstanding MVT	34.34	17.31	17.03	
6.	Private Service Vehicles									
i	Trade and Business Buses	120	120	55	4 RTAs (Hoshiarpur, Jalandhar, Ludhiana and Patiala)	Outstanding MVT	4.28	1.47	2.81	Due MVT was found paid in RTA Amritsar
ii	Educational institute buses other than School Buses	226	132	40	5 RTAs	Outstanding MVT	0.94	0.43	0.51	
iii	Buses used by Schools	10,371	3,802	397	5 RTAs	Outstanding MVT	3.43	1.05	2.38	
	Total	10,717	4,054	492			8.65	2.95	5.70	
	G.Total	81,853				Total	62.36	29.06	33.30	

It was observed as follows:

- The system could not generate separate defaulter lists (showing particulars of vehicle owners who did not pay tax) in respect of Contract Carriages and Mini buses
- There was no integration between VAHAN 1.0 and OMVPS. As a result, owners who had never made payments were not on OMVPS and were not included in the defaulter list generated by OMVPS. There was inadequate follow up of defaulter lists by RTAs/STC level as evidenced by large arrears in collection of MVT.

During exit conference (August, 2018), Department stated that recovery would be effected and intimated accordingly. The Department further stated that tracking of goods vehicles having arrears of MVT is difficult because of their interstate movement. The reply should be seen in the light of the fact that as many as 6,222 goods vehicles (32 *per cent*) having arrears of MVT turned up for one or the other on-counter services⁴ at respective RTAs. Thus the Department had ample opportunity to collect arrears of taxes from these defaulters. However, due to lack of a robust monitoring mechanism, this could not be ensured.

In VAHAN 4.0, the mapping of permits with stage carriages was yet to be done. Tax defaulter report for all categories of vehicles, report on vehicle wise tax paid and report of arrears of MVT exists in VAHAN 4.0. Department has not intimated any recovery of MVT (November 2018).

(ii) Non-application of revised rates

Section 3 of the Act empowers the State Government to fix the rate of tax by issue of notifications from time to time.

Audit of selected RTAs disclosed that the MVT rates applicable to stage carriage buses during 2013-18 for plying within the State of Punjab were revised by the State vide seven notifications⁵. Seven depots⁶ of Punjab Roadways and PUNBUS falling under the jurisdiction of three selected RTAs⁷, deposited MVT of ` 12.49 crore on pre-revised rates in place of ` 12.80 crore required to be levied and collected as per revised rates. These depots were paying MVT through treasury challan without using OMVPS. The RTAs concerned did not issue any notice for recovery of short deposited MVT despite the fact that short realisation of MVT continued since April 2013. Thus, inaction on the part of the Department led to accumulation of short realised MVT of ` 0.31 crore.

In the exit conference (August 2018), the Department assured that the recovery of MVT would be effected and intimated accordingly.

Non pursuance of system generated defaulter lists resulted in short realisation of MVT of ` 33.30 crore. The department may consider prescribing periodicity for generation of defaulter reports. It may strengthen its monitoring mechanism for identifying arrears of MVT and utilizing the system-generated information of defaulters and strengthening its recovery mechanism including arrears of past period. Strengthen enforcement wing to ensure timely realization of revenue by adopting special modes of recovery e.g. impounding vehicles of the tax defaulters, cancelling permits of defaulters etc.

4 Services relating to permit, fitness certification, transfer of ownership, etc.

5 October 2012, August 2013, July 2014, January 2015, December 2015, June 2016 and August 2017, for rates please see *Appendix-II*.

6 Amritsar-I, Amritsar-II, Tarn Taran, Patti, Hoshiarpur, Ludhiana and SBS Nagar.

7 Amritsar, Hoshiarpur and Ludhiana.

(iii) Reciprocal Agreements

As per Section 88 of the MV Act, State Governments are to enter into reciprocal agreement to facilitate both of them to ply their stage carriage buses in the territory of each other at agreed routes. Different rates were prescribed for countersigned permits under the reciprocal agreements and permits without countersignatures as per details given in **Appendix-II**.

Out of five selected RTAs, RTAs at Jalandhar and Patiala had entered into reciprocal agreements with other States. Audit of records of RTA Patiala disclosed that it executed a reciprocal agreement (June 2008) with Union Territory, Chandigarh, for plying of Chandigarh Transport Undertaking (CTU) buses on 67 routes covering 29,562 kilometers on daily basis. However, CTU buses covered 62,364⁸ kilometers on 10 routes, not covered under reciprocal agreement and covered 7,182 kilometers on two agreed routes in excess of the permitted kilometers between April 2013 and December 2017. This was detected by cross checking reciprocal agreements with monthly bills of tax payment wherein mileage covered on different routes was depicted. The CTU was required to pay MVT of ₹ 1.48 crore on the distance of 69,546 kilometers, as per rates applicable for permits without countersignature whereas it deposited MVT of ₹ 0.95 crore only, as per rates applicable for countersigned permits. Though the Union Territory, Chandigarh deposited MVT short by ₹ 0.53 crore (₹ 1.48 crore - ₹ 0.95 crore) since April 2013, the RTA Patiala failed to take cognizance of this fact.

In the exit conference (August 2018), the Department intimated that the matter has been taken up with CTU for recovery. However, the reply from CTU was awaited.

Plying of buses on routes not covered under reciprocal agreement and in excess of agreed kilometres resulted in short realisation of MVT of ₹ 0.53 crore. The department may consider strengthening its monitoring mechanism for detecting plying of buses under reciprocal agreements.

5.3.9 Non-levy of interest on delayed payment of MVT for Stage Carriage buses

Section 11A (1) of PMVT Act provides that failure on the part of a transporter to pay tax within the prescribed period attracts simple interest at the rate of one and half *per cent* per month on the amount of tax remaining unpaid following the due date of payment of tax till the actual date of payment. Section 8(4) of PMVT Act provides for imposition of penalty not exceeding ₹ 10,000 but not less than ₹ 2,000 on delayed payment of tax

Audit of payments made during 2013-18 through OMVPS in respect of stage carriage buses in five selected RTAs disclosed that out of MVT of

⁸ On these ten routes, distance covered, on daily basis, ranged, between 672 and 1,468 kilometers.

