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**Office of the Accountant General  
(Audit-II)**

**Andhra Pradesh , Hyderabad**

# **Motor Vehicle Tax Manual**

**(Third Edition)**

**Issued by  
The Accountant General  
(C&RA)  
Andhra Pradesh , Hyderabad**

## **PREFACE**

The audit of receipts of motor vehicles tax of the Government of Andhra Pradesh was undertaken from 1<sup>st</sup> July, 1973. This manual was first issued in 1982. The present one is a revised edition incorporating the amendments and changes upto the end July , 2007. This manual has been prepared in accordance with the directions contained in paragraph 54 of the Comptroller and Auditor General's Manual of Standing Orders (Administration) Volume I and keeping in view the law the procedure applicable to the levy of various kinds of fees and taxes on motor vehicles, for the guidance of the officers and staff conducting Local Audit. The relevant provisions of the Law and procedure for assessment and collection of taxes have been set out brierly for an efficient performance of local audit. The taxes and fees leviabale under the Act and Rules are reviewed by the Government from time to time. The rates in force at the time of audit has to be looked into by the audit parties. The instructions in this manual are to be treated as supplementary to those contained in the codes and manuals issued by the Comptroller and Auditor General of India. The provisions of this manual should not be quoted as authority in support of audit objections raised. The provisions of the relevant Acts and Rules as well as departmental instructions accepted in audit should be the basis of objections.

The State Receipt Audit (Headquarters) Section will be responsible for keeping the manual up-to-date.

Suggestion for improvement of this manual are welcome from members of the office.

Errors or omissions in the manual may be brought to the notice of the State Receipt Audit Headquarters Section.

**Date**

**ACCOUNTANT GENERAL  
(C&RA)**

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## CHAPTER-1

### INTROUDUCTION

Constitutional responsibility of the Comptroller and Auditor General of India, Article 151 of the Constitution of India

**1.1** Article 151 of the Constitution of India lays down that the Reports of the Comptroller and Auditor General of India relating to accounts of the Union and of the State shall be submitted to the President or the Governor of a State, as the case may be, who shall cause them to be laid before each House of the Parliament or Legislature. The Audit Reports thus relate to the totality of the accounts of the Union or State and this totality would include receipts also. The audit of receipts is thus included in the powers of the Comptroller and Auditor General of India.

**1.2** Further, Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, specifically enjoins upon the Comptroller and Auditor-General to audit all receipts of the Union and of the States and to satisfy himself that the rules and procedures in that behalf are designed to secure an effective check on the assessment collection and proper allocation of revenue. For that purpose, the Comptroller and Auditor-General is authorised to undertake such examination of the accounts, as he thinks fit and to report, thereon.

**1.3 AUDITING STANDARDS:** Auditing Standards prescribe the norms of principles and practices, which the Auditors are expected to follow in the conduct of Audit. They provide minimum guidance to the Auditor (it means the Auditing Institutions represented by the Field Audit Party) that helps determine the extent of auditing steps and procedures that should be applied in the audit and constitute the criteria or yardstick against which the quality of audit results are evaluated.

The norms of Principles and Procedures to be followed by Audit are prescribed in "Auditing Standards" (2nd Edition, 2002) which, inter-alia, include the following:

**A) Basic Postulates:** The basic postulates for auditing standards are basic assumptions, consistent premises, logical principles and requirements which held in developing auditing standards and serve the auditors in forming their opinions and reports, particularly in cases where no specific standards apply.

The Basic Postulates are :

1) The Supreme Audit Institution of India (SAI) should comply with the International Organisation of Supreme Audit Institutions (INTOSAI) auditing standards in all matters that are deemed material.

- 2) The SAI should apply its own judgement to the diverse situations that arise in the course of Government auditing.
- 3) With increased public consciousness, the demand for public accountability of persons or entities managing public resources has become increasingly evident so that there is a need for the accountability process to be in place and operating effectively.
- 4) Development of adequate information, control, evaluation and reporting systems within the Government will facilitate the accountability process, Management is responsible for correctness and sufficiency of the form and content of the financial reports and other information.
- 5) Appropriate authorities should ensure the promulgation of acceptable accounting standards for financial reporting and disclosure relevant to the needs of the Government, and audited entities should develop specific and measurable objectives and performance targets.
- 6) Consistent application of acceptable accounting standards should result in the fair presentation of the financial position and the results of operations.
- 7) The existence of an adequate system of internal control minimises the risk of errors and irregularities.
- 8) Legislative enactments would facilitate the co-operation of audited entities in maintaining and providing access to all relevant data necessary for a comprehensive assessment of the activities under audit.
- 9) All audit activities should be within the SAIs audit mandate.
- 10) SAIs should work towards improving techniques for auditing the validity of performance measures
- 11) SAIs should avoid conflict of interest between the auditor and entity under audit.

**B) General Standards:** 1)The general auditing standards describe the qualifications of the auditor and the auditing institution so that they may carry out the tasks of field and reporting standards in a competent and effective manner. These standards apply to all types of audit for both auditor and audit institutions. While auditing, the auditor should be independent, competent and due care should be taken in planning, specifying, gathering and evaluating evidence and in reporting findings, conclusions and recommendations.

2) The legal mandate provided in the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 provides for full and free access for the CAG and his auditors to all premises and records relevant to audited entities and their operations and provides adequate powers to the CAG to obtain relevant information from persons or entities possessing it.

3) The audit department seek to create among audited entities an understanding of its role and function, with a view to maintaining amicable relationships with them. Good relationships can help the SAI to obtain information freely and frankly and to conduct discussions in an atmosphere of mutual respect and understanding.

**C) Field standards (1):** The purpose of field standards is to establish the criteria or overall framework for the purposeful, systematic and balanced steps or actions that the auditor has to follow. These steps and actions represent the rules of investigation that the auditor, as a seeker of audit evidence, implements to achieve a specific result.

(2) The filed standards establish the framework for conducting and managing audit work. They are related to the general auditing standards, which set out the basic requirements for undertaking the tasks covered by the field standards. They are also related to reporting standards, which cover the communication aspect of auditing, as the results from carrying out the field standards constitute the main source for the contents of the opinion or report.

(3) The field standards applicable to all types of audit are:

- a) The auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way in a timely manner.
- b) The work of the audit staff at each level and audit phase should be properly supervised during the audit; and a senior member of the audit staff should review documented work.
- c). The auditor, in determining the extent and scope of the audit, should study and evaluate the reliability of internal control.

i) **Planning:** The auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out without wastage of resources in an economic, efficient and effective way in a timely manner.

