

CHAPTER-III
COMPLIANCE AUDIT
PARAGRAPHS

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Road Construction Department

3.1 Extra cost burden

The Departmental Tender Committee cancelled a bid after disqualification of the lowest bidder, instead of awarding the work to the next lowest bidder, as per the terms and conditions of the bidding document. The work was awarded at a higher cost in the re-bid, leading to extra cost burden of ₹ 2.62 crore on the Government.

As per clause 31.1 of the Standard Bidding Document (SBD), a contract is to be awarded to the bidder who has offered the lowest evaluated bid price and whose bid has been determined to be: (i) substantially responsive¹ to the bidding documents and (ii) within the available bid capacity², adjusted to account for his bid price. Further, a contract is not to be awarded to any bidder whose available bid capacity is less than the evaluated bid price, even if his bid is the lowest evaluated bid. In such cases, the contract is to be awarded to the next lowest bidder, at his evaluated bid price.

The work “Improving of Riding Quality (IRQP) of Majhgaon-Jaitgarh-Noamundi road from 30 to 58.20 km” was technically sanctioned (January 2019) for ₹ 17.82 crore, by the Chief Engineer (CE), Central Design Organisation (CDO), Road Construction Department (RCD), Ranchi and administratively approved (February 2019) for ₹ 17.82 crore, by RCD. The Bill of Quantities (BoQ), for the work, was approved (March 2019) by the Superintending Engineer, Chaibasa, for ₹ 17.60 crore.

Audit scrutiny (August 2022) of records of the Executive Engineer (EE), Road Division (RD), RCD, Manoharpur, revealed that bids for the work had been invited (between May 2019 and September 2021) five times and had been finalized (December 2021) in the fifth call. The first three bids had been cancelled³ by the Departmental Tender Committee (DTC), due to error in the bid documents, error in the bidding software and departmental instructions.

¹ As per clause 26 of SBD, during the evaluation of technical and financial bids, the Employer will determine whether each bid is substantially responsive to the requirements of the bidding documents and bid conditions. A substantially responsive financial bid is one which conforms to all the terms, conditions, and specifications of the Bidding documents, without material deviation or reservation.

² As per clause 4.7 of SBD, the bidders who meet the minimum qualification criteria will be qualified only if their available bid capacity is more than the total bid value. The available bid capacity is assessed taking into account value of works executed and value of existing commitments.

³ The first tender (invited in May 2019) had been cancelled (June 2019), due to an error in mentioning the financial year for calculation of the bid capacity, in the bid document. The second tender (invited in June 2019) had been cancelled (September 2019), due to an error in the bidding software regarding calculation of GST and Labour Cess, over the quoted price. The third tender (invited in October 2019) had not been evaluated, as per departmental instructions (January 2020) for cancellation of all the pending tenders invited on the basis of the Schedule of Rates (SoR) 2018, due to detection of serious deficiencies in the SoR. A Committee had, subsequently been constituted, to examine these deficiencies.

The BoQ was revised (June 2021) to ₹ 18.73 crore by the CE (Communication), RCD, and the bid was re-invited (June 2021) for the fourth time. The technical bids of four out of six bidders were found (August 2021) to be substantially responsive and their financial bids were opened in August 2021. During financial evaluation (14 September 2021), DTC found that the lowest bidder (M/s. Kiran Construction and Infrastructure Private Limited, Jamshedpur), with a bid capacity of ₹ 26.14 crore and offered price of ₹ 16.84 crore, had been awarded (9 September 2021) another work⁴, with BoQ value of ₹ 17.57 crore, by the same Department, under the jurisdiction of EE, Road Division, Chaibasa. As a result, the bid capacity of the lowest bidder had been reduced, and the bidder was not found eligible for award of this work.

Audit further observed that the DTC did not consider the second lowest bidder, with the quoted price of ₹ 17.03 crore, in the fourth call, despite clause 31.1 of the SBD providing for award of the work to the next lowest bidder, if the bid capacity of the lowest bidder, was found to be lower than the evaluated bid price. The DTC ultimately cancelled and re-invited (September 2021) the bid for the fifth time. In the fifth call, the work was awarded (December 2021) to the lowest bidder (M/s. Chandel Construction, Jamshedpur), at ₹ 19.65 crore, by DTC, leading to extra cost burden of ₹ 2.62 crore on the Government. As of March 2023, the work was under progress, with expenditure of ₹ 21.35 crore (including ₹ 1.88 crore being adjustment of bitumen price) having been incurred against the work.

Thus, DTC did not exercise due diligence in the evaluation of the bids, leading to cancellation of the fourth bid, instead of the work being awarded to the next lowest bidder, after disqualification of the lowest bidder, as per the terms and condition of the bidding document. This led to extra cost burden of ₹ 2.62 crore on the Government, due to award of work at a higher cost in the re-bid.

On this being pointed out in audit, the EE stated that the bid had been decided by DTC and the agreement with the contractor had been executed as per the directions of higher authorities.

The matter was reported to the Department in April 2023, reply is awaited (March 2024).

⁴ Improvement of Riding Quality Programme (IRQP) of the Tantnagar-Bharbharia-Kumardungi-Manjhgaon road (MDR-185) from 0 to 33 km, in regard to which agreement No. 3 SBD of 2021-22, was found to have been signed on 18 October 2021.

Urban Development and Housing Department and Drinking Water and Sanitation Department

3.2 Non-realisation of Government dues

Executive Engineer, DWSD, Chaibasa, did not ensure: (i) preparation of a certificate of dues, after termination of a contract relating to a water supply project and (ii) initiation of certificate proceedings⁵, for recovery of government dues of ₹ 4.42 crore, for more than three years. Further, the population that was intended to benefit from the said water supply project, remained deprived of the benefits of the project, for more than ten years after its sanction.

As per clauses 59 and 60 of the Standard Bidding Document (SBD), if a contract is terminated because of a fundamental breach of contract by the Contractor, the Engineer shall issue a certificate for the value of the work done less: (i) the advance payments received by the contractor up to that date (ii) other recoveries, due in terms of the contract (iii) taxes due to be deducted at source and (iv) the percentage⁶ to apply to the work not completed. If the total amount due to the Employer exceeds any payment due to the Contractor, it shall be a debt payable to the Employer.