₹ 94.98 crore received from 189 transporters during 2013-18, ₹ 23.22 crore (25 per cent) was deposited with delay ranging between one month and 35 months. As a result, interest of ₹ 0.80 crore was due from these transporters. Further, MVT of ₹ 2.10 crore was not paid by 18 transporters and one depot of Punjab Roadways up to 31 March 2018 in the selected RTAs. Interest of ₹ 0.53 crore is due from these transporters.

No case of delayed payment of tax was noticed in respect of test checked tourist buses. However, MVT of ₹ 1.25 crore was not paid by 53 bus owners upto 31 March 2018 in the selected RTAs. Interest of ₹ 0.41 crore is due from these bus owners.

Payment of tax in respect of stage carriage buses and tourist buses is made on monthly basis. Hence interest on delayed payment of tax could be worked out. In case of remaining categories of vehicles, taxes are paid quarterly/annually. As the MVT is paid in lump sum covering more than one quarter, and since OMVPS does not capture information on interest, the interest component, cannot be segregated in case of vehicles where the payment is made quarterly/annually.

OMVPS has separate column to show the amount of tax and penalty but does not have separate column to show the amount of interest paid. The system should have provision for calculating interest payable for all payments made after due date.

In the exit conference (August 2018), the Department assured to recover the interest and get the provision for calculation of interest inbuilt in VAHAN 4.0. Action taken by the Department to recover the interest is still awaited. (November 2018).

OMVPS was not enabled to calculate interest payable on delayed payments of MVT. Provision for calculating interest for delayed payment has not been provisioned in VAHAN 4.0 also. Department may consider incorporating a feature in VAHAN 4.0 for auto calculation of interest on delayed payment of MVT.

5.3.10 Non obtaining of security on default in payment of MVT

Section 7-A (1) and (2) of PMVT Act, 1924 provides that the Licensing Officer, for the proper realization of tax levied under this Act, shall after giving an opportunity of being heard, required any owner of the transport vehicle to deposit as security an amount not exceeding fifty thousand rupees in the prescribed manner where such an owner make a default in the payment of tax under this Act for continuous period of two months or more.

Audit noticed that 15 out of 19 operators of stage carriages as pointed out in Para 5.3.8 (1), defaulted continually in payment of MVT for more than two

months during 2013-18. However, the Department did not demand security from these operators to safeguard the government money.

The Department may consider obtaining security as per provision to safeguard the interest of the government.

5.3.11 Non-renewal of permits

Section 66 of CMV Act prescribes that no owner of a motor vehicle shall use or permit the use of the vehicle as a transport vehicle in any public place whether or not such vehicle is actually carrying passengers or goods. Further, as per Rule 80 of PMV Rules, the holder of a permit may, at any time, surrender or deliver the permit to that authority within fourteen days of its expiry.

As per provisions contained in Section 81 of the CMV Act read with Rule 67 of the PMV Rules, a permit is granted to a transport vehicle for a period of five years and is subject to renewal for further period of five years by submitting an application not less than 15 days before expiry date, along with requisite application and permit fee⁹ prescribed on the basis of type of vehicle and its seating capacity.

653 permits were due for renewal during the period 2013-18 (December 2017) in respect of private service vehicles (PSVs) in the test checked RTAs. It was observed that 169 permits (26 per cent) falling under the jurisdiction of three selected RTAs¹⁰ were neither got renewed nor were surrendered. Audit also observed renewal of permits of 15 PSVs out of 653 test checked cases by the RTAs on receipt of application along with renewal fee without ensuring payment of due MVT of the prior period. In the other two RTAs¹¹ permits due for renewal were got renewed. In transport vehicles one vehicle is linked up with one permit except Stage Carriage buses where more than one vehicle can be plied against one permit. The renewal of permits was being managed manually. Non-renewal of permits rendered plying of vehicles on public roads illegal and caused revenue loss amounting to ₹ 0.16⁹ crore.

Renewal of permits of Stage carriage buses (including Mini Buses) was not examined as the matter was under litigation. Further in respect of Goods carriage and Contract Carriage, there was no correlation between initial register where permit was issued with subsequent register where permit was got renewed. Also there were no remarks regarding surrender or delivery of

⁹ Detail of application and permit fee in respect of PSVs:

Type of Vehicle	Seating Capacity	Application Fee (₹)	Permit Fee (₹)	Total (₹)	Hoshiarpur No. of vehicles	Ludhiana No. of vehicles	Patiala No. of vehicles	Total amount (₹)
PSV	Upto 30	1,500	3,750	5,250	41	33	24	
PSV	31 and above	10,000	5,000	15,000	23	32	16	
Total					5,60,250	6,53,250	3,66,000	15,79,500

¹⁰ Hoshiarpur, Ludhiana and Patiala

¹¹ Amritsar and Jalandhar.

permit. Hence it was difficult to trace vehicle wise non renewal of permits. As a result, audit cannot give assurance regarding renewal of permits in respect of these two categories.

During exit conference (August 2018), Department stated that instructions would be issued to field offices to pursue the matter to recover the outstanding permit fee from the vehicle owners.

Weak monitoring of permit renewal resulted in non-renewal of permits. Department may ensure complete migration of legacy data maintained manually onto VAHAN 4.0 so as to ensure completeness of data. VAHAN 4.0 can facilitate monitoring by generating information on permits due for renewal. The Department should enforce an efficient mechanism for effective pursuance so that the benefit of features available in VAHAN 4.0 can be fully utilised.

5.3.12 Non-renewal of registration certificates of non-Transport Vehicles

Section 41(7) of the MV Act provides that registration of non-transport vehicle is valid for a period of 15 years. Further, Rule 52 of CMV Rules provides that after the expiry of this period, a vehicle could be re-registered for a further period of five years with payment of prescribed fees. At the time of re-registration, fitness certificate is also to be obtained by paying applicable fee. Section 55 (1) of the Act provides that if a motor vehicle has been destroyed or has been rendered permanently incapable of use, the owner shall within 14 days report the fact to the registering authority and shall forward the certificate of registration of the vehicle.

