

Overview

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This Report includes audit of ‘Functioning of Regional Transport Offices in Punjab’ and 10 compliance related observations under Tax Revenue Departments involving a monetary value of ₹ 81.62 crore¹.

Chapter-I: General

The total receipts of the State Government for the year 2023-24 were ₹ 89,192.07 crore. The Government raised ₹ 54,485.79 crore comprising tax revenue of ₹ 47,252.16 crore and non-tax revenue of ₹ 7,233.63 crore. The State Government received ₹ 20,409.92 crore as State’s share of divisible Union taxes and ₹ 14,296.36 crore as Grants-in-aid from the Government of India.

The five-year trend of revenue receipts shows that the share of State’s own revenue to total receipts increased from 59.52 *per cent* in 2019-20 to 61.09 *per cent* in 2023-24. Share of net proceeds of divisible Union taxes and duties also increased from 16.80 *per cent* in 2019-20 to 22.88 *per cent* in 2023-24, while the Grants-in-aid decreased from 23.68 *per cent* in 2019-20 to 16.03 *per cent* in 2023-24. During the year 2023-24, the State Government raised 61.09 *per cent* (₹ 54,485.79 crore) of the total revenue receipts (₹ 89,192.07 crore). Balance 38.91 *per cent* (₹ 34,706.28 crore) of the receipts was from the Government of India as share of net proceeds of divisible Union taxes and duties and Grants-in-aid. Overall, the State’s own revenue has increased during the last three financial years. During the year 2023-24, the tax revenue increased by 11.86 *per cent* and non-tax revenue increased by 16.07 *per cent* in comparison to the preceding year, showing an increase in the State’s own receipts to total receipts.

(Paragraph 1.2, Page 1)

Test check of 159 audited units brought out issues of under assessment, short or non-levy of taxes and duties relating to tax revenue involving revenue aggregating ₹ 149.29 crore in 1,49,763 cases. The Departments recovered ₹ 9.25 crore in 2,404 cases during 2023-24, which were pointed out in the audits conducted prior to 2023-24.

(Paragraph 1.4, Page 10)

In the tax revenue Departments, 158 Inspection Reports were issued to Heads of Departments against the 159 units audited during 2023-24. Out of those, Audit did not receive reply for 156 Inspection Reports within the stipulated time of four weeks. Further, the Inspection Reports issued for the years up to March 2024 revealed that 11,821 observations involving ₹ 4,436.04 crore relating to 2,562 Inspection Reports remained outstanding at the end of June 2024.

(Paragraph 1.5, Page 10)

¹ Chapter-II: ₹ 72.74 crore and Chapter-III: ₹ 8.88 crore

In seven audit committee meetings held with the Department of Revenue, Rehabilitation and Disaster Management, and the Department of Excise and Taxation, 215 observations involving money value of ₹ 5.16 crore were settled.

(Paragraph 1.5.1, Page 12)

Chapter-II: Functioning of Regional Transport Offices in Punjab

This Audit brought out deficiencies in the VAHAN IT system due to missing validation checks in IT business rules. It was seen that introduction of proper validation checks in the VAHAN system could have avoided non-compliance of motor vehicle rules, such as issue of vehicles registration certificates with duplicate vehicle chassis and engine numbers, issue of certificate of fitness to transport vehicles without clearing arrears of motor vehicle tax, grant or renewal of permits to transport vehicles beyond permissible period of vehicle's age, renewal of permits to transport vehicles without valid certificate of fitness, short levy of fee on registration marks of choice and issue of Pollution Under Control certificate for six months instead of applicable 12 months in case of Bharat-IV and Bharat-VI vehicles.

Similarly, SARATHI IT system was deficient in preventing grant of driving licence to a person who was already holding another driving licence. These issues require attention of the Government and the Department to take corrective measures to make VAHAN and SARATHI system robust enough to enforce requirements of the motor vehicle laws.

In addition to above, issues of non-compliance by owners of vehicles were seen. These issues include non-obtaining of permanent registration by vehicle owners after the expiry of temporary registration, non-renewal of certificates of fitness for transport vehicles, non-applying for permits in case of newly registered transport vehicles and non-renewal of permits. These issues require proactive action on the part of the Department to make owners of the vehicles compliant of motor vehicle rules.

Audit also observed inefficiencies and omissions on the part of the Department. These issues include delays in issue of vehicle registrations, discrepancies in processing of driver's and conductor's licences, deficiencies in automated driving test tracks, non-monitoring of motor vehicle dealers and driving schools. Also, there were deficiencies in notifications issued for matters covering the Transport Department as well as inordinate delays in publications of such notifications in the official e-gazette.

Some of the key findings are stated below:

In Regional Transport Offices (RTOs) Jalandhar, Pathankot, Patiala and Ropar, and State Transport Authority, the registrations against 24,622 new vehicles were approved with delays beyond the stipulated timeline of 21 working days from date of payment of fee/tax. Further, registrations for

3,089 vehicles in these RTOs and the State Transport Authority were still pending approval.