Audit scrutiny (between November 2018 and August 2021) of the records of the Executive Engineer (EE), Drinking Water and Sanitation Division (DWSD), Chaibasa, revealed that the State Level Sanctioning Committee (SLSC), had sanctioned (March 2011) an Urban Water Supply Scheme, for ₹ 32.18 crore, under the “Urban Infrastructure Development Scheme for Small and Medium Towns under Jawaharlal Nehru National Urban Renewal Mission”. The scheme was administratively approved (August 2012) by the Urban Development and Housing Department (UDHD) for ₹ 32.18 crore. The scheme was to be executed through the Drinking Water and Sanitation Department. UDHD provided (between August 2012 and December 2016) ₹ 32.18 crore to the Chaibasa Municipality, of which ₹ 28.03 crore was transferred (between September 2013 and February 2017) to the EE, DWSD, Chaibasa.

The Engineer-in-Chief (EIC), DWSD invited (January 2013) tender on turnkey basis at an estimated cost of ₹ 34.91 crore and the tender committee decided (April 2013) the tender at ₹ 38.19 crore. The EE, DWSD, Chaibasa, executed (April 2013) an agreement for ₹ 38.19 crore, with a contractor, to complete the work by April 2015. The completion time was extended (September 2015) up to March 2016, by the Engineer-in-Chief (EIC), DWSD, due to delay in handing over the site for service reservoirs, delay in approval of drawings and designs, delay in providing mobilisation advance to the contractor owing to non-transfer of funds by Chaibasa Municipality in time and scarcity of sand. The estimate

⁵ As per clause 60 of SBD, upon termination of the contract, EE shall issue a payment certificate. If the total amount due to the Employer exceeds any payment due to the Contractor, it shall be a debt payable to the Employer. Further Section 4 and 6 of the Public Demand Recovery Act, 1913, stipulates process for recovery of public demand where the assessing officer shall prepare a certificate specifying the amount due and send it to the Collector of the district concerned who shall proceed to recover the amount as an arrear of land revenue.

⁶ The percentage to apply to the value of work not completed represents the Employer’s additional cost for completing the works as indicated in the contract data. In this contract, it was 20 per cent.

was further revised and technically approved (June 2017) by EIC, DWSD, for ₹ 40.45 crore. The revision included change in design of the intake well with the pump house & elevated service reservoirs; and addition in laying of rising and distribution main (pipe lines) to cover water supply to areas missed out in the initial estimates. Accordingly, a supplementary agreement for ₹ 1.97 crore was executed (September 2017) with the contractor, to complete the additional work by March 2018. As such, the agreement value increased from ₹ 38.19 crore to ₹ 40.16 crore.

The contractor could not complete the work, despite repeated reminders (between September 2013 and May 2018) by the EE and instructions in the review meetings (between April 2016 and August 2017) held by the Chief Secretary; Secretary, UDHD and EIC, DWSD. The contractor did not employ sufficient manpower required for completion of the work and finally stopped the work in May 2018. Ultimately, the EIC ordered (July 2018) that the agreement be rescinded. Accordingly, the EE took (July 2018) final measurements and rescinded (October 2018) the agreement. The contractor had been paid ₹ 27.52 crore, including price adjustment of ₹ 39.76 lakh, up to October 2018, against the total executed work value of ₹ 27.12 crore.

Further, Government of Jharkhand decided (October 2019) to complete the remaining work, from funds available under the District Mineral Foundation Trust (DMFT). Accordingly, the Deputy Commissioner, West Singhbhum, Chaibasa, provided (November 2020) ₹ 11.79 crore, for this purpose, to the EE, DWSD.

The remaining work was awarded (January 2021) to another contractor, at ₹ 12.41 crore, for completion of work by January 2022 (including three months of trial run period) and was under progress, as of June 2023, with payment of ₹ 7.74 crore having been made until March 2023.

Audit noticed that, after termination of the first contract, the EE did not prepare the certificate of dues payable by the contractor, as required under SBD. Audit worked out the dues to be ₹ 7.55 crore, which included: (i) liquidated damages (LD) of ₹ 4.02 crore (ii) excess payment of ₹ 91.60 lakh and (iii) 20 per cent of value of unexecuted work as percentage charges, amounting to ₹ 2.61 crore. Out of this, ₹ 4.42 crore was recoverable from the contractor, as discussed below:

- As per clause 49 of the SBD, the contractor was to pay liquidated damages (LD)⁷ to the employer, for each day after the intended completion date, up to the actual completion date. The contractor did not apply for further time extension after March 2016. and had completed only 52 per cent (₹ 19.81 crore) of work up to the intended completion date *i.e.* by March 2016. As such, he was liable to pay LD of ₹ 4.02 crore⁸ for the period up to 30 July 2018. Though the EE had paid ₹ 7.30 crore to the contractor between May 2016 and October 2018, only ₹ 65.35 lakh had been withheld from the

⁷ (1/2000)th of the initial contract price, rounded off to the nearest thousand per day, subject to maximum of 10 per cent of the initial contract price.

⁸ ₹ 1.91 lakh (1/2000 of initial agreed value of ₹ 38.12 crore) per day or ₹ 57.30 lakh per month for 17 months (April 2016 to August 2017) *i.e.* ₹ 9.74 crore and ₹ 2.01 lakh (1/2000 of final agreed value of ₹ 40.16 crore) per day or ₹ 60.30 lakh per month for 11 months (September 2017 to July 2018) *i.e.* ₹ 6.63 crore, subject to maximum of ₹ 4.02 crore, being 10 per cent of ₹ 40.16 crore.

contractor's bills towards LD. As such, the remaining LD of ₹ 3.37 crore was recoverable from the contractor.

- In the final bill, excess payment of ₹ 91.60 lakh was made towards construction of underground reservoir, elevated surface reservoir, raw and clear water pumps, approach road and supply and laying of pipes. This indicated that payments had been made on the basis of inflated measurements by the concerned engineers who were responsible for certifying the measurements. The excess payment of ₹ 91.60 lakh was, accordingly, recoverable from the contractor.
- Further as per the SBD, the contractor was liable to pay 20 *per cent* of the unexecuted value of work toward Employer's additional cost for completing the remaining works, as percentage charges. The contractor could not complete the agreed work valuing ₹ 13.04 crore⁹. As such, the contractor was liable to pay percentage charges of ₹ 2.61 crore being 20 *per cent* of ₹ 13.04 crore. .
- The performance security of ₹ 76.38 lakh, in the form of bank guarantee (BG), submitted by the contractor against the original agreement, had lapsed on 31 December 2017. The EE had neither obtained revalidated BGs, nor encashed the submitted BGs before its validity expired, despite being aware that the progress of work was not satisfactory. Further, the EE had also not obtained performance security of ₹ 3.94 lakhs (two *per cent* of the agreed value) against the supplementary agreement of ₹ 1.97 crore. Thus, by not ensuring availability of valid performance securities against the contract, the EE had missed the opportunity of recovering dues of ₹ 80.32 lakh.
- After termination of the contract, the District Development Co-ordination and Monitoring Committee, West Singhbhum in its meeting (December 2018) directed the EE to lodge a certificate case against the contractor for recovery of dues. However, the EE had not initiated certificate proceedings (as of June 2023.).