1) the following planning steps are normally included in an audit:

- a) Collect information about the audited entity and its organisation in order to assess risk and to determine materiality.
- b) Define the objective and scope of the audit.
- c) Undertake preliminary analysis to determine the approach to be adopted and the nature and extent of enquiries to be made later.
- d) Highlight special problems foreseen when planning the audit.
- e) Prepare a budget and a schedule for the audit.
- f) Identify staff requirements and a team for the audit, and
- g) Familiarise the audited entity about the scope, objectives and the assessment criteria of the audit and discuss with them as necessary.

ii). **Supervision:-** The work of audit staff at each level and audit phase should be properly supervised during audit, and a senior member should review documented work.

1. The following paragraphs explain supervision and review as an auditing standard.

2.

A. Supervision is essential to ensure the fulfillment of audit objectives and the maintenance of the quality of the audit work. Proper supervision and control is therefore necessary in all cases, regardless of the competence of individual auditors.

B. Supervision should be directed both to the substance and to the method of auditing. It involves ensuring that:

- a. The members of the audit team have a clear and consistent understanding of the audit plan.
- b. The audit is carried out in accordance with the auditing standards and practices of the SAI.
- c. The audit plan and action steps specified in that plan are followed unless a variation is authorised.

- d. Working papers contain evidence adequately supporting all conclusions, recommendations and opinions
  - e. The auditor achieves the stated audit objectives and
  - f. The audit report includes the audit conclusions, recommendations and opinions, as appropriate.
1. All audit work should be reviewed by a senior member of the audit staff before the audit opinions or reports are finalised. It should be carried out as each part of the audit progresses. Review bring more than one level of experience and judgement to the audit task and should ensure that:
    - a. All evaluations and conclusions are soundly based and are supported by competent, relevant and reasonable audit evidence as the foundation for the final audit opinion or report.
    - b. All errors, deficiencies and unusual matters have been properly identified, documented and either satisfactorily resolved or brought to the attention of a more senior SAI officer, and
    - c. Changes and improvements necessary to conduct of future audits are identified, recorded and taken into account in later audit plans and in staff development activities.
  3. This standard emphasis's the importance of involvement of each higher level of supervision and does not in any way absolve the lower levels of audit staff carrying out field investigations from any negligence in carrying out assigned duties.

**iii) Study & Evaluation of Internal Control:** The auditor, in determining the extent and scope of the audit, should study and evaluate the reliability of internal control and depends on the objectives of the audit and on the degree of reliance intended. Where accounting or other information systems are computerized, the auditor should determine whether internal controls are functioning properly to ensure the integrity, reliability and completeness of the data.

**iv) Compliance with Applicable laws and regulations:** In performance audit an assessment should be made of compliance with applicable laws and regulations when necessary to satisfy the audit objectives. The auditor should provide reasonable assurance to detecting illegal acts that could significantly affect audit objectives and should be alert to situation or transaction that could be indicative of illegal acts that may have an indirect effect on the audit reports.

The following paragraphs explain compliance as an auditing standard.

1. Reviewing compliance with laws and regulations is especially important when auditing government programmes because decision-makers need to know if the laws and regulations are being followed, whether they are having the desired results, and, if not, what revisions are necessary. Additionally government organisations, programmes, services, activities, and functions are created by laws and are subject to more specific rules and regulations.
2. Those planning the audit need to be knowledgeable of the compliance requirements that apply to the entity being audited. Because the laws and regulations that may apply to a specific audit are often numerous, the auditors need to exercise professional judgement in determining those laws and regulations that might have a significant impact on the audit objectives.

3. The auditor also should be alert to situations or transactions that could be indicative of illegal acts that may indirectly impact the results of the audit. When audit steps and procedures indicate that illegal acts have or may have occurred, the auditor needs to determine the extent to which these acts affect the audit results
4. In conducting audits in accordance with this standard, the auditors should choose and perform audit steps and procedures that, in their professional judgement, are appropriate in the circumstances. These audit steps and procedures should be designed to obtain sufficient, competent, and relevant evidence that will provide a reasonable basis for their judgement and conclusions.
5. Generally, management is responsible for establishing an effective system of internal controls to ensure compliance with laws and regulations. In designing steps and procedures to test or assess compliance, auditors should evaluate the entity's internal controls and assess the risk that the control structure might not prevent or detect non-compliance.
6. Without affecting the SAI's independence, the auditors should exercise due professional care and caution in extending audit steps and procedures relative to illegal acts so as not to interfere with potential future investigations or legal proceedings. Due care would include considering the concerned laws and relevant legal implications through appropriate forum to determine the audit steps and procedures to be followed.

v) **Audit Evidence:** Competent, relevant and reasonable evidence should be obtained to support the auditor's judgment and conclusions regarding organization, programme, activity or function under audit.

The following paragraphs explain audit evidence as an auditing standard.

1. The audit findings, conclusions and recommendations must be based on evidence. Since auditors seldom have the opportunity of considering all information about the audited entity, it is crucial that the data collection and sampling techniques are carefully chosen. When computer-based system data are an important part of the audit and the data reliability is crucial to accomplishing the audit objective, auditors need to satisfy themselves that the data are reliable and relevant.
2. Auditor should adequately document the audit evidence in working papers, including the basis and extent of the planning, work performed and the findings of the audit. Working papers should contain sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from them the evidence that supports the auditor's significant findings and conclusions.
3. Adequate documentation is important for several reasons, It will:
  - a. Confirm and support the auditor's opinions and reports
  - b. Increase the efficiency and effectiveness of the audits.
  - c. Serve as a source of information for preparing reports or answering any enquiries from the audited entity or from any other party.
  - d. Serve as evidence of the auditor's compliance with Auditing Standards
  - e. Facilitate planning and supervision.

- f. Help the auditor's professional development.
  - g. Help to ensure that delegated work has been satisfactorily performed, and
  - h. Provide evidence of work done for future reference.
4. The auditor should bear in mind that the content and arrangement of the working papers reflect the degree of the auditor's proficiency, experience and knowledge.

**vi). Analysis of Financial Statements:** In all types of audit when applicable auditor should analyse the financial statement to establish whether applicable accounting standards for financial reporting and disclosure are complied with and should perform to such degree that a rational basis is obtained to express an opinion on financial statements.

- a. The auditor should thoroughly analyse the financial statements and ascertain whether:
- b. financial statements are prepared in accordance with acceptable accounting standards;
- c. Financial statements are presented with due consideration to the circumstances of the audited entity;
- d. Sufficient disclosures are presented about various elements of financial statements; and
- e. The various elements of financial statements are properly evaluated, measured and presented.