(Paragraph 2.7.1.5, Page 21)

The stage carriage permits in RTOs Jalandhar and Patiala were being issued manually rather than through the VAHAN system. The manual processing undermines the benefits of digitalisation in streamlining operations and improving service delivery.

(Paragraph 2.7.1.10, Page 30)

No institute was authorised in the State of Punjab to provide training to the applicants desirous of obtaining a license to drive a goods carriage transporting dangerous or hazardous goods.

(Paragraph 2.7.2.9, Page 37)

During joint inspections of four automated tracks in RTOs Jalandhar, Pathankot, Patiala and Ropar, several issues were found that could adversely affect the efficiency and accuracy of driving tests. Key problems included the absence of Radio Frequency Identification Readers to automatically track vehicle's movements and identify the drivers, absence of face recognition cameras for verifying applicants' identity, and lack of video guidance for the applicants. Further, track surface markings had faded and lacked cleanliness. The tests at RTOs Pathankot and Patiala were not monitored by the Motor Vehicles Inspectors. Automated tracks at RTOs Jalandhar, Pathankot and Patiala were also damaged and weeds had grown over the surface.

(Paragraph 2.7.2.10, Page 37)

In RTOs Jalandhar, Pathankot, Patiala and Ropar, and State Transport Authority, motor vehicle tax of ₹ 55.99 crore was not realised from 221 vehicles/operators of various categories as tax of only ₹ 109.80 crore was collected against the due tax of ₹ 165.79 crore.

(Paragraph 2.7.3.1, Page 39)

In RTO Patiala, Pepsu Roadways Transport Corporation paid motor vehicle tax of ₹ 89.07 crore for stage carriage buses, with delays ranging between seven and 1,013 days. However, interest of ₹ 16.63 crore for the delayed payment of the motor vehicle tax was not realised by the RTO.

(Paragraph 2.7.3.3, Page 42)

Recommendations: The Department may ensure the following.

- i) The requirements of the motor vehicle rules may be ingrained in the VAHAN system by introducing validation checks to prevent grant of permits to transport vehicles beyond permissible period of vehicle's age, renewal of permits of transport vehicles without valid certificate of fitness and short payment of fee by applicants in case of registration marks of choice.

- ii) The processing of vehicle registrations and driver's licences may be completed in prescribed timeline for better service delivery.
- iii) Compliance to the required training certificate for driver licences of e-rickshaw, e-cart, transportation of dangerous or hazardous goods may be ensured.
- iv) The automated driving test tracks may be equipped with the technologies required for conducting driving tests efficiently and in transparent manner.

(Paragraph 2.1 to 2.9, Page 15)

Chapter-III: Compliance Audit Observations (Tax-Revenue Departments)

The Assessing Authorities under four Assistant Commissioners of State Tax raised additional tax demand of ₹ 5.50 crore in six assessment cases due to non-submission of statutory declarations but did not levy interest of ₹ 2.16 crore.

(Paragraph 3.1, Page 50)

The Assessing authority, in one case, short-calculated the output tax of ₹ 0.17 crore due to miscalculation in the assessment order.

(Paragraph 3.2, Page 52)

The Assessing Authority allowed concession of Central Sales Tax of ₹ 0.14 crore in one assessment case without ensuring genuineness of 'C' forms.

(Paragraph 3.3, Page 52)

The Assessing Authority did not levy interest of ₹ 0.14 crore on late deposit of tax deducted at source by the contractee.

(Paragraph 3.4, Page 53)

Nine Sub-Registrars/Joint Sub-Registrars short-levied Stamp Duty and other applicable fees of ₹ 3.39 crore in 29 cases due to misclassification of properties.

(Paragraph 3.5, Page 55)

The Sub-Registrar, Kharar and Joint Sub-Registrar, Majri short-levied Stamp Duty and fees of ₹ 0.93 crore on the agreements in which owners of the properties bound themselves to register the conveyance deeds in favour of developers or their nominees and delivered physical possession of the properties to the developers in lieu of agreed cash and developed plots.

(Paragraph 3.6, Page 56)

The Joint Sub-Registrar, Zirakpur, in three cases, undervalued the properties and short-levied Stamp Duty, Social Infrastructure Cess, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 0.44 crore.

(Paragraph 3.7, Page 58)

Two Sub-Registrars granted remission of ₹ 0.14 crore to Hindu Undivided Families on account of Stamp Duty, Registration Fee and Social Infrastructure Cess in 10 cases of transfer of properties due to ambiguity in remission notifications.

(Paragraph 3.8, Page 59)

The Joint Sub-Registrar, Koom Kalan short-levied Stamp Duty and Registration Fee of ₹ 0.12 crore on one instrument of lease.

(Paragraph 3.9, Page 60)

The Joint Sub-Registrar, Majri short-levied Stamp Duty of ₹ 1.25 crore on power of attorney authorising developer for sale of immovable property in lieu of consideration.

(Paragraph 3.10, Page 61)