As such, against the total recoverable dues of ₹ 7.55 crore¹⁰, ₹ 4.42 crore was still recoverable from the contractor, excluding the security deposit of ₹ 2.48 crore and withheld LD of ₹ 65.35 lakh, lying with the Division.

Thus, failure on the part of EE, in not deducting proper LD from the running bills, non-preparation of certificate of dues after termination of the contract, non-initiation of certificate proceedings for recovery of dues and not ensuring availability of proper performance security, led to non-realisation of government dues of ₹ 4.42 crore, even after four years after the termination of the contract in October 2018 (as of June 2023). Further, the population that was intended to benefit from the water supply project, remained deprived of the benefits of the project, for more than ten years after its sanction.

On being pointed out, the EE stated (August 2021 and September 2022) that the matter of the lapsed BG would be examined. Regarding LD, the EE stated that 10 *per cent* had been deducted from each bill paid after the stipulated date of completion.

⁹ Agreement value of ₹ 40.16 crore *minus* work done of ₹ 27.12 crore.

¹⁰ LD: ₹ 4.02 crore, excess paid: ₹ 91.60 lakh and percentage charge: ₹ 2.61 crore.

The reply is not convincing, as the EE did not ensure adherence to the terms and conditions of the contract, in regard to obtaining performance security, as also in regard to recovery of admissible LD and other dues from subsequent bills, when it became due.

The matter was reported (April 2023) to the Department; reply is awaited (March 2024).

Health, Medical Education and Family Welfare Department

3.3 Excess payment

The Mahatma Gandhi Memorial Medical College and Hospital (the Hospital), Jamshedpur, hired manpower on contractual basis and allowed inadmissible double wages, extra working days not supported by attendance sheets and payments for manpower supplied in excess of the work order, leading to excess payment of at least ₹ 2.67 crore to the agencies.

Rule 25 of the Jharkhand Contract Labour (Regulation and Abolition) Rules, 1972, read with Rule 25 of the Minimum Wages (Central) Rules, 1950, stipulates that every workman, employed by a contractor, shall be allowed, in each week, a holiday, with wages for one whole day, and shall be entitled to eight holidays in a calendar year with wages. Further, no adult workman shall be required to work for more than eight hours on any day and 48 hours in a week. When a worker works in an employment for more than nine hours on any day or for more than 48 hours in any week, he shall, in respect of overtime work, be entitled to wages at double¹¹ the ordinary rate of wages, for which purpose, a Register of overtime shall be maintained by every employer.

The Labour, Employment and Training Department, Government of Jharkhand (GoJ), notified (April 2011 and August 2015) daily minimum wages, for daily wage labourers, under the Minimum Wages Act, 1948. As per the notification, the daily minimum wages were inclusive of wages for weekly off, payable to employed labourers, and the monthly wages were to be calculated by multiplying the daily wages by 26.

Audit scrutiny (December 2019) of records of the Hospital and additional information collected (between February 2021 and October 2022), revealed that a tender had been invited (August 2014) for supply of different categories of manpower¹² on contractual basis. The tender committee approved (February 2015) the rates of daily wages of two agencies¹³, which included basic wages¹⁴ per day plus the applicable employees provident fund, employees state insurance contribution, bonus, service tax and contractor's profit.

¹¹ In the case of employment in agriculture, at one and a half times.

¹² Skilled category: Staff Nurse Grade A, OT/Lab/ECG Technician, Pharmacist and Dresser; Semi-skilled category: Darkroom Assistant and Cook and Unskilled category: Gardener and Fourth Grade Kitchen/Ward Attendant.

¹³ M/s Advance Business Corporate, Jamshedpur: ₹ 552.97 for skilled and ₹ 474.66 for semi-skilled and M/s Shri Ram Enterprises, Jamshedpur: ₹ 415.12 for unskilled.

¹⁴ Basic wages were more than the daily minimum wages as notified in April 2011 and August 2015 by GoJ.

The Hospital issued (February 2015) work orders to these agencies¹⁵ for supply of 66 persons in various departments of the Hospital, from 15 February 2015 till February 2016. As per the work orders, payments were to be made on a monthly basis. The corresponding agreements were executed (May 2015) subsequently. Thereafter, the Hospital again invited (December 2016) a tender for supply of staff nurses and approved (January 2017) the rate of ₹ 1,180 per day, offered by one of these agencies (M/s Advance Business Corporate, Jamshedpur). Against this tender, another work order was issued (January 2017), for supply of 300 nurses, for the next two years.

Audit scrutiny of the paid bills and certified attendance sheets revealed that the Hospital had irregularly made excess payment of at least ₹ 2.67 crore, as discussed below.

- Details of mandays and attendance sheets submitted by the agencies, for the period from March 2016 to February 2018, are shown in **Table 3.1**.

Table 3.1: Details of mandays paid for, vis-à-vis mandays as per the attendance sheets

Name of the agency	Category of manpower supplied	Period	Mandays against which bills were submitted and paid to the agencies				Mandays as per attendance sheets		
			Manpower ordered and supplied	Working days ¹⁶	Sunday	Holidays (national holidays)	Manpower supplied	Days marked as present	Days marked as off (weekly)
Agency A (M/s Shri Ram Enterprises)	Unskilled	March 2016 to February 2018	3,858	1,15,913	16,720	2,737	5,101	1,14,093	20,115
Agency B (M/s Advance Business Corporate)	Skilled, semi-skilled and unskilled	April 2016 to October 2017	7,006	1,87,120	26,975	4,503	7,544	1,62,672	28,129
Total			10,864	3,03,033	43,695	7,240	12,645	2,76,765	48,244

It can be seen from **Table 3.1**, that the Agencies had supplied total manpower in a month over and above the quantum of manpower asked for, in order to provide the required weekly off and national holidays to each manpower as required under the Jharkhand Contract Labour (Regulation and Abolition) Rules, 1972, which was evident from the attendance sheets.