Data analysis of VAHAN 1.0 and OMVPS revealed that, in all, there were 24,26,998 non-transport vehicles registered with the selected five RTAs. Of these, registration of 8,50,951¹² vehicles (35 per cent) were due for renewal, out of which 2,95,903 vehicles pertain to the period of audit (April 2013 to September 2017). However, only 2,342 out of 2,95,903 got their fitness certificates renewed. The remaining 2,93,561 vehicles (99 per cent) neither obtained fitness certificates nor surrendered the registration certificates (RCs) to the registering authority. The revenue implication in respect of these 2,93,561 vehicle is ` 17.47 crore (Fitness fee ` 6.81 crore and renewal fee ` 10.66 crore). This amount has been calculated assuming that all these vehicles are in usable condition and are plying. However, information on the number of vehicles that are actually in use in the State is not available with the Department.

¹² Amritsar- 2,27,013, Hoshiarpur- 14,585, Jalandhar- 3,65,287, Ludhiana- 95,991 and Patiala- 1,48,075.

In the exit conference, the Department stated (August 2018) that after incorporation of penalty clause¹³ in December 2016, owners of non-transport vehicles were coming forth for re-registration.

Non monitoring of surrender of RC and absence of integration of VAHAN 1.0 with OMVPS resulted in non re-registration of non-transport vehicles. VAHAN 4.0 can generate reports, date-wise and registration number-wise, to list out vehicles whose re-registration is due. The Department should put in an efficient mechanism for effective pursuance so that the benefit of features available in VAHAN 4.0 can be fully utilised.

5.3.13 Fitness certificates of Transport Vehicles

Section 56 of the CMV Act provides that a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness. Further, as per Rule 62 of CMV Rules, fitness certificate granted under the Act in respect of newly registered transport vehicle is valid for two years and thereafter required to be renewed every year after payment of prescribed fee of ` 400 for light motor vehicle and ` 600 for medium and heavy motor vehicle.

a) Data analysis of “VAHAN 1.0” and “OMVPS” in respect of transport vehicles registered between April 2011 and December 2015 by the selected five RTAs revealed that fitness certification of 81,979¹⁴ vehicles became due at least once between April 2013 and December 2017. 28,239 vehicles (34 per cent) renewed fitness certificate and the remaining 53,740¹⁵ vehicles (66 per cent), did not renew fitness certificate. The revenue that was not realized works out to ` 5.50 crore. Due to absence of integration between VAHAN 1.0 and OMVPS vehicles due for fitness/declared fit could not be monitored.

Out of 53,740 vehicles, 1,470 were school buses and 317¹⁶ were ambulances/animal ambulance. The fitness certification on the basis of pollution under control certificates granted by the pollution check centers having no such testing facility was also questionable as discussed in **Paragraph 5.3.15**. This implies that there is no assurance that only road-worthy vehicles are being permitted to ply in the State. This also has adverse environment impact.

In exit conference (August 2018), Department stated that mandatory fee for renewal of fitness certificate in respect of gap period was being recovered from the vehicle owners and penalty would be levied whenever the vehicle

13 In case of delay in applying for renewal of certificate of registration, an additional fee of three hundred rupees for delay of every month or part thereof in respect of motor cycle and five hundred rupees for delay of every month or part thereof in respect of other class of non-transport vehicles shall be levied.

14 Amritsar- 13,568, Hoshiarpur- 7,582, Jalandhar- 14,629, Ludhiana- 31,017 and Patiala- 15,183.

15 Amritsar- 10,214, Hoshiarpur- 4,394, Jalandhar- 10,096, Ludhiana- 20,100 and Patiala- 8,936.

16 Out of 317 vehicles, 82 vehicles belonged to Government.

owners come for fresh renewal of fitness certificate. In VAHAN 4.0, SMS mechanism would be incorporated for sending alerts to the vehicle owners.

b) Rule 62 of CMV Rules prescribe that renewal of fitness certificate shall be made only after carrying out tests specified in the Rule. Further Rule 40 of Punjab Motor Vehicle Rules, 1989 provides Form C.F.X for inspection record of certificate of fitness of transport vehicle. The form requires to fill data against 12 points relating to registration of vehicle after verification of the physical features of the vehicle with the particulars noted in the Certificate of registration. It also requires to carry out more than 40 prescribed checks in 13 categories in order to declare a transport vehicle fit.

Audit noticed that 4,77,455¹⁷ fitness certificates were issued to transport vehicles in the selected RTAs during 2013-18. Form C.F.X was also found filled. It was further noticed from the vehicle passing registers¹⁸ maintained by MVI in the selected RTAs during 2017-18 that the number of fitness certificates issued daily ranged between three (RTA Hoshiarpur) and 659 (RTA Ludhiana). There are no criteria regarding time required to carry out these checks. Even if five minutes are considered appropriate to fill the required data after verification and carry out the checks as prescribed in Form C.F.X, at most 100 number of transport vehicles could be tested for fitness on a day. Audit noticed 384 instances where more than 100 fitness certificates were issued in one day. This includes 186 instances where more than 200 fitness certificates were issued in one day. The unreasonably large number of fitness certificates issued in one day indicates that these vehicles were granted fitness by compromising the safety norms which could cause harm to the environment as well as jeopardize safety of public life.

Motor Vehicle Inspectors are responsible for issuing fitness certificates. As against the sanctioned strength of 18 posts, the men-in-position is 7 as on 31 March 2018. The shortage is 11 posts (61 *per cent*). The staff strength needs to be increased.

Absence of integration of VAHAN 1.0 with OMVPS resulted in non-detection of transport vehicles due for fitness certification. The Department should enforce a stringent monitoring mechanism for ensuring that only road – worthy vehicles are permitted to ply.

5.3.14 Non-realization of additional fee for choice numbers

Rule 42-A of the PMV Rules provides that the Registering Authority shall assign a registration mark to the owner of a motor vehicle as per his choice from the registration marks, as specified in the Sixth Schedule to these Rules on payment of such additional fee, as may be fixed by the Government. The

¹⁷ Amritsar (62,307), Hoshiarpur (69,030), Jalandhar (91,321), Ludhiana (1,41,171) and Patiala (1,13,626).