The methods and techniques of financial analysis depend to a large degree on the nature, scope and objective of the audit, and on the knowledge and judgement of the auditor.

2. Where the SAI is required to report on the execution of budgetary laws, the audit should include:

- a. For revenue accounts, ascertaining whether forecasts are those of the initial budget, and whether the audits of taxes, rates and duties recorded, and imputed receipts, can be carried out by comparison with the annual financial statements of the audited activity;
- b. For expenditure accounts, verifying credits to assist budgets, adjustment laws and, for carryovers, the previous year's financial statements.

3. Where the SAI is required to report on systems of tax administration or systems for realising non-tax receipts, along with a systems study and analysis of realization of revenue/receipts, detection of individual errors in both assessment and collection is essential to highlight audit assertions regarding the system defects and comment on their efficiency to ensure compliance.

**D) Reporting Standards:**

- 1. On the completion of each audit assignment, the Auditor should prepare a written report setting out the audit observations and conclusions in an appropriate form; its content should be easy to understand, free from ambiguity and supported by sufficient, competent and relevant audit evidence

and be independent, objective, fair, complete, accurate, constructive and concise.

2. With regard to fraudulent practice or serious financial irregularities detected during audit or examined by audit, a written report should be prepared. This report should indicate the scope of audit, main findings, total amount involved, modus operandi of the fraud or the irregularity, accountability for the same and recommendations for improvement of internal control system, fraud prevention and detection measures to safeguard against recurrence of fraud/serious financial irregularity.
3. The audit report should be complete. This required that the report contains all pertinent information needed to satisfy the audit objectives, and to promote an adequate and correct understanding of the matter reported. It also means including appropriate background information.
4. In most cases, a single example of a deficiency is not sufficient to support a broad conclusion or a related recommendation. All that it supports is that a deviation, an error or a weakness existed. However, except as necessary, detailed supporting data need not be included in the report.
5. Accuracy required that the evidence presented is true and the conclusions be correctly portrayed. The conclusions should flow from the evidence. The need for accuracy is based on the need to assure the users that what is reported credible and reliable.
6. The report should include only information, findings and conclusions that are supported by competent and relevant evidence in the auditor's working papers. Reported evidence should demonstrate the correctness and reasonableness of the matters reported.
7. Correct portrayal means describing accurately the audit scope and methodology and presenting findings and conclusions in a manner consistent with the scope of audit work.
8. Objectivity required that the presentation through out the report be balanced in content and tone. The audit report should be fair and not be misleading and should place the audit results in proper perspective. This means presenting the audit results impartially and guarding against the tendency to exaggerate or over emphasis deficient performance. In describing shortcomings in performance, the Auditor should present the explanation of the audited entity and stray instances of deviation should not be used to reach broad conclusions.
9. The tone of reports should encourage decision-makers to act on the auditor's findings and recommendations. Although findings should be presented clearly and forthrightly, the auditor should keep in mind that one of the objectives is to persuade and this can best be done by avoiding language that generate defensiveness and opposition.
10. Being convincing requires that the audit results be presented persuasively and the conclusions and recommendation followed logically from the facts presented. The information presented should be sufficient to convince the readers to recognise the validity of the findings and reasonableness of audit conclusions. A convincing report can help focus the attention of management on matters that need attention and help stimulate correction.
11. Clarity requires that the report be easy to read and understand. Use of non-technical language is essential. Wherever technical terms and unfamiliar abbreviations are used, they should be clearly defined. Both logical

Organisation of the material and precision in stating the facts and in drawing conclusions significantly contribute to clarity and understanding. Appropriate visual aids (such as photographs, charts, graphs and maps etc..) should be used to clarify and summarise complex material.

12. Being concise requires that the report is not longer than necessary to convey the audit opinion and conclusions. Too much of details detracts from the report and conceals the audit opinion and conclusions and confuses the readers. Complete and concise reports are likely to receive greater attention.
13. Being constructive requires that the report also includes well thought out suggestion, in broad terms, for improvements, rather than how to achieve them. In presenting the suggestions due regard should be paid to the requirements of rules and orders, operational constraints and the prevailing milieu. The suggestions should be discussed with sufficiently high level functionaries of the entities and as far as possible, their acceptances obtained before these are incorporated in the report.
14. Timeliness requires that the audit report should be made available promptly to be of utmost use to all users, particularly to the auditee organisations and/or Government who have to take requisite action.

**1.4** Audit of receipts often involves interpretation of the related statutes and rules, notifications and orders issued thereunder. Interpreting the law, rules, notifications etc., the following points have to be borne in mind.

Where a particular term has been defined in the Act, that definition is to be followed. In the absence of any such definition, if any, in enactment's which are perimateria may be followed. For example, in interpreting terms not defined in the Andhra Pradesh Motor Vehicles Taxation Act, 1963, definition in the Motor Vehicles Act, 1988, can be followed. If the terms have not been defined in the Acts, which are perimateria, definitions in the Andhra Pradesh General Clauses Act are to be taken as the guideline.

If there is judgement of the Andhra Pradesh High Court that judgement is binding unless it is over-ruled by the Supreme Court. Audit therefore, has to go by case law if any, on the subject.

If a particular section lends itself to two or more inter-pretations, interpretation consistent with the other sections of the Act may be taken. If a section has doubtful or ambiguous meaning, it must be resolved in favour of the tax-payer.

Since the laws which revenue is collected provide for judicial remedy or judicial interpretation, the activity of audit should be limited to those matters which are not subject to judicial process.

This manual is intended primarily to lay down certain guide-lines for the revenue audit parties, auditing the offices of the Transport Department. For the efficient discharge of their duties, all members of the audit parties should be thoroughly conversant with the procedure of levy, collection, remittance, refunds, etc., of tax adopted by the Motor Vehicles Department and also with the relevant statutes, rules and case laws.

**1.5.** General principles of receipt audit have been set forth in Sales Tax Revenue Audit Manual Chapter-I. For a study of these principles, reference may be made to that Manual.

**1.6.**In the subsequent chapters of this manual, the basic provision of law and the rules governing the levy and collection of fee and taxes on the motor vehicles are set out.

## **CHAPTER 2**

### **HISTORICAL AND LEGISLATIVE BACKGROUND**

#### **2.1 The First Act Government of India**

The First Act of 1914 was in vogue from 1-4-1915. The Act laid down the general principles mainly intended to regulate and Control Motor traffic in India and authorised the then provincial Governments to prescribe the required rules. The Act (Act IV of 1939) was passed by the Government of India This Act was brought into effect uniformly throughout India from 1-4-1951.