Further scrutiny revealed that the agencies submitted bills based on the ordered manpower and not on the basis of attendance sheets. In the bills, the agencies claimed daily wages for a manpower for the whole month including Sundays and holidays, besides additional one day's wages for Sundays and national holidays *i.e.*, double wages for Sundays and national holidays, as if they were claiming overtime. However, the employed manpower never did overtime as it was neither mentioned in the attendance sheets nor was any register of overtime maintained. The submitted bills were

¹⁵ M/s Advance Business Corporate, Jamshedpur, for supplying 54 persons *i.e.* Staff Nurse Grade A (24), OT/Lab/ECG Technician (16), Pharmacist (2), Dresser (9), Darkroom Assistant (1) and Cook (2) and M/s Shri Ram Enterprises, Jamshedpur, for supplying 12 persons *i.e.* Gardener (1) and Fourth Grade Attendant (11).

¹⁶ It included Sundays and holidays of a month as the Agencies were paid one day wages for total days of a month plus additionally one day wages for Sundays and holidays of that month.

also found certified to be correct by the responsible authorities of the hospital and the agencies were paid accordingly.

Further, the Agency A had been paid for unskilled manpower only, while Agency B had been paid for skilled manpower (87 per cent of total mandays), semi-skilled manpower (two per cent of total mandays) and unskilled manpower (11 per cent of total mandays)¹⁷. But the attendance sheets of agency B were not maintained in a manner that showed the category/post-wise attendance. As such, Audit could not calculate the exact amount of excess payment to agency B for extra mandays than what was marked in the attendance sheets.

Taking into account the rate of minimum wages, i.e. ₹ 415.12 per day, payable to un-skilled manpower, the Hospital paid at least ₹ 181.38 lakh in excess for 43,695 Sundays (weekly off) as double wages. Further, the Hospital paid at least ₹ 78.99 lakh for 19,028 mandays¹⁸, which had been claimed in excess of the actual presence of manpower and national holidays, as per the attendance sheets.

- The hospital issued (May 2016) orders to agency B to supply eight computer operators. The order was revised (January 2017) to supply of 28 computer operators. However, the order was again revised (December 2017) to supply only eight computer operators on the pretext that the agency supplied only eight computer operators between January 2017 and December 2017 against the order for supplying 28 computer operators.

However, the agency supplied 21 computer operators between January 2018 and March 2018 and payment was made at the rate of ₹ 552.97 per day. As such, the agency supplied 13 additional computer operators beyond the supply order of the Hospital. Thus, payment of ₹ 6.47 lakh to these 13 computer operators for 1,170 mandays¹⁹ was irregular.

In addition, the Hospital irregularly extended the contract period and hired manpower at higher rates as discussed below.

- In a meeting (February 2016) on management of the hospital, the Principal Secretary, Health, Medical Education and Family Welfare Department directed the Principal of the Hospital not to extend the contract period of the agencies, outsourcing paramedics and other staff, for more than three months after completion of their agreement period. In these cases, completion period of agreement was February 2016. However, the Superintendent of the Hospital extended (several times between April 2015 and December 2017) the agreement period up to June

¹⁷ As per the paid bills, out of total 1,87,120 working days, 1,61,630 working days were for skilled manpower, 4,632 were semi-skilled manpower and 20,858 were for un-skilled manpower.

¹⁸ (3,03,033 working days) – (2,76,765 days marked as present in the attendance sheets plus 7,240 days of payable national holidays) = 19,028 mandays. As per GoJ notification, wages for off days (weekly off) was not payable.

¹⁹ 13 x 90 x 552.97 = ₹ 6,46,975 as each computer operator were paid for 90 days from January to March 2018.

2018 along with enhancing the scope of work (supplying additional manpower²⁰ at the approved rates) without going for further tender.

- As discussed above, the Hospital approved (January 2017) the new rate (₹ 1,180 per day) of the same Agency (Agency B) for supplying staff nurses based on a fresh tender (December 2016). After approval (January 2017) of the new and higher rate, the Superintendent modified (February 2017) the scope of the earlier work order (February 2015) by removing 'staff nurse' from the list of manpower to be supplied in future though the agreement was in force till June 2018. The same agency supplied 161 staff nurses at the rate of ₹ 552.97 each per day till January 2017 and thereafter at higher rates though other manpower were supplied at the agreed old rates till the validity of the agreements expired. Thus, the possibility of extending undue financial benefit to the agency, by hiring staff nurses at higher rates despite having the option of hiring them at lower rates from the same agency, cannot be ruled out.

Thus, the Hospital paid inadmissible double wages for Sundays and national holidays, extra working days not supported by the attendance sheet and payment for manpower supplied in excess of the work order leading to excess payment of at least ₹ 2.67 crore. Besides, it irregularly extended the contract period by 25 months in violation of the direction of the Department and hired staff nurses at higher rates.

In reply, the Superintendent stated (May 2023) that the hospital was operational 24 x 7 and payments were made under the instruction of the Health Department issued in July 2009 and January 2014. However, after implementation of model tender document from 2017-18, the agencies were being paid for only 26/27 days for available manpower under labour rules. Regarding payments to additional 13 computer operators, it was stated that due to black listing of another agency (M/s Ocean Enterprises, engaged for operating the hospital management System), the computer operators were paid at the approved rate of M/s Advance Business Corporate against the supply order and attached a letter of April 2018 in support of the said supply order. Regarding payment to 161 staff nurses at higher rates, it was stated that the payment was made as per new work order which was approved after inviting fresh tender based on model tender issued by the Department. It was also stated that a payment ₹ 7.80 crore to the agency, at the new rates, was pending, and would be cleared only on receipt of instructions from the Department, in view of the audit observation.

The reply is not acceptable as the said instructions of the Health Department were regarding provision of funds for paying wages to contractual manpower and adherence to the labour laws issued by the Labour Department, GoJ. Further, the letter of April 2018 mentioned that the agreement of M/s Ocean Enterprises was terminated on 4 April 2018 and M/s Advance Business Corporate had been ordered to supply 23 computer operators from 5 April 2018 in addition to eight computer operators being supplied at that time. The letter itself indicated that M/s Advance Business Corporate supplied only eight

²⁰ In addition to approved categories, skilled category: Speech/Physio Therapist, Receptionist, Ophthalmic/technical Assistant, Photographer, Assistant Dietician, Ambulance driver, Electrical helper, Statistician, Clerk cum Computer Operator and un-skilled category: Vehicle cleaner, Lift man, Helper, Steward.

computer operators during January to March 2018 but was paid for additional 13 computer operators during this period beyond the supply order. Regarding hiring of staff nurses at higher rates, action of the Department was awaited.

Audit recommends that the Government may investigate the matter and fix responsibility on the erring officials/ officers for making excess payments.

The matter was reported to the Department in April 2023; reply is awaited (March 2024).