¹⁸ Excluding passing registers for the year 2013-14 and from 25.5.17 to 22.6.17 (RTA Patiala).

Government, in exercise of these powers, notified (December 2012, January 2014, September 2015 and August 2017) additional fee¹⁹ for registration marks of choice in each series.

Scrutiny of the records and further online verification on official website of Department from the period 2013-14 to 2017-18 revealed that 11,366 registration marks of choice numbers were allotted to vehicle owners by STC Punjab (39), RTA Amritsar (1,769), RTA Hoshiarpur (1,017), RTA Jalandhar (3,371), RTA Ludhiana (91) and RTA Patiala (5,079). Out of this, there were no documents in support of payments of ₹ 79.39 lakh by the allottees of 90 choice numbers in STC Punjab (6) and RTA Ludhiana (84). In rest of the four RTAs, additional fee of ₹ 31.97 lakh was not collected in 95 cases as revised rates were not applied (₹ 40.88 lakh – ₹ 8.91 lakh). The omissions resulted in short realisation of addition fee of ₹ 111.36 lakh (₹ 31.97 lakh + ₹ 79.39 lakh).

During exit conference (August 2018), Department stated that matter would be looked into.

The Department may recover the deficient additional fee of ₹ 111.36 lakh.

5.3.15 Pollution Check Centers

Rule 170-B of PMV Rules, 1989 authorizes a Pollution Checking Centre (PCC), to issue 'pollution under control' (PUC) certificate. The PCC's are required to obtain authorization certificate by depositing ₹ 5,000. These certificates are to be renewed annually by paying ₹ 1,000 per annum. These centres are required to submit fortnightly report²⁰ to the concerned RTA regarding details of PUC certificates issued. In compliance to STC's directives (February 1998), Punjab Pollution Control Board (PPCB) carried out inspection (September 2011) of PCC's and reported issuance of PUC certificates by more than 50 per cent of PCC's without having testing facilities.

Audit of records of five selected RTAs disclosed that there were 228 PCC's. In RTA Ludhiana, all 24 PCC's got their authorization certificates renewed. In the remaining four²¹ RTAs, 68 out of 204 PCC (33 per cent) were issuing PUC certificates during 2013-18 without getting their authorization certificates renewed. Age wise analysis of these unauthorized pollution check centers is as under:

¹⁹ Rates of additional fee for allotment of registration marks of choice

Registration marks of choice	From 05.12.2012 till 08.01.2014	From 09.01.2014 to 29.09.2015	From 30.09.2015 to 23.08.2017	From 24.08.2017 to 31.03.2018
0001	₹ 50,000	₹ 5,00,000	₹ 5,00,000	₹ 2,50,000
0002 to 0009	₹ 10,000	₹ 2,50,000	₹ 50,000	₹ 25,000
0010 to 0099	₹ 3,000	₹ 1,00,000	₹ 25,000	₹ 12,500
0100 and others	₹ 1,000	₹ 5,000 to ₹ 25,000	₹ 5,000 to ₹ 25,000	₹ 5,000 to ₹ 12,500

²⁰ Order No.-7098-7119 dated 18.02.1998.

²¹ Amritsar, Hoshiarpur, Jalandhar and Patiala.

Table 5.4: Age wise analysis of non-renewal of certificates

Name of the RTA	Period for which renewal is pending in respect of Pollution check centres (PUCs)						Total PUCs
	One Year	Two Year	Three Year	Four Year	Five Year	More than Five Year	
Amritsar	3	3	0	0	1	1	8
Hoshiarpur	5	1	0	0	0	1	7
Jalandhar	14	4	1	3	1	6	29
Patiala	7	1	3	3	1	9	24
Total	29	9	4	6	3	17	68

Neither, did the STC or the RTAs carry out any inspection of these Centers to ensure renewal of authorization and proper testing facilities nor did these Centers submit any fortnightly report. This resulted into non-realisation of authorization fee of ` 0.03 crore.

During exit conference the Department assured (August 2018) to carry out the necessary inspections.

Poor monitoring resulted in issue of pollution under control certificates by unauthorised pollution control centres. The Department may consider putting in place a stringent mechanism for ensuring timely renewal of authorization certificates of pollution control centres and for ensuring availability of prescribed testing facilities.

5.3.16 Trade fee and Possession tax

a) *Trade Fee:*

Rule 33 of CMV Rules provides that a motor vehicle in the possession of a dealer/manufacturer of vehicles shall be exempt from the necessity of registration subject to the condition that he obtains a trade certificate from the concerned RTA. Rule 34 provide that an application for the grant or renewal of a trade certificate shall be accompanied by appropriate fee²² as specified in Rule 81. The trade certificate is issued or renewed for a period of twelve months from the date of issue or renewal.

Audit of records of five RTAs revealed that there were non-renewal of trade certificates and short-deposit of renewal fee leading to short realisation of trade fee of ` 0.09 crore as given in Table 5.5.

²² Detail of rate of trade fee payable of vehicle dealers:

Vehicle	Trade fee per trade certificate	
	Up to 31.12.16	From 1.1.17 onwards
Two wheeler	50	500
Three/Four Wheeler	200	1,000

Table 5.5: Detail of outstanding Trade Fee

(in crore)

	Total Population in 5 RTAs	Audit Sampled Test Checked/Analysed	Number of Trade Certificate	Dealers involved in objection	RTAs involved in objection	Number of Trade Certificate	Trade Fee due	Trade Fee Paid	Trade Fee short Paid
Non renewal of trade certificate	513 Dealers	320 Dealers	3,061	98	5 RTAs	1,027	0.10	0.03	0.07
Non application of revised rates				45	3 RTAs (Amritsar, Hoshiarpur and Patiala)	499	0.04	0.02	0.02
Total							0.14	0.05	0.09

b) **Possession Tax:**

Section 14C of PMVT Act provides that a dealer or manufacturer of motor vehicles shall pay tax²³ (possession tax) at the specified annual rate for the vehicles kept in his possession and such possession is authorized under a trade certificate.