“This Act was replaced by the “The Motor Vehicles Act, 1988” which was brought into force from 1 July 1989. Central Motor Vehicles, 1989 were also brought into force from 1 July 1989. The Rules provide for various aspects like licensing of drivers of motor vehicles, licensing of conductor, registration of motor vehicles, control of transport vehicles including State Transport Undertakings, insurance of vehicles against third party, constitution of Motor accidents Claims Tribunal, powers of Police etc.

#### **Central Act of 1939**

**2.2.** While the Motor Vehicle Act, 1988, is a Central Act, and applicable to the whole of India, the power to administer this Act and also to make rules under the Act in order to carry out the purposes of the Act, within the territorial jurisdiction of the State is vested with the concerned State Government. This Act merely regulates various matters such as licensing of drivers of motor vehicles, control of traffic insuring of Vehicles fees for driving licence fees for registration, fees for permits etc., and also offences and penalties for contravention of the provisions of the Act. The Act does not envisage levy of taxes which however falls within the legislative jurisdiction of the State Government under the power vested in the State Government under the seventh schedule to the Constitution mentioned below.

#### **Constitutional provisions**

**2.3.** According to Article 265 of the Constitution no tax shall be levied or collected except under the authority of law and hence levy and collection of vehicle

tax are governed by the Acts passed by the parliament/State Legislatures. Under the Constitution the following are within the Legislative jurisdiction of the States:-

1. Taxes on goods and passengers carried by road or in-land waterways
2. Taxes on vehicles whether mechanically propelled or not suitable for use on road, including tram cars, subject to the provisions of entry 35 of list III of the Seventh Schedule to the Constitution (Items 56 and 57 of the II List).

(Item 35 of List III refers to “Taxes on mechanically propelled vehicles” which in the concurrent list and on which both Central and State Governments have jurisdiction).

#### **2.4 Position obtained in the State**

Prior to 1931 tolls and taxes on motor vehicles, were levied by local bodies. The levy of tax on motor vehicles by State Government was first introduced by the former presidency of Madras, with the passing of the Madras Motor Vehicles Taxation Act, 1931. This Act was later adopted by the Andhra State. In the former Hyderabad State, the Motor Vehicles of 1354 Fasli was replaced by the Hyderabad Motor Vehicles Taxation Act from 1-4-55. With the formation of Andhra Pradesh State, the Acts in force in Andhra and Telangana areas were merged and a single consolidated Act viz., Andhra Pradesh Motor Vehicles Taxation Act, 1963, was brought into force from 1-4-63 dealing with the levy and collection of tax on various categories of motor vehicles used or kept for use in the public places in the State. The State Government also framed rules under the central Act, called the Andhra Pradesh Motor vehicles Rules, 1964. These rules replaced by the Andhra Pradesh Motor Vehicle Rules 1989 with effect from 1-9-89. (G.O.Ms.No 238(TR II)Dt.1-9-89) Both the taxation Act and Rules, brought uniformity in the matter of levy of tax on passengers and goods throughout the A.P. State.

## **CHAPTER 3**

### **ORGANISATIONAL SET-UP**

3.1 The Transport Department is entrusted with the implementation of the provisions of the Central Act viz., the Motor Vehicles, Act, 1988 and the state Act, viz., Andhra Pradesh Motor Vehicles Taxation Act, 1963, and the rules framed there under.

3.2. The Transport Department under the Transport Commissioner is responsible for collection of taxes, registration of vehicles, licensing of conductors and drivers, etc, and for enforcing the provisions of the Motor Vehicles Act and the rules framed thereunder. He is assisted by an additional Transport Commissioner five Joint Transport Commissioners (of whom one acts as the Secretary of the State transport Authority). One Deputy Transport Commissioner (Headquarters), Four Assistant secretaries and one Regional Transport Officer with supporting ministerial and executive staff. There are also the Transport Authorities Statutory bodies created under section 44 of the Motor Vehicles Act, 1988 at the State level and others at the regional levels for each region which are responsible for the grant of permits for plying vehicles on specified routes and other allied matters.

#### **State Transport authority: -**

**3.3.** “The State Transport Authority (STA) is constituted under section 68 of the Motor Vehicles Act, 1988. Government of Andhra Pradesh, with Principle Secretary to Government, TR&B department as Chairman, Transport Commissioner as Member, Joint Transport Commissioner and Secretary, STA as Member Secretary and two non-official members, reconstituted the STA for the state of Andhra Pradesh from 13.11.2003 for a period of 3 years. Its main function is (I) to co-ordinate and regulate the activities and policies of the Regional Transport Authority, (ii) to settle all disputes and decide all matters on which difference of opinion arise between RTAs and Government to formulate routes for plying Stage Carriages and (iii) to function as the sole Transport Authority in respect of routes which exceed 160 kms on the trunk roads and also in respect of inter-state and inter-district routes for which stage carriages permits are to be issued. The office of the State Transport Authority forms part of the office of the Transport Commissioner.

(Authority:- Section 68 of Motor Vehicles Act, Rule 158 of A.P.Motor Vehicles Rules, 1989 and G.O.Ms.No.201, TR&B dated 13 November 2003).

**3.4.** There are 17 Deputy Transport Commissioners and one Joint Transport Commissioner. The functional jurisdiction of each of the Deputy Transport Commissioner extends over the district as shown below

| Dy. Transport Commissioner               | Districts under his jurisdiction.      |
|--|--|
| 1. Visakhapatnam                         | Visakhapatnam and Vizianagaram         |
| 2. Srikakulam                            | Srikakulam                             |
| 3.Kakinada                               | East Godavari                          |
| 4.Eluru                                  | West Godavari                          |
| 5.Vijayavada                             | Krishna                                |
| 6.Gunture                                | Gunture and Prakasam                   |
| 7.Nellore                                | Nellore                                |
| 8.Chittoor                               | Chittoor                               |
| 9.Kurnool                                | Kurnool, Cuddappah and Anathapur       |
| 10.Warangal                              | Warangal and Khammam                   |
| 11.Karimnagar                            | Karimnagar and Adilabad                |
| 12.Hyderabad (Rangareddy district)       | Rangareddy, Mahaboobnagar and Nalgonda |
| 13.Nizamabad                             | Nizamabad                              |
| 14.JointTransportCommissioners,Hyderabad | Hyderabad                              |

**3.5.** In the districts of Visakhapatnam, Krishna, Guntur, East Godavari, West Godavari, Medak and Chittoor, the Deputy Transport Commissioner/Regional Transport Officers are assisted by Additional Regional Transport Officers.