Energy Department

3.4 Non-realisation of Environment Management Fund

The Department had not set up an Environment Management Fund even after a lapse of over 10 years from the commencement of operations of a coal-based thermal power plant. Consequently, it failed to realize ₹ 82.40 crore from the Company that had set up the plant, towards the Company's contribution for carrying out environmental amelioration activities in the vicinity of the project and its hinterland, although this had been agreed upon in the Memorandum of Understanding (MoU) between the Department and the Company.

Government of Jharkhand (GoJ) entered into (October 2005) a Memorandum of Understanding (MoU) with M/s Adhunik Thermal Energy Limited (ATEL), for setting up a coal-based thermal power project of 1000 MW (4 x 250 MW), in two Phases, in the State of Jharkhand which was valid for 12 months from the date of signing of the MoU. The MoU was extended (January 2007) and Clause 12 (d) was inserted therein, regarding the intent of GoJ to set up an Environmental Management Fund (EMF), in order to carry out environmental amelioration activities, in a sustained manner, in the vicinity of the Project and its hinterland. ATEL agreed to support the efforts of GoJ, through an annual contribution of six paise per unit, on the energy sent out of the State of Jharkhand, from the Power Plant, towards the EMF.

ATEL was subsequently renamed (February 2008) M/s Adhunik Power and Natural Resources Limited (APNRL). The Ministry of Environment and Forest, Government of India, gave environment clearance for setting up two units (2 x 270 MW) at Kandra, in the Saraikela-Kharsawan district, in August 2009 and May 2011. APNRL started commercial operations of its two units, in January 2013 and May 2013 and signed (September 2012) a Power Purchase Agreement (PPA) with the Jharkhand State Electricity Board (JSEB), currently known as the Jharkhand Bijli Vitran Nigam Limited (JBVNL).

Audit scrutiny (January 2023) of records of the Energy Department, GoJ, revealed that the MoU had last been extended (November 2013) up to October 2016. Thereafter, the Department did not extend the MoU to make the said contribution obligatory on APNRL. However, GoJ had issued (October 2016) a Resolution where a provision to collect EMF at the rate of six paise per unit from the proposed private thermal power units, was made. Meanwhile, APNRL sold 13,733.70 million units of electricity outside the State of Jharkhand, during the financial years 2012-13 to 2021-22. Against these sales, APNRL was required to pay ₹ 82.40 crore towards EMF, at the agreed rate of ₹ 60,000 per million units, as per MoU.

Audit further noticed that following the MoU, APNRL had made provision of ₹ 82.41 crore, towards contribution to EMF, in its Annual Financial Statement for FY 2021-22, under the head 'Contingent Liabilities' (Note 35 a). In explanation to Note 35 a, APNRL mentioned that GoJ was yet to notify setting up of the EMF and its contribution policy and the Company would contribute to EMF, if applicable under the notification, prospectively, from the date of such notification.

Thus, the Department failed to extend MoU after October 2016 to make the EMF contribution obligatory and to set up the EMF, even after a lapse of more than 10 years from the commencement of operations of the coal-based thermal power plant and, consequently, failed to realize ₹ 82.40 crore from the Company. As a result, the envisaged environmental amelioration activities in the vicinity of the project site and its hinterland, had also not been taken up (March 2023).

On this being pointed out (January and March 2023), the Department, while stating (March 2023) that creation of the EMF was under progress, was silent on the reasons behind the delay in setting up of EMF and extension of the MoU. The Department had also constituted (May 2023) a Committee to advise on the matter of annual contribution towards EMF from the established thermal power plants, the report of which was awaited. The fact also remains that the Department had not created the fund, despite a lapse of more than 10 years.

The matter was reported (April 2023) to the Department; reply is awaited (March 2024).

3.5 Loss to the Company

M/s Tenughat Vidyut Nigam Limited (the Company) failed to consider the provisions of the New Coal Distribution Policy regarding procurement of coal up to the Annual Contracted Quantity, without paying Performance Incentive (PI), while entering into a coal supply agreement with the Central Coalfields Limited. Further, it did not initiate action to modify the provision for PI, despite there being a provision in the coal supply agreement, resulting in loss of ₹ nine crore to the Company.

The Ministry of Coal (MoC) notified (October 2007) the New Coal Distribution Policy (NCDP), which stipulated that, insofar as Power Utilities (including Independent Power Producers (IPPs)/ Captive Power Plants (CPPs) and the Fertilizer Sector) were concerned, 100 *per cent* of the quantity, as per the normative requirement of these consumers, would be considered for the purpose of supply of coal, through Fuel Supply Agreements (FSAs), by Coal India Limited (CIL), at fixed prices to be declared/notified by CIL.

Audit scrutiny (March 2022) of records of M/s Tenughat Vidyut Nigam Limited²¹ (the Company) revealed that the Company had entered into (May 2012) a Coal Supply Agreement (CSA) with M/s Central Coalfields Limited (CCL), a subsidiary of CIL, for a period of 20 years, effective from

²¹ Tenughat Vidyut Nigam Limited (A Government of Jharkhand Undertaking), headquartered at Ranchi, is a power generating company incorporated in November 1987, with 2x210 MW thermal power generation capacity at Tenughat Thermal Power Station (TTPS), located at village Lalpania in the district of Bokaro (Jharkhand).

1 April 2009. The Annual Contracted Quantity (ACQ) of coal to be supplied to the Company, by CCL, from its mines and/or from international sources, was 20 lakh metric tons (LMT) per year. As per clause 3.12.1 of the CSA, the Company was to pay Performance Incentive²² (PI) to CCL, on delivery of coal in excess of 90 *per cent* of the ACQ, in a particular year. Further, clause 2.3 stipulated that, three months prior to the completion of five years from the effective date, both the parties would initiate review of the ACQ and other related provisions of the agreement.

It was seen in audit that, during the period from FYs 2009-10 to 2021-22, in two years, *i.e.* in FY 2012-13 (20.72 LMT) and in FY 2015-16 (21.51 LMT), CCL had supplied coal in excess of 100 *per cent* of ACQ, to the Company. The Company carried out reconciliation of quantity of coal supplied during FYs 2012-13 and 2015-16, with CCL, in February 2016 and May 2017 respectively and paid PI of ₹ 21.59 crore²³ to CCL, for additional deliveries, in excess of 90 *per cent* of the ACQ. This included PI of ₹ nine crore (**Appendix-XXII**) for additional delivery of coal in excess of 90 *per cent* but up to ACQ.

Thus, while entering (May 2012) into CSA with the CCL, the Company had not considered the provision of the NCDP regarding procurement of ACQ at fixed prices without paying PI for supply in excess of 90 *per cent* and up to ACQ. Further, the Company had also failed to initiate action to review the CSA, at the expiry of every five years, after April 2009, despite such a provision in CSA, and, hence, did not modify the PI clause, in line with the provisions of the NCDP, to avoid loss on account of PI. This led to loss of ₹ nine crore to the Company.