Audit of records of five RTAs revealed that RTA Jalandhar (Jalandhar and Kapurtala districts) was realising possession tax from vehicle traders of Jalandhar district on the number of vehicles received from manufacturers. However, 320 vehicle dealers of the remaining districts falling under the five selected RTAs were paying possession tax at the minimum rate of the rates-slab resulting in short realisation of possession tax of ` 7.86 crore as given in Table 5.6. RTAs maintain manual registers containing name and address of dealer, number of trade certificates issued and period of renewal. But the sale data of the vehicles was not entered in the register. Dealer wise data of vehicles sold were available on OMVPS since registered dealers were provided login ID by the Transport Department wherein sale data was fed in the OMVPS. Department however did not use this information for assessing amount of possession tax to be paid by these dealers. Audit adopted a conservative approach by taking number of vehicles sold by the dealers during the period (as available in OMVPS) as vehicles in possession with the dealers and worked out the short collection based on data in OMVPS.

23 Detail of rate of possession tax payable by vehicle dealers

Vehicle	Possession Tax (in `)		
	Up to 8.8.13	From 9.8.13 onwards	Lots
Two wheeler	2,000	4,000	100 or part thereof
Three/Four Wheeler	4,000	8,000	50 and part thereof

Table 5.6: Detail of outstanding Possession Tax

(in crore)

	Total Population in 5 RTAs	Audit Sampled Test Checked/Analysed	Dealers involved in objection	RTAs involved in objection	Type of Vehicle	Number of Vehicles	Tax due	Tax Paid	Tax short Paid
Possession Tax	513 Dealers	320 Dealers	222 Dealers	5 RTAs	Two Wheeler	9,91,503	4.21	0.36	3.85
			98 Dealers	5 RTAs	Four Wheeler	2,96,043	4.33	0.32	4.01
Total			320 Dealers			12,87,546	8.54	0.68	7.86

In exit conference (August 2018), Department stated that there was some ambiguity in interpretation of the term “possession” and clarification would be sought or dealt with and intimated accordingly. Reply of the Department regarding ambiguity in interpretation of the term “possession” is not acceptable as the rates were applicable since November 2007 and no clarification had been sought since then. Nothing in this regard has so far been intimated by the Department (November 2018).

Absence of monitoring resulted in non-renewal of trade certificate, non application of revised rates and short-realisation of possession tax. The department should devise a method for ascertaining the number of vehicles in the possession of dealers and may use sale data available in OMVPS for arriving at the number of vehicles in possession with the dealers. VAHAN 4.0 generates the report of trade certificates due for renewal. Department may ensure complete migration of manual data for ensuring optimal utilisation of the system. Prescribe a periodical return to be furnished by the dealers indicating number of vehicles in possession and trade fee payable thereon.

5.3.17 Non-renewal of authorisation of National Permits

A Goods carriage intending to move at national level shall apply for a National Permit in a prescribed form to the jurisdictional RTA (Rule 86 to 90 of MV Rules). A permit is valid for five years (Section 81 of MV Act). However, as per Rule 87(3) of CMV Rules, an authorisation of National Permit is valid for one year only. No National permit is granted to a goods carriage other than multi-axle vehicle which is more than twelve years old (15 years for multi-axle vehicle) (Rule 88(1) of MV Rules). Authorisation to ply vehicles across the country for one year is issued on payment of Consolidated fee of ` 16,500 (from April 2012) along with State authorisation fee of ` 1,000. Further, Society fee of ` 150, scan fee of ` 20 and permit application fee of ` 200 are also charged.

Rule 80 (1) of Punjab Motor Vehicles Rules, 1989 read with Section 86 (e) of MV Act, provides that the holder of a permit may, at any time, surrender the permit to the State or Regional Transport Authority by which it was granted if he fails to use the vehicle for the purpose for which the permit was granted. The State or Regional Transport Authority shall forthwith cancel the permit so surrendered.

Data analysis of report²⁴ of authorizations of National Permit revealed that 67,105 goods vehicles obtained 2,11,385 authorisations during 2012-17. Authorizations of 45,802 out of 67,105 vehicles were renewed every year. However, owners of the remaining 21,303 vehicles did not renew authorizations. 887 out of 21,303 vehicles had become overaged and were not eligible for renewal of authorisation. 17,761 out of 20,416 vehicles were registered prior to 1 April 2013. Since the database did not have information on the period of validity of the National Permits, it could not be ascertained whether the authorisations of these vehicles were eligible for renewal. Remaining 2,655 out of 20,416 vehicles were registered between 1 April 2013 and 31 March 2017 and hence these national permits were valid and their authorizations were due for renewal during 2014-18. However, owners of these vehicles did not renew authorization. There was nothing on record to indicate whether vehicles assigned to these permits were declared off the road/transferred to other States. These goods vehicle owners neither renewed the authorisations nor surrendered the National Permit for cancellation. The Department also did not issue notices to the owners who did not renew their authorisations and did not surrender National Permits. The amount of fee involved in these 2,655 vehicles was ₹ 4.69 crore (2,655 x (16,500+1,000+150+20)).

The matter was brought to the notice of the Department (July 2019) and the Department assured to pursue the matter.

The Department may ensure compliance of provisions of MV Act relating to renewal/cancellation of National Permit.

5.3.18 Determination of Exemption of Tax for Stage Carriages

Section 13(1) of Punjab Motor Vehicles Taxation Act, 1924 and Rule 8-C, 9 and 10 of Punjab Motor Vehicles Taxation Rules, 1925 provide for exemption from payment of tax for motor vehicles not used subject to deposition of registration certificate with the licensing officer.

MVT for Stage Carriage Buses is charged on the basis of number of kilometres allowed per day as per the route permits. MVT is payable at the end of every month. The permit holders may seek exemption from payment of

²⁴ Obtained from National Informatics Centre (NIC).

MVT if they are not able to ply the buses due to breakdown, accident, impounding of vehicles, etc.