3.6. The Deputy Transport Commissioners are ex-officio members of the Regional Transport Authorities in their respective districts. In the districts where the head quarters of the Deputy Transport Commissioner exists, the Deputy Transport Commissioner acts as Member-Secretary of the respective Regional Transport Authority.

### **Regional Transport Authorities**

**3.7** Regional Transport Authorities are constituted under section 68 of the Motor Vehicles Act, 1988, consisting of a Chairman and other members, being not less than two in number, In this state the Collector of each revenue district is the ex-officio Chairman of the Regional Transport Authority and the Deputy Transport Commissioner or Joint Transport Commissioner of the region and the Superintendent of Police are usually the official members. One non-official member is also included in Regional Transport Authority. The Regional Transport Authority is assisted by a Secretary who is the Deputy Transport Commissioner/Joint Transport Commissioner/Regional Transport Officer. The Secretary exercises such powers and discharges such duties as specified in Rule 143 of the Andhra Pradesh Motor Vehicles Rules 1989 e.g., grant of permits to transport vehicles, opening of routes, compounding of offences, altering in seating capacity, etc.

### **3.8.UNIT OFFICES**

With a view to decentralise administration and to be nearer to the public, 32 Unit Offices headed by Motor Vehicle Inspectors have been created in the districts as follows.

| Sl.No | Name of the DTC/RTO | Names of Unit Offices |
|-------|---------------------|-----------------------|
| 1     | DTC. Viskhapatnam   | 1. Gajuwaka           |

|    |                   |   |
|----|-------------------|---|
| 2  | RTO, Rajahmundry  | 1. Amalapuram                                     |
| 3  | DTC Eluru         | 1. Kovvuru, 2. Tadepalligudem, 3. Jangareddygudem |
| 4  | RTO, Bhimavaram   | 1. Tanuku   |
| 5  | DTC, Vijayawada   | 1. Nandigama, 2. Vuyyuru, 3. Nuzivd               |
| 6  | RTO, Gudivada     | 1. Machilipatnam                                  |
| 7  | DTC, Guntur       | 1. Tenali, 2. Piduguralla                         |
| 8  | DTC, Nellore      | 1. Gudur, 2. Kavali, 3. Sullurpet                 |
| 9  | RTO, Ongole       | 1. Markapuram, 2. Chirala                         |
| 10 | DTC, Chittoor     | 1. Madanapalle                                    |
| 11 | DTC, Kurnool      | 1. Adoni  |
| 12 | DTC, Kadapa       |   |
| 13 | DTC, Warangal     | 1. Janagaon                                       |
| 14 | RTO, Khammam      | 1. Kothagudem, 2. Sattupalli                      |
| 15 | DTC, Karimnagar   | 1. Peddapally, 2. Jagitial                        |
| 16 | DTC, Adilabad     | 1. Nirmal   |
| 17 | RTO, Nalgonda     | 1. Bhongir, 2. Suryapet                           |
| 18 | RTO, Mahabubnagar | 1. Pebbair, 2. Gadwal                             |
| 19 | DTC, Nizamabad    | 1. Kamareddy                                      |
| 20 | DTC, Rangareddy   |   |
| 21 | RTO Proddutur     |   |
| 22 | RTO Medchal       |   |
| 23 | RTO Karmanghat    |   |
| 24 | RTO , Amalapuram  |   |

The unit offices attend to the work pertaining to Registration of non-transport vehicles, issue of driving licences in addition to the regular work of MVIs.

**3.13** Seventeen check posts have been established in the state at following places with a view to control the operation of inter state vehicle and for enforcement of provisions of the Motor Vehicle Act, A.P motor Vehicle Taxation Act and the rules made there under.

| Sl.No. | Name of the Check Post | District. |
|--------|------------------------|-----------|
|--------|------------------------|-----------|

|    |                    |               |
|----|--------------------|---------------|
| 1. | Purushottapuram    | Srikakulam    |
| 2  | Bheemuni varipalem | Nellore       |
| 3  | Narahari pet       | Chittoor      |
| 4  | Adilabad           | Adilabad      |
| 5  | Kattipudi          | East Godavari |
| 6  | Renigunta          | Chittoor      |
| 7  | Palamaneru         | Chittoor      |
| 8  | Penukonda          | Anantapur     |
| 9  | Shapur             | Rangareddy    |
| 10 | Zaheerabad         | Medak         |
| 11 | Salooru            | Nizamabad     |
| 12 | Madnoor            | Nizamabad     |
| 13 | Kamareddy          | Nizamabad     |
| 14 | Bhainsa            | Adilabad      |
| 15 | Wankidi            | Adilabad      |
| 16 | Paloncha           | Khammam       |
| 17 | Kothuru            | krishna       |

The check posts at SI.No.1to4 are Integrated Check Posts and under the administrative control of the Deputy Commercial Tax Officers of Commercial Tax Department.

### **Motor Vehicle Inspectors**

**3.10** The technical work of the department relating to inspection of vehicles is looked after by Motor Vehicles Inspectors and Assistant Motor Vehicles Inspectors. The functional jurisdiction of the Motor Vehicle Inspector and Assistant Motor Vehicle Inspectors is normally fixed on the basis of the vehicular strength and area comprising one or more contiguous taluks with headquarters at an important and convenient place in that area.

**3.11** Consequent on the passing of Central Amendment Act 56 of 1969, Sections 64 and 64-A of the Motor Vehicles Act, 1939, dealing with appeals and

revisions, respectively, have undergone major changes. A separate judicial tribunal known as “State Transport Appellate Tribunal” has been constituted with effect from 1-4-1971 with an officer of the rank of District Judge to be assisted by one Secretary of the rank of Regional Transport Officer with the supporting staff. . (The central Motor Vehicle Act 1939 was replaced by Motor Vehicle Act 1988).

**3.12.** The State Transport Appellate Tribunal will entertain and dispose of all appeals against the orders of the Regional Transport Authorities and State Transport Authority. To represent the State before the Tribunal, a State representative of the rank of a Regional Transport Officer has been appointed with effect from July 1973 with supporting staff

In accordance with Section 96 of the Motor vehicles Act, 1988, State Government prescribed “Andhra Pradesh State Transport Appellate Tribunal Rules, 1989” for the conduct and hearing of appeals that may be preferred, the fee to be paid in respect of such appeals and in refund of such fee and the forms to be used for these purposes.