On this being pointed out (December 2022), the Department stated (March 2023) that the audit observation appears untrue since Audit had considered only the PI and not the compensation payable²⁴ for short lifting, which would have been incurred by the Company in FYs 2013-14, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21. The Department further stated that if it went for review of the trigger level, to increase it to 100 *per cent* of the ACQ (instead of 90 *per cent*), while the PI amount would have come down in two financial years, the compensation amount would have increased in the other six financial years.

The Company again stated (May 2023) that any change in trigger level (*i.e.* 90 *per cent* of ACQ) would also have impact on compensation payable (for short lifting) since trigger level is same for computation of both PI and compensation. The Company, however, requested (December 2022) CCL to review the clause 3.12.1 of FSA but was not accepted (January 2023) by CCL on the ground that clauses of FSA were approved by CIL and any modification in the same would be made applicable uniformly for all concerned consumers

²² “PI = P*Additional Deliveries*Multiplier”, where, PI = The Performance Incentive payable, P = Weighted average Base Price of grades of coal received, Additional Deliveries = Quantity [in tons] of coal delivered by the Seller in the relevant year in excess of 90 *per cent* of ACQ. The Multiplier was to be 0.10 for Additional Deliveries between 90 and 95 *per cent* of ACQ, 0.20 for Additional Deliveries between 95 and 100 *per cent* of ACQ and 0.40 for Additional Deliveries in excess of ACQ.

²³ FY 2012-13: ₹ 10.37 crore and for FY 2015-16: ₹ 11.22 crore.

²⁴ As per clause 3.6.1 of CSA, compensation was payable for short-delivery (by seller)/short-lifting (by purchaser): 10 *per cent* on quantity below 90 *per cent* but up to 85 *per cent* of ACQ, 20 *per cent* on quantity below 85 *per cent* but up to 80 *per cent* of ACQ and 40 *per cent* on quantity below 80 *per cent* of ACQ.

and there was no system/practice in vogue to modify the FSA clauses on request of any single consumer. It was further stated that owing to poor financial condition, the Company was not depositing adequate advance coal values which often restricted annual coal supply to the Company, making it less than the ACQ, on which the Company was liable to pay compensation in most of the financial years.

The reply is not convincing, as the Company failed to include clauses regarding purchase of coal, without paying PI, up to 100 *per cent* of ACQ in the FSA, signed in May 2012, as per provisions given in NCDP notified in October 2007. Further, poor financial condition of the Company cannot be linked with the deviation from the provisions of NCDP. The contention of CIL that modification in FSA would only be allowed uniformly and there was no system/practice in vogue to modify the clauses on the request of a particular purchaser, was also not acceptable, as FSA being a bilateral agreement, its terms and conditions were binding on CCL and cannot be regulated by practice in vogue. Moreover, the Company had again requested (April 2023) CCL for modification in PI clause, which indicated that the Company had considered it to be feasible.

The matter was reported (April 2023) to the Department/Management; reply of the Department is awaited (March 2024).

Transport Department

3.6 Tax Administration

The levy and collection of motor vehicles tax and fee in the State is governed by the Jharkhand Motor Vehicles Taxation (JMVT) Act, 2001; the Jharkhand Motor Vehicles Taxation (JMVT) Rules, 2001; the Motor Vehicles (MV) Act, 1988; the Central Motor Vehicles (CMV) Rules, 1989 and the Jharkhand Financial Rules.

The Transport Department of Jharkhand is responsible for the levy and collection of motor vehicle tax and fee. The main functions of the Department include issue of certificates of registration, certificates of fitness, national permits, permanent and local permits for vehicles, trade certificates to dealers and driving/conductor licenses to individuals.

The Secretary of the Department is the State Transport Authority. He acts as the administrative head of the Transport Department and is responsible for implementation of the Acts and Rules in the State. The State Transport Commissioner (STC), Jharkhand, is the executive head and is responsible for the administration of Acts and Rules in the Transport Department. He is assisted by a Joint Transport Commissioner (JTC) at Headquarters, Regional Transport Authorities (RTAs) of five regions²⁵, District Transport Officers (DTOs) and Motor Vehicle Inspectors (MVIs) at 24 transport districts²⁶. These departmental

²⁵ Chaibasa, Dumka, Hazaribag, Palamu and Ranchi.

²⁶ Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Dumka, Garhwa, Giridih, Godda, Gumla, Hazaribag, Jamshepur, Jamtara, Khunti (Notified in March 2015), Koderma, Latehar, Lohardaga, Palamu, Pakur, Ramgarh (Notified in April 2015), Ranchi, Sahibganj, Saraikele-Kharsawan and Simdega.

officials are responsible for compounding the offences committed under the various MV Acts and Rules, as well as levy of tax and fines.

3.7 Result of Audit

During FY 2021-22, Audit test-checked records of 12 out of the 27 auditable units (44 per cent) of the Transport Department. During the period covered in audit, a total of 62,84,130 vehicles had been registered, out of which 10,98,522 vehicles had been registered in the test-checked units. Audit examined records related to 33,019 registered vehicles. The revenue collected by the Department, during the financial year 2020-21, aggregated to ₹ 1,262.78 crore, of which the audited units had collected ₹ 134.62 crore (14 per cent). Audit scrutiny revealed various instances of non/short levy of taxes, short levy of taxes due to misclassification of vehicles etc., amounting to ₹ 113.62 crore, in these 33,019 cases, as shown in **Table-3.2**.

Table 3.2

Sl. No.	Categories	(₹ in crore)	
		No. of cases	Amount
1.	Non-collection of tax from Transport vehicles	5,972	62.67
2.	Non-collection of one-time tax	10,613	26.55
3.	Short/Non levy of one-time tax due to misclassification of vehicles	696	7.44
4.	Others	15,738	16.96
Total		33,019	113.62

The Department accepted (November 2022) all the audit observations and intimated that the Department has realised ₹ 9.66 crore against 2,356 vehicle owners. Irregularities involving ₹ 103.86 crore, in 27,759 cases, are discussed in the succeeding paragraphs.

3.8 Non-collection of taxes from transport vehicles

Taxes and penalty of ₹ 60.12 crore, realisable from defaulting owners of 4,486 transport vehicles, were not collected by the DTOs.