The Department has not maintained any record/register in respect of number of exemptions of tax granted to stage carriages. Hence, it could not be ascertained in Audit as to how many exemption orders were issued during 2013-18. The Department, however, provided Audit with 10 exemption orders issued during 2013-18. In five out of these, it was observed that exemptions were allowed on the basis of confirmation from bus stand operators regarding non-entry of the stage carriages in the bus stand. However, the applicants had not deposited the registration certificates with the Department.

In these five cases department granted exemptions by seeking confirmation from bus stand operators regarding non-entry of the buses into bus stands. However, this method is not correct since it is possible that stage carriages may ply illegally without entering into bus stands. This possibility is confirmed by the complaints made by State Transport Undertakings to State Transport Commissioner, Punjab and RTA Amritsar in April 2015, September 2017 and July 2018 about unauthorised plying of buses from outside bus stands.

Hence, the practice of grant of exemptions merely on the basis of confirmation from bus stand operators is wrong and is not in conformity with the provisions of the rules. The Department needs to ensure compliance to the rules.

5.3.19 Absence of mechanism to map newly registered stage carriage with existing/new permit

Section 66 of CMV Act prescribes that no owner of a motor vehicle shall use or permit the use of a vehicle as a transport vehicle in any public place whether or not such vehicle is actually carrying passengers or goods save in accordance with the conditions of a permit granted by Regional Transport Authority.

Audit noticed in selected RTAs that each RTA maintained a permit list to list out permits of stage carriages that were effective in its jurisdiction. However, the permit list lacked important information that was necessary for effective monitoring. In RTA Amritsar, Hoshiarpur and Jalandhar, registration numbers of buses were not mentioned against all the 954²⁵ permits in the permit list due to which detail of buses being used by the permit holder against a permit was not available. In RTAs Ludhiana and Patiala, 24 (3 + 21) out of 757 (318 + 439) permits were found not mapped with vehicle registration numbers. In most of the cases where the vehicle registration numbers were mentioned, these were not mentioned permit wise. Instead, these were mentioned transport company wise. The permit list also failed to declare

²⁵ Amritsar (350), Hoshiarpur (262) and Jalandhar (342).

minimum number of buses required to carry out the permitted trips as per allotted time table to compare the required fleet strength with number of buses owned by the permit holder. In absence of the information on minimum number of buses required to carry out permitted trips and non-mentioning of vehicle numbers against a permit, it could not be ascertained whether these operators were plying more number of buses than required to carry out the permitted trips.

Audit observed from VAHAN 1.0 data that 1,428 new buses were registered in name of private persons/operators during 2013-18 (up to 31 December 2017) in the State of Punjab. No stage carriage permits were issued by the Department to private operators in the State during the period. This indicates that either these buses are plying without permit or plying against existing permits as replacement vehicle.

To verify details of replacement vehicles information was called from RTAs. None of the RTA except RTA Ludhiana provided this information. In RTA Ludhiana there were 17 replacements. Out of 17 replacement buses, only two buses were from these 1,428 new buses which indicate that most of these new buses were plying without permit. This was further corroborated by Audit analysis of challans issued for plying buses without permits by RTA S.A.S Nagar (Mohali) during 2017-18. Out of 44 challans, 14 challans were issued for 12 buses which were part of these 1,428 new buses.

Further, the State Transport Undertaking had lodged complaint from time to time (April 2015, September 2017 and July 2018) with RTA Amritsar and STC Punjab regarding instances of unauthorised plying by 52 buses from outside bus stand in Amritsar. It was noticed that 22 out of 52 buses were from 1,428 newly registered buses. Action taken on the complaints was not intimated to Audit (July 2019).

In the absence of permit wise vehicle registration numbers in permit list, the information regarding replacement of vehicles against existing permits and minimum number of buses required to carry out the permitted trips as per allotted time table, Audit could not derive an assurance that vehicles were not plying in excess of the permitted trips. The possibility that some of these buses might be plying without valid permit cannot be ruled out.

The Department may ensure that information regarding vehicle registration number against each permit and minimum number of buses required to carry out permitted trips is recorded for stage carriages at the time of registration.

5.3.20 Enforcement

As per Rule 239 of PMV Rules, 1989, the officers of the Motor Vehicles Department shall be responsible to administer and enforce the provisions of the Act, rules and regulations or notifications made or issued there-under and carry out such duties as have been assigned to them under these rules or such other duties as may be assigned to them. The persons appointed as Officers has powers to seize and detain the vehicle and shall keep the same in safe custody of nearest police station or in the premises of Government Department against a proper receipt if they have reasons to believe that motor vehicle has been used in contraventions of the provisions of Section 3 or Section 4 or Section 39 or without the required permit as envisaged in Section 66(1) of CMV, Act or in contraventions of any of the condition prescribed in the permit.

Audit scrutinised 2,933²⁶ challans issued during 2013-18 in the selected RTAs and RTA S.A.S Nagar (Mohali). A total of 4,619 offences were registered in these 2,933 challans. Out of 4,619 offences, 142 were for without permit, 27 for not carrying permit, 29 for without fitness, 548 for without MVT, 48 for without pollution, 1,410 for overloading, 468 for unauthorised use, 12 for without time table and 1,935 for other offences.

Audit observed following deficiencies in the enforcement process:

- i. **Non-consolidation of vehicle wise offences:** Sections 180 to 192-A under the Motor Vehicle Act, 1988 provides for enhanced fine with or without imprisonment for the second or subsequent offences committed for driving at excessive speed, driving dangerously, driving under the influence of liquor/drugs, driving when mentally or physically unfit to drive, offences related to accidents, using vehicles in unsafe conditions/without permit.

Audit observed that neither enforcement module of VAHAN 1.0 was operational nor data regarding vehicle wise detail of offences and number of times a particular offence was committed were maintained. Maintenance of such data would help in identifying the repeat offenders for levy of enhanced compounding fee. However, in the absence of such mechanism, implementation of provision of enhanced compounding fee on repeated offence could not be ensured in audit.