**3.14.** Government have also appointed a State Representative in the cadre of Deputy Transport Commissioner with supporting staff to represent before the State Transport Appellate Tribunal on behalf of the State Transport Authority and the Regional Transport Authorities and their respective secretaries.

## **CHAPTER –4**

### **DEFINITIONS**

**4.1.** The State Governments have been empowered under Section 28, 38, 65, 111, 138 and 176 of the Motor Vehicles Act, 1988 to make suitable rules. It is under these powers that the State Government have framed known as the Andhra Pradesh Motor vehicles Rules, 1989.

**4.2.** The important provisions of the Motor Vehicles Act, 1988, with reference to the Rules framed thereunder in so far as they are relevant for the purpose of audit are discussed below.

**4.3.** The various terms used in the Motor vehicles Act, 1988 have been defined in Section 2 of the Act. Some of the definitions have been elaborated by judicial pronouncements. A few of the most important definitions as interpreted by case laws are given below:-

**(i). Contract Carriage:** - “Contract carriage” means a Motor vehicle which carries a passenger or passengers for hire or reward under a contract expressed or implied for the use of the vehicle as a whole at or for fixed or agreed rate or sum-

a). On a time basis whether or not with reference to any route or distance, or  
b). from one stop to another, and in any other case without stopping to pick up or set down passengers not included in the contract anywhere during the journey, and includes-

i). a maxi cab; and (ii) a motor cab notwithstanding the separate fares are charged for its passengers;

(Section 2(7) of M.V.Act 1988)

**(ii). Stage Carriage:** “Stage Carriage” means motor vehicle carrying or adapted to carry more than six persons excluding the driver which carries passengers for hire or reward at separate fares paid by or for individual passengers either for the whole journey or for stages of journey..

**(iii). Omnibus:** - “Omnibus” means any motor vehicle constructed or adapted to carry more than six persons excluding the driver.

**(iv). Permit:** - “Permit” means a permit issued by a State or Regional Transport Authority or an authority prescribed in this behalf under the Act authorising the use of a motor vehicle as transport vehicle;  
(Section 2(31) of the Act)

**(v). Motor Vehicle:-** “Motor Vehicle” or “Vehicle” means any mechanically propelled vehicle adapted for use upon roads whether the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer, but does not include a vehicle running upon fixed rails or a vehicle of a special type adapted for use only in a factory or in any other enclosed premises or a vehicle having less than four wheels fitted with engine capacity of not exceeding twenty-five cubic centimeters (Section 2(28) of the Act).

The machineries not adapted for use on roads and not having any purpose to serve on the roads have been held to be not motor vehicles (AIR1968). Whether a particular vehicle is a motor vehicle has to be decided on the facts of each case bearing in mind its use and suitability for use on the roads. Trailer is a motor vehicle even when drawn by a tractor (ILR 1958).

Excavators and road rollers were motor vehicles for the purpose of the M.V. Act and that they were registered under that act, as they were suitable for use on roads. Merely because a motor vehicle was put to specific use such as being confined to enclosed premises would not render the same to be a different kind of vehicle (Bose Abraham Vs State of Kerala – AIR 2001 SC 834).

**(vi). Public Place:** - “Public place” means a road, street, way or other place, whether a through fare or not, to which the public has a right of access, and includes any place or stand at which passengers are picked up or set down by a stage carriage

(section 2(34) of the Act). The criterion is whether the public have a right of access to the place and not merely that the public have access (Rajamal 1970 ACJ 44 Mad;).

**(vii). Public Service Vehicle:-** “Public Service Vehicle” means any motor vehicle used or adapted for use for the carriage of passengers for hire or reward and includes a maxi cab, a motor cab, contract carriage and stage carriage. A private motor car carrying passengers for hire or reward without licence amounts to use of a car as public service vehicle (A.I.R 1966). A company hiring cars for carrying its own staff on company’s business does not amount to use of cars of public service vehicles sine the staff of the Company cannot be said to be passengers (A.I.R. 1964). Similarly hoteliers using car for carrying customers from station to hotel and back with out any extra charge does not amount to sue of a car as a public service vehicle. It is not the class of vehicle under which a motor vehicle is registered but it is the actual use of the vehicle at the relevant time or use for which it is actually adapted which determines the question for purpose of tax (A.I.R. 1967).

**(viii). Goods Carriage: -** “Goods Carriage” means any motor vehicle constructed or adapted for use solely for the carriage of goods, or any motor vehicle not so constructed or adapted when used for the carriage of goods; (Section 2(14) of the Act).

**(ix). Laden Weight:-** in relation to a motor vehicle or a trailer attached to it means of a permit is issued to the motor vehicle under the Motor vehicles Act, 1988 (hereinafter referred to as Motor Vehicles Act), the maximum laden weight specified for the motor vehicle or the trailer in the certificate of registration of the motor vehicle, and in case such weight is not specified in such certificate, the maximum laden weight of the motor vehicle or the trailer determined in such manner as may be prescribed; vide section 2(b) of the Andhra Pradesh Motor vehicles Taxation Act.

**(x). Un Laden Weight:-** “Unladen Weight” means the weight of a vehicle or trailer including all equipment ordinarily used with the vehicle or trailer when working, but excluding the weight of a driver or attendant; and where alternative parts or bodies are used the unladen weight of the vehicle means the weight of the

vehicle with the heaviest such alternative part of body; - vide section 2(48) of the Motor Vehicles Act.

**(xi). Gross Vehicle Weight:** - “Gross Vehicle Weight” means in respect of any vehicle the total weight of the vehicle and load certified and registered by the registering authority as permissible for that vehicle; vide 2(15) of the Motor Vehicles Acts.

**(xii). Private Service Vehicle:** - Private Service Vehicle means a motor vehicle constructed or adapted to carry more than six persons excluding the driver and ordinarily used by or on behalf of the owner of such vehicle for the purpose of carrying persons for, or in connection with, his trade or business other wise than for hire or reward but does not include a motor vehicle used for public purposes: (Section 2(33) of the Act).

**(xiii). “Public Service Vehicle”:-** “Public Service Vehicle” means a motor vehicle used or adapted to be used for te carriage of passengers for hire or reward, and includes a maxi cab, a motor cab, contract carriage, and state carriage; (Section 2(35) of the Act).