The JMVT Act and JMVT Rules require the owners of registered transport vehicles to pay the applicable advance tax. If the delay in payment exceeds 90 days, penalty, at twice the amount of taxes due, may be imposed, along with the tax. Moreover, the Act provides for levy of green tax on transport vehicles which are more than 12 years old, from January 2019 onwards. The VAHAN software enables users to generate the defaulters list from the system. District Transport Officers (DTOs) are required to issue demand notices to the defaulters. Further, the owners of vehicles are required to intimate discontinuation of plying of their vehicles.

During analysis of data, Audit test-checked records of 16,526 transport vehicles, in 12 district transport offices²⁷, on the basis of the models and periods of default and noticed that 4,486 vehicles owners had stopped payment of taxes for more than one year. On further verification (between October 2021 and March 2022) with real-time data and registration records, it was noticed that no undertakings,

²⁷ Chaibasa, Chatra, Garhwa, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

regarding these vehicles being off-road, were available on records. The DTOs responsible for issuing demand notices, had neither generated the list of defaulters from the VAHAN software, nor had they updated the Demand, Collection and Balance registers on a quarterly basis, as required under the provisions of the JMVT Rules, 2001. Demands, for outstanding taxes, had also not been raised. In the absence of an Enforcement Wing, for conducting regular checks and imposing penalties, the Department could not effectively control plying of the defaulting vehicles on the roads. This had resulted in non-collection of taxes and penalty, from 4,486 transport vehicle owners, amounting to ₹ 60.12 crore²⁸.

The Government accepted (November 2022) the audit observation and intimated that 11 DTOs²⁹ had realised ₹ 4.41 crore against 480 vehicles owners. Additionally, DTO, Pakur, intimated (January 2024) that ₹ 92.40 lakh had been realised against 82 vehicles. Intimation regarding realisation in the remaining cases is awaited.

3.9 Short Realisation/levy of one-time tax from transport vehicles

One-time tax and penalty of ₹ 26.30 crore, realisable from defaulting owners of 9,856 vehicles, brought under the purview of one-time tax, was not collected by the DTOs. Further, 392 construction equipment vehicles were misclassified as ‘goods vehicles’, leading to short levy of one-time tax, amounting to ₹ 4.42 crore.

The Government of Jharkhand brought changes in the taxation structure of motor vehicles in January 2019 and, apart from personalised vehicles, some transport vehicles, viz. three wheelers (passenger), goods vehicles of up to three tons Registered Laden Weight (RLW) and construction equipment vehicles (CEVs), were also brought under the purview of one-time tax (OTT). Further, Section 7 of the Jharkhand Motor Vehicle Taxation Act (JMVT), 2001, provides that, in case of non-payment of OTT within 7 days, simple interest, at the rate of two per cent per month on the OTT due, shall be charged.

- Audit extracted the registration data of transport vehicles, brought under the purview of OTT, and found that the tax validity of 1,40,880 vehicles had expired in the State (up to December 2020), out of which, 23,691 (17 per cent) were registered in the 12 selected district transport offices³⁰.

Audit verified (between October 2021 and March 2022) the tax position of these 23,691 transport vehicles, falling under the purview of one-time tax, with real-time data and other relevant records, in the selected district transport offices, and noticed that 9,856 vehicle owners had not paid taxes. No undertakings in regard of these vehicles being off-road were found available on records. It was further observed that the DTOs responsible for issuing demand notices, had not generated the list of defaulters from the VAHAN software and raised the corresponding demands for outstanding taxes. The State Transport Commissioner (STC) and Joint Transport Commissioner

²⁸ Including penalty of ₹ 39.74 crore and green tax of ₹ 50.61 lakh.

²⁹ Chaibasa, Chatra, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

³⁰ Chaibasa, Chatra, Garhwa, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

(JTC) had also not monitored the functioning of the transport offices. Thus, the Department could not realise revenue of ₹ 26.30 crore (including penalty/interest, as per the revised provision, amounting to ₹ 11.35 crore).

The Government accepted (November 2022) the audit observation and intimated that 10 DTOs³¹ had realised ₹ 2.64 crore against 264 vehicles owners. Additionally, DTO, Pakur, intimated (January 2024) that ₹ 21.79 lakh had been realised against 28 vehicles.

- Audit extracted data relating to updated tax payments of 1,111 goods vehicles, registered between 30 January 2001 and 31 December 2021, with body type 'CEV' in 11 test-checked district transport offices³². Scrutiny of the data and registration details revealed that these vehicles had been classified as 'goods vehicles', in the 'vehicle class' table of the VAHAN application and were paying quarterly taxes as per their RLWs. However, in the 'model' table, the vehicles had been recorded as 'crane/JCB', which come under the 'CEV' category, wherein OTT has to be paid at the rate of 7 per cent of the cost price of the vehicles instead of the rate specified for goods vehicles. Since the tax rates on CEVs had been revised, the entries in the vehicle class table should have been changed to 'CEV' from 'goods vehicles', to enable the application to calculate the OTT realisable from these vehicles. The Department had, however, remained unaware of this fact and had not initiated action to rectify the misclassification and had continued to collect quarterly tax, based on RLW, instead of OTT, from these vehicles. This had resulted in short levy of OTT of ₹ 4.42 crore, from 392 vehicles. Audit could not ascertain short levy of OTT against the remaining 719 vehicles, in the absence of cost prices and invoices.

The Government accepted (November 2022) the audit observation and intimated that five DTOs³³ had realised ₹ 17.13 lakh against 129 vehicles owners. Additionally, DTO, Pakur, intimated (January 2024) that ₹ 5.30 lakh had been realised against 27 vehicles. Intimation regarding realisation in the remaining cases is awaited.

3.10 Renewal of certificates of registration

Certificates of registration of 1,359 vehicles personalised vehicles were not renewed after expiry of their validity, resulting in non-levy of registration fee, inspection fee and green tax, amounting to ₹ 6.27 crore.

Section 41(7) of the Motor Vehicles Act provides that a certificate of registration, other than for a transport vehicle, shall be valid for 15 years from the date of issue and shall be renewable for the next five years. In case of discontinuance of the vehicle, an intimation is required, under Section 17, to delete the related registration records. Further, Section 5(5) of the Jharkhand Motor Vehicle Taxation Act provides for levy of green tax on personalised vehicles which are more than 15 years old. In case of delay in submission of

³¹ Chaibasa, Chatra, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, and Saraikela-Kharsawan.

³² Chaibasa, Chatra, Garhwa, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

³³ Chaibasa, Jamtara, Koderma, Latehar, and Saraikela-Kharsawan.

application for renewal of registration by more than one month, additional fee is also leviable.