- ii. **Overloaded vehicles:** Section 113(3) of MV Act provides that motor vehicle should not be allowed to be driven in any public place having unladen weight exceeding the limit specified in the Registration Certificate (RC) of the vehicle or the laden weight exceeding the gross vehicle weight specified in the RC. Section 114(1) of the Act provides

²⁶ Amritsar-366 (Jan-18 to Mar-18), RTA Hoshiarpur-683 and Jalandhar-684 (Jan-17 to Mar-17), RTA Ludhiana-402 (Oct-17 to Mar-18), RTA Patiala-727 (Apr-13 to Jun-13 and Jan-16 to Mar-16) and RTA Mohali-71 (2017-18).

for directing the driver to off-load the excess weight at his risk and not allowing to remove the vehicle from the place until the laden weight has been reduced.

Scrutiny of challans books disclosed that 1,410 offences were for overloading. In all the cases, the offenders were allowed to go without offloading the excess load. This is in contravention of the provision. In 1,200 cases the amount of penalty was mentioned in the challans and the offenders had paid the due penalty. In the remaining 210 cases, the amount of penalty was not mentioned.

RTAs Ludhiana and Patiala replied that it was not practically feasible to offload the overloaded vehicles as requisite manpower, machinery, suitable space are required for the same. The reply is not convincing as it is in contravention of the provision contained in Section 114 (1).

- iii **Non-mentioning of vehicle registration number in challan:** In 122 challans, vehicle registration numbers of the offenders were not mentioned. Out of this, offences in respect of 42 challans were not compounded.
- iv **Non-availability of equipment:** To effectively implement provisions regarding speed limit (Section 183) and drunken driving (Section 185) as provided in MV Act, the department needs to have equipments such as breath analysers, mobile interceptors²⁷ and speed guns.

Audit noticed that these equipments were not available in RTAs Amritsar, Jalandhar, Ludhiana and Patiala for effective enforcement. RTA Ludhiana stated that only one interceptor is available with the State which is sent to RTAs on turn basis. RTA Hoshiarpur and STC did not reply.

Enforcement is a crucial aspect in Motor Vehicle Department as it helps to ensure that the provisions of the MV Act and Rules are implemented effectively. Assistant Transport Officers are responsible for carrying out enforcement functions. However, as against the sanctioned strength of 47 posts, the men-in-position was 8. The shortage is 39 posts (83 per cent). In RTA Patiala, audit observed that Secretary, RTA was the only officer for enforcement in the jurisdiction of RTA Patiala. Further there is no earmarked staff for enforcement.

The Department may strengthen the enforcement by maintaining vehicle wise data of offences, off-loading excess weight from overloaded vehicles, using available MIS as input for effective enforcement and providing necessary equipment for risk based enforcement.

²⁷ Mobile Interceptor is a comprehensive enforcement system vehicle useful to identify over speeding vehicles by capturing video of movement violations, drunken driven cases and vehicles overloaded with goods.

5.3.21 Data integrity issues

Data integrity refers to assurance of the accuracy and consistency of data over its life-cycle.

(a) The prescribed nomenclature of registration number in Punjab State is alphanumeric wherein the first two characters are “PB”, fifth or fifth and sixth characters are alphabets and rest of the characters are numeric. Further, in the old nomenclature of registration numbers, first three characters were alphabets followed by four numeric characters. Audit observed that data validation check in VAHAN 1.0 was not built in, as can be seen from the fact that the system accepted various alpha-numeric combinations²⁸ in respect of 272 registration numbers.

In exit conference (August 2018), Department attributed the inaccuracy to inadequate training to staff and assured that now trainings would be imparted on regular basis. The Department also stated that the directions had already been issued for carrying out necessary rectifications.

(b) Audit verified the registration numbers mentioned in the manually maintained permit lists and observed that 31 of 141 Mini buses were untraceable in VAHAN 1.0. Of the remaining 110 registrations numbers, which could be traced, 49 vehicles were found to be registered in some other category. Of the remaining, 61 Mini buses, four were showing to have more than 32 seats. Thus, correctness of registration numbers as well as category of vehicle mentioned against permits by the RTAs is doubtful.

(c) Audit also verified the vehicle registration numbers mentioned against permits in the register of PSVs with VAHAN 1.0 database and found that 54 out of 492²⁹ PSVs were not traceable. Of the remaining 438 PSVs, 19 registration numbers were found to be of vehicles other than PSVs, as these vehicles were registered as two/three wheelers, light goods vehicles, e-rickshaws etc. Thus, correctness of registration numbers mentioned against permits by the RTAs remained questionable.

MVT data of 49 mini buses and 19 PSVs (pointed out above) was analysed in OMVPS and it was observed that these vehicles had deposited tax as applicable to the respective category of vehicles as mentioned in permit list in a particular year. It thus indicates that category of vehicle in VAHAN 1.0 has been entered incorrectly.

(d) In respect of goods vehicles, motor vehicle tax is calculated on the basis of Gross Vehicle Weight. Data analysis of VAHAN data base revealed that there are 118 vehicles (for example PB10BV4581, PB10BV8056, PB10DS6427 etc.) in the database which are showing zero Gross Vehicle

²⁸ For example: PA10AH0360, PA10AH0890, P1B0AH1674, P1B0AH1757, etc.

²⁹ 55 PSVs permitted for use by trade and business houses + 40 PSVs permitted for use by educational institutions and 397 PSVs permitted for use by schools.

Weight, which is not possible and will result in determination of tax at the lowest slab

In exit conference (August 2018) it was assured that the data base would be rectified, Results of verification in VAHAN 4.0 showed one out of 31 mini buses and three out of 54 PSVs were traceable. Thus, the data was yet to be completely corrected/updated (November 2018) in VAHAN 4.0.

Inaccuracies in database has the risk of generating incorrect reports which cannot be relied upon. Department may incorporate appropriate validations for ensuring correctness of database.

5.3.22 Non-compounded challan cases not sent to court

Section 200 of MV Act provides that any offence committed in contravention of the provisions of this Act may either before or after the institution of the prosecution, be compounded by such officers or authorities and for such amount as may be specified by the State Government in this behalf. If the offender does not either agree to compounding or does not turn up for disposal of challan at a later date, the Department is required to send such cases within a period of six months from the date of challan to the Court for disposal. However, as per Section 468 of the Criminal Procedure Code 1973, the Court will not take cognizance of the offences after expiry of six months from the date of commencement of the offence.