**(xiv). “Town Service”:-** For the purpose of taxation a town service route shall mean route as prescribed under rule 258 of the Andhra Pradesh Motor vehicles Rules and determined as such by the Transport Authority Rule 258 runs as under:-

the Regional Transport Authority shall subject to the following restrictions, determine which are town service routes:-

i).At least one terminus of every town service shall lie within the limits of municipality or any builtup place notified in the Andhra Pradesh Gazette as town for this purpose by the Regional Transport Authority concerned, with the prior concurrence of the State Transport Authority;

ii) No route of town service shall extend more than 8 kilometers beyond the limits of the municipality or town from which it starts provided that this restriction shall not apply to any town service routes which were in existence on the date of coming of these rules into force (or in respect of those routes for which specific permission of the Transport Commissioner is obtained);

iii) No route shall be determined as both town and mofussil service routes.

**“Express Service”** shall mean, in so far as buses plying on town service routes are concerned a service on town service route as prescribed in rule 258 of the Andhra Pradesh Motor Vehicles Rules and permitted to ply with limited halts as prescribed by the Transport Authority.

In so far as express buses plying on mofussil routes are concerned, express service shall have the same meaning of express stage carriage as defined under the rule 2 (1)(c) of the Andhra Pradesh Motor Vehicles Rules which runs as under:

**“Express Stage Carriage” means,**

- (i) A carriage plying on city and town routes ‘Non stop or with limited halts’ as may be prescribed by the transport authority; or
- (ii) A carriage plying non-stop on mofussil routes of short distances as may be prescribed by the transport authority; or
- (iii) A carriage plying on mofussil routes with limited halts, as may be prescribed by the transport authority”.

(G O Ms.No.319 Transport R&B (TRVII) dt.28-10-1981.)

(xv). **“Maxi cab”**: - means any motor vehicle constructed or adapted to carry more than six persons but not more than twelve passengers, excluding the driver, for hire or reward (Section 2(22) of the Act)

xvi). **“Motor cab”**: - “Motor cab” means any motor vehicle constructed or adapted to carry not more than six persons excluding the driver (Section 2(25) of the Act).

## **CHAPTER 5**

### **LICENCES, REGISTRATION AND PERMITS**

#### **Licensing of drivers of Motor Vehicles**

5.1. According to Section 3 of the Act, no person shall drive a motor vehicle in any public place without an effective driving Licence, granted by a competent authority referred to in Rule-3 of the Andhra Pradesh Motor Vehicles Rules, 1989.

a) A learner's licence valid for 6 months is issued on payment of the prescribed fee (Rule 10 to 13 of Central Motor Vehicle Rules and Rule 23 of A.P. Motor Vehicle Rules). For the renewal of learner's licence, additional fee is charged (Rule 35).

b) The procedure for issue of driving licence to drive as a paid employee or to drive a transport vehicle is contained in sub-section (9) of the Act read with Rules 14 to 21 of Central Motor Vehicles. Every application for a driving licence shall be in Form '4' along with the necessary fees for driving and testing.

5.2. For issue of duplicate licences, separate fees is prescribed under Rule 18 of the Andhra Pradesh Motor Vehicles Rules. If a licence is lost or destroyed, defaced or torn, duplicate licence may be issued on payment of the prescribed fee (vide Rules 13 to 22 and 24).

5.3. Application for approval of schools and establishments for imparting instructions to drivers of motor vehicles shall be made to the licensing officer concerned accompanied by prescribed fee (Rule 24 of Central Motor Vehicle Rules).

#### **Renewal of Licences**

5.4. "A licence issued to drive a transport vehicle, be effective for a period of five years. In the case of licence to drive a transport vehicle carrying goods of dangerous or hazardous nature be effective for a period of one year and renewal there of shall be subject to the condition that the driver undergoes one day refresher course

of the prescribed syllabus. In case of any other licence, if the person obtaining a licence or renewing it has attained the age of 50 years on the date of issue or renewal, be effective for a period of 20 years from the date of such issue or renewal or until the date on which such person attains the age of 50 years, which ever is earlier. If the person has attained the age of 50 years on the date of issue or renewal, the licence be effective for a period of 5 years from the date of such issue or renewal, on payment of prescribed fee.

(Section 14 of the Act)

The licence shall be renewed on an application in from 9 accompanied by a prescribed fee, if the application for renewal is made within 30 days from the date of expiry of licence. When an application is filed after 30 days from the date of expiry but before the expiry of 5 years, a higher rate of fee is prescribed. If an application is made after the expiry of 5 years, the applicant has to under go, the test of competence before obtaining the renewal.

#### **Licensing of conductors of stage carriages**

**5.5.** No person shall act as a conductor of a stage carriage without an effective conductor's licence issued by a competent authority as referred to in Rule 46. Every application for a conductor's licence or renewal shall be made in accordance with the provisions of section 30 of the Act read with Rules 47 to 56. A conductor's licence issued under Section 30 shall be valid for 3 years (Section 36 read with Section 15). Application for renewal of conductor's licences, shall be accompanied by the fee prescribed.

#### **Duplicate Conductor's Licences**

**5.6.** As referred to in rules 29 to 31 relating to issue of duplicate driving licences, duplicate conductor's licences shall also be issued in the same manner (Rule 59).

#### **Registration of Motor Vehicles**

**5.7.** According to Section 39 of the Act, no person shall drive a motor vehicle or allow a motor vehicle to be driven in a public place unless the said motor vehicle has been registered by the Registering Authority as defined in Section 2(37) of the Act read with Rule 79 of the Andhra Pradesh Motor Vehicles Rules, i.e. Regional Transport Officers, Additional Regional Transport Officers and Motor Vehicle Inspectors.

An application for registration of a motor vehicle shall be made in Form 20 to the registering authority within a period of 7 days from the date of taking delivery of such vehicle, excluding the period of journey and shall be accompanied by:-

- a) Such certificate in Form 21,
- b) Valid insurance certificate,
- c) Copies of proceedings of the STA or Transport Commissioner or such authority as prescribed by the State Government for the purpose approval of the design in the case of trailer or semi trailer.
- d) Proof of address by way of any one of the prescribed documents.
- e) Temporary registration, if any
- f) Roadworthiness certificate in Form 22 from the manufacturers, Form 22A from the body builder.
- g) Customs clearance certificate in the case of imported vehicles along with the licence and bond, if any, and
- h) Appropriate fee as prescribed in Rule 81

In respect of vehicles temporarily registered, application shall be made before the temporary registration expires.