On analysis of data, it was noticed that the certificates of registration of 38,111 personalised vehicles (light motor vehicles), registered between 1 April 2000 and 31 March 2006, in the State, had expired (up to 31 March 2021) and were pending renewal. Of these, 5,785 vehicles (15 per cent) were registered in the test-checked 12 district transport offices³⁴. Audit sampled 5,111 (88 per cent) vehicles, having seating capacity between two and 12 seats, whose registration validity had expired between April 2001 and March 2006, out of 5,785 vehicles, for verification with real-time data and the registration registers. Audit verification (between October 2021 and March 2022) revealed that the validity of registrations had expired between April 2015 and March 2021 in case of 1,359 vehicles. The owners of these vehicles had neither applied for renewal of the registrations, or for deregistration of these vehicles. This had resulted in non-levy of revenue of ₹ 6.27 crore, towards registration fee, inspection fee and green tax. Audit observed that, though information regarding expiry of the validity of registrations was available in the application software, auto-generation of reports, in this regard, was not available therein. The Department had also not conducted periodic reviews to assess such cases and initiate action for renewal of registrations.

The Government accepted (November 2022) the audit observation and intimated that seven DTOs³⁵ had realised ₹ 46.49 lakh against 68 vehicles owners. Intimation regarding realisation in the remaining cases is awaited.

3.11 Non-revision of axle weight

Non-revision of the axle weight of 6,853 transport vehicles, led to short assessment of tax, amounting to ₹ 5.70 crore.

The Ministry of Road Transport and Highways, GoI, New Delhi, revised (16 July 2018) the safe axle weight in relation to transport vehicles. An advisory was also issued (7 August 2018) to the Chief Secretaries and Transport Commissioners of all the States, to revise the safe axle weight of transport vehicles, which was, in turn, endorsed to the all the DTOs and MVIs. Revision was necessitated as the global axle weight norms were higher, as compared to the existing Indian norms, leading to high logistics costs in India. Revision of the axle weights was to be endorsed in the certificates of registration (RC) of the vehicles, for which RCs were required to be produced, along with the requisite fee under Rule-81, by the owners.

On analysis of data, it was noticed that, out of 1,06,535 goods vehicles, axle weights of 73,932 vehicles, were yet to be enhanced, as per the notified norms. Out of these, 19,655 cases (27 per cent) pertained to the 12 test-checked district transport offices³⁶.

³⁴ Chaibasa, Chatra, Garhwa, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

³⁵ Chaibasa, Chatra, Godda, Gumla, Jamtara, Latehar and Simdega.

³⁶ Chaibasa, Chatra, Garhwa, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

Audit sampled 6,853 (35 *per cent*) cases on the basis of current tax payments and verified (between October 2021 and March 2022) them with real-time data and registration records. Verification revealed that taxes had been collected, without revising the axle weights of these vehicles, resulting in short levy of tax, amounting to ₹ 5.70 crore. Audit further observed that out of the above cases, 798 goods vehicles in 11 district transport offices³⁷, had been registered after July 2018, with the pre-revised axle weights. Moreover, the DTOs had not followed the Departmental instructions and levied tax on the basis of the pre-revised axle weights, from old vehicles, as well as the newly registered vehicles. The Department had also not prescribed a procedure for timely revision of axle weights. Under the circumstances, the axle weights of 69 *per cent* of goods vehicles were yet to be revised in the State, even after a lapse of more than four years.

The Government accepted (November 2022) the audit observation and intimated that 10 DTOs³⁸ had realised ₹ 39.21 lakh against 443 vehicles owners. Additionally, DTO, Pakur, intimated (January 2024) that ₹ 31.68 lakh had been realised against 355 vehicles. Intimation regarding realisation in the remaining cases is awaited.

3.12 Short levy of one-time tax

One-time tax of ₹ 1.05 crore was short-assessed from 2,633 personalised vehicles, due to delayed mapping of business rules in VAHAN.

Under the provisions of Section 2(h) of the JMVT Act, vehicles having seating capacity of two, but not exceeding 12 (including driver), which are used solely for personal purpose, were brought under the purview of 'personalised vehicles'. The one-time tax (OTT), on personalised vehicles, was revised to six *per cent* of the cost of the vehicles, from 31 January 2019. An additional tax of three *per cent*, on the leviable OTT, was introduced, if the owner already possessed a light motor vehicle. However, if the cost of additional vehicle exceeded ₹15 lakh, six *per cent* tax was to be levied, instead.

On analysis of data, it was noticed that 17,224 personalised vehicles had been registered in the 12 test-checked District Transport Offices (DTOs)³⁹. Further scrutiny and verification of real-time data, in the concerned DTOs (between October 2021 and April 2022) revealed that, in 4,094 cases, OTT of ₹ 1.35 crore had been levied, at the pre-revised rates (three to five *per cent*), instead of ₹ 2.40 crore, at the revised rates. Mapping of the revised rates, in the application software VAHAN, had been done on 13 February 2019, instead of the date of enforcement (31 January 2019), *i.e.* after a delay of 13 days. Due to this delay in mapping of the revised rates, OTT of ₹ 1.05 crore was short levied. It was further observed that the NIC had informed (28 January 2019) the Department that the proposed amendments would require some more time for mapping in the application software. However, the Department had enforced the

³⁷ Chaibasa, Chatra, Garhwa, Godda, Gumla, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega. No cases of revision of axle weights were noticed in Jamtara.

³⁸ Chaibasa, Chatra, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, and Saraikela-Kharsawan.

³⁹ Chaibasa, Chatra, Garhwa, Godda, Gumla, Jamtara, Koderma, Latehar, Pakur, Sahibganj, Saraikela-Kharsawan and Simdega.

amendments from 31 January 2019, without prescribing any alternate methodology for collection of OTT at the revised rates. Moreover, the DTOs had also not collected OTT at the revised rate and had continued to collect tax at the pre-revised rates, even after issue of the amended provisions.


The Government accepted (November 2022) the audit observation and intimated that four DTOs⁴⁰ had realised ₹ 1.82 lakh against 45 vehicles owners. Additionally, DTO, Pakur, intimated (January 2024) that ₹ 5.97 lakh had been realised against 435 vehicles. Intimation regarding realisation in the remaining cases is awaited.

Recommendations:

Government may fix responsibility on:


- officials who failed to identify defaulters and take measures for collection of arrear taxes; and
- officials/authorities responsible for timely mapping of the amended provisions of the Act and the Rules in VAHAN.

Ranchi
The 23 April 2024


(ANUP FRANCIS DUNGDUNG)
Accountant General (Audit) Jharkhand

Countersigned

New Delhi
The 6 May 2024


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

⁴⁰ Chaibasa, Koderma, Latehar, and Saraikela-Kharsawan.