Audit of records of selected five RTAs disclosed that out of 12,000 challans test-checked, 472 challans issued during the period between April 2013 and July 2017 were neither compounded by the Department nor were these challans forwarded to the Court within six months of their issue, leading to failure of system of enforcement.

In exit conference, the Department assured (August 2018) that henceforth non-compounded challans would be sent to the Court within time limit of six months.

VAHAN 4.0 is yet to be equipped with enforcement module (November 2018) and the Department is yet to procure e-Challan machines.

Non initiation of timely action resulted in non compounding of challans. The Department may consider to equip VAHAN 4.0 with enforcement module for optimum of utilization of VAHAN 4.0.

5.3.23 Arrears of Revenue

Audit of records of selected five RTAs for the period 2013-18 revealed that none of the RTAs were maintaining any manual record whereby arrears of MVT could be identified for pursuance. Though, OMVPS could generate, permit-wise monthly list of MVT received for stage carriage buses and

quarterly for goods vehicles and PSVs, the Department had no mechanism to ascertain the outstanding MVT, period of default and number of defaulting firms/vehicles. As such, arrears amounting to ` 50.63 crore, as discussed in the foregoing paragraphs remained un-recovered.

In exit conference the Department assured (August 2018) to issue instructions to field offices for preparation of record of arrears of MVT properly and also assured to incorporate the provision of showing arrears of revenue against the defaulting transporters in VAHAN 4.0.

Non pursuing of previous arrears and short realisation of MVT resulted in accumulation of arrears. VAHAN 4.0 has provision for generating tax defaulter report and tax arrears report (2016-17 onwards). The Department should put in an efficient mechanism for effective pursuance so that the benefit of features available in VAHAN 4.0 can be fully utilised.

5.3.24 Non-maintenance of registers

Rule 15.7 of Punjab Financial Rules provides that suitable accounts of stores and inventories should be maintained with a view to preventing losses through theft, accident, fraud or otherwise and to make it possible, at any time, to check the actual balance with the book balances. It is important that all quantities received in or issued from stores are entered in stock accounts, strictly in order of occurrence, on the date of transactions. Rule 15.16 provides that a physical verification should be made once in every year.

Audit of records of selected five RTAs revealed that receipt books, challan books and daily cash registers were issued for official use in all RTA offices, but the stock registers were not maintained in the Form 2 (UF 73) prescribed for this purpose. None of the RTA got the requisite physical verification of these stock registers conducted during 2013-18.

Thus, owing to non-adherence to the well-prescribed system of stock management and physical verification, the assurance of having reliable stock accounts could not be derived. Hence, these receipt books and registers, were always susceptible to loss through theft, accident, fraud or otherwise.

During exit conference the Department (August 2018) assured to maintain stock register in proper form.

5.3.25 Non-preparation of Departmental Manual

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

However, no such manual existed in the Department. The Department had not prepared a compendium, enumerating business rules and/or instructions issued from time to time, thereby affecting the efficacy of the Department. Thus,

Department's standard operating procedures, demarcation of duties, etc. were yet to be documented and chronicled.

In exit conference, Department assured (August 2018) that a committee would be constituted to look into the preparation of departmental manual.

5.3.26 Internal Audit

With a view to plug the various loopholes leading to leakage of revenue and to improve the quality of assessment and collection of major revenue earning Departments in Punjab, including Transport Department, an Internal Audit Organization (IAO) under the Finance Department, Government of Punjab was set up in October 1981.

Audit of selected five³⁰ RTAs revealed that none of the RTA offices was audited by the Internal Audit Organization during 2013-18.

In exit conference (August 2018), Department stated that matter would be taken up with the Finance Department to take up internal audit of the Transport Department.

The Department may consider strengthening internal control mechanism by preparation of Departmental manual resulting in efficacy of the Department, getting Internal Audit done and maintenance of up-to-date records in proper format.

5.3.27 Follow up on previous Performance Audit Report

The Report No. 4 of 2014 of the Comptroller and Auditor General of India on Revenue Sector of Punjab, presented to the State Legislature in March 2015, also included performance audit of "Levy and Collection of Motor Vehicle Tax (MVT)" covering period from 2008 to 2013.

The above Audit Report pointed out short collection of MVT, fees and fines amounting to ` 85.13 crore. The Public Accounts Committee of the State Legislature discussed this Audit Report on 29 August 2017, wherein the Department intimated to have recovered MVT of ` 14.32 crore (17 per cent). The Department also intimated that MVT of ` 0.91 crore was beyond recovery. Thus, balance recoveries of MVT of ` 69.90 crore were still awaited.

Although issues like non/short realization of MVT, short realization of MVT from buses on reciprocal agreement, non-application of revised rates etc., were raised in the above Report, yet these shortcomings still persist.

The recommendations given by PAC have been given in *Appendix-III*. Action Taken Note on these recommendations have not yet been submitted by the Department.

30 Amritsar, Hoshiarpur, Jalandhar, Ludhiana and Patiala.

Conclusion

Due to absence of mechanism to monitor arrears of MVT and ensure its timely recovery taxes of ` 34.14 crore remained unrealized. Although provision for generating defaulter lists existed on VAHAN 1.0 this facility was not utilized by the Department effectively for recovering arrears in tax collection. There was no prescribed periodicity for generating the defaulter lists nor was there a reporting mechanism for collection/ recovery of arrears of taxes. There was short realisation of trade fee and possession tax from dealers of motor vehicles amounting to ` 7.95 crore in the test checked Regional Transport Authorities. Unauthorised pollution control centres were issuing pollution under control certificates without having proper testing facilities. Improper maintenance of registers, non-submission of reports and non-pursuance of outstanding amounts indicate poor internal control mechanism in the Department.

The cases pointed out are based on the test check conducted by Audit. The Department may initiate action to examine similar cases and take necessary corrective action.