The registration of the vehicles has to be done on payment of the prescribed fees. As the rates of fees are revised from time to time the rates in vogue at the time audit have to be referred to

On receipt of the application and after processing the application the registering authority shall assign a distinguished mark in accordance with the S0444-(E) dated 12.06.1989 of Government of India. This registration number shall be displayed on the vehicle. The vehicle shall for all purposes be identified with reference to this registration number which is also noted in the registration certificate in Form 23 or 23-A (in electronic medium as smart card) issued to the owner after registration of the vehicle.

Under section 41 of Motor Vehicles Act read with Rule 48 of CMV Rules, the certificate of registration issued in Form 23 or 23-A for a motor vehicle other than a transport vehicle shall be valid only for a period of 15 years from the date of issue. An application for renewal of a certificate of registration shall be made to the registering authority in whose jurisdiction the vehicle is, not more than 60 days

before the date of expiry accompanied by the appropriate fee. The registration can be renewed after obtaining certificate of fitness for a period of 5 years from the date of grant of certificate of fitness (Rules 52 of CMV Rules).

**5.8. Temporary Registration** -The owner a motor vehicle may apply to any registration authority or other prescribed authority to have the vehicle temporarily registered in the prescribed manner and for the issue in the prescribed manner of a temporary certificate of registration and a temporary registration mark. A temporary registration shall be valid only for one month and can be extended by such further period as the registering authority or other prescribed authority may allow under the circumstances specified in sub-section (2) of Section 43. All applications for temporary registration shall be made in Form 20 either to the registering authority or to the dealer, dealing in the new motor vehicle recognised by the Transport Commissioner, and the exercise of this power by the dealer shall be in respect if the new vehicles released or sold by him, vide Rule 84 of the Andhra Pradesh Motor Vehicle Rules, 1989

**Note:** - The vehicles referred to in the table under Rule 102 are exempted from the payment of registration fee.

Under Section 47 of the Act, a vehicle registered in one State and kept in another State for a period exceeding 12 months shall not be used in that State unless a fresh registration mark is assigned by the registering authority of that State. When an applicant makes an application within 30 days of the completion of 12 months, he shall not be required to pay any fee. In other cases, the fee payable would be regulated in accordance with the rates specified in Rule 101 as for fresh registration.

Under Section 49 of the Act, change of residence or place of business of a registered owner of a motor vehicle shall be intimated to the registering authority of the place to which his residence or place of business is shifted within 30 days, of any such change. On receipt of such application the registering authority shall make necessary entries in the registration certificate on payment of prescribed fee. Necessary entries should also be made in the 'B' Register. Whenever the ownership of a vehicle is transferred the transferer shall within fourteen days from the date of transfer, intimate the fact of transfer to the registering authority marking a copy to

the transferee. The transferee is also required to report the transfer to the registering authority in whose jurisdiction he resides, followed by an application in the manner prescribed, accompanied by necessary fee (Rule 55 of CMV rules). If the certificate of registration is reported as lost or destroyed, the registering authority shall issue a duplicate registration certificate on payment of the prescribed fee. When the registration certificate is completely written up or becomes soiled, the issue of duplicate registration certificate will be on payment of the prescribed fee (Rule 53(2) of CMV rules.

Under section 51 read with Rule 117 application for noting the hire purchase shall be made in the prescribed form accompanied by necessary fee. For cancellation of the hire purchase agreement, separate fees is payable. (Rule 105 of A.P rules and Rule 61 of CMV Rules.).

Under section 52, a registered owner of a motor vehicle which has undergone change (contrary to the particulars noted in the registration certificate) shall intimate the fact to the registering authority for approval of the changes. On receipt of the application, accompanied by prescribed fee (Rule 81), alterations made are approved by the registering authority.

**Note:** -All these important changes are recorded in B. register.

**5.9. Trade Certificates:-** Trade Certificates are issued by the Registering Authority to the dealers of motor vehicles in its area for use in the course of their business. A trade certificate shall be issued on payment of the prescribed fee. When a trade certificate is lost or destroyed, a duplicate certificate is issued on payment of necessary fee.

**5.10. Fitness Certificates:-** Under Section 56, a transport vehicle shall not be deemed to have been validly registered for the purpose of Section 39, unless it is covered by a valid fitness certificate in form 38 issued by the prescribed authority or by an authorised testing station. As per Rule 107 of A.P. Motor Vehicle Rules, a certificate of fitness under Section 56 shall be granted or renewed by the Inspector of Motor vehicles and also by the authorised testing stations as approved under Sub-

section (2) of Section 56 subject to the general control and directions of the registering authority. The period of validity fitness certificate shall be regulated as per Rule 62 of CMV Rules, as follows,

|  |  |
|--|--|
| 1 New Transport Vehicle                                      | two years  |
| 2 Renewal in respect of Vehicles mentioned at 1              | one year   |
| 3 Renewal in respect of vehicles Covered by Tourist permits. | three years  |
| 4 Fresh registrations of imported Vehicles                   | same period as in the case of vehicles manufactured in India having regard to the date of manufacturer |

The fee payable for the issue/renewal of fitness certificate shall be as prescribed in Rule 81 of CMV Rules.

**5.11. Control of transport vehicles:** - Section 66 deals with the scope and usage of vehicles for hire or reward on public roads, vehicles which are exempted from obtaining the permit are indicated in sub-section 3 of Section 66. Under Section 67, State Government have powers to issue direction from time to time on the following issues:-

- 1 fixation of fares and freights for stage carriages, contract carriages, and public carriers.
- 2 prohibition or restriction of the conveying of long distance goods traffic by private and public carriers.
- 3 grant of permits for alternative routes and areas to persons who have been displaced consequent on approval of schemes under Section 102.
- 4 any other issue which the State Government consider necessary to give effect to any agreement entered into with the Centre and other States.

The State Government is empowered under Section 68 to constitute the State Transport and Regional Transport Authorities with officials and non-officials as members as specified therein.

The jurisdiction and control of operation of each Regional Transport Authority extends to the entire revenue district. The State transport Authority, shall have jurisdiction over the entire State and performs functions as specified under Sub-Section 3 of Section 68 read with Rules 158 and 160. The State Transport Authority and the Regional Transport Authority shall have a Secretary appointed by the Government under Rules 151 and 130 respectively. The powers and functions of these Secretaries are those as laid down under Rules 153 and 143.

**5.12. Grant of permits:** - There are four categories of permits for motor vehicles, viz, stage carriages, contract carriages, private service vehicles and goods vehicles.

The procedure for granting the different permits is given below.

**i) Stage Carriages:** - A permit may be granted by the Transport Authority either suo moto after following the prescribed procedure by inviting fresh applications or an application made, which will also be subjected to user procedure. Generally, under section 69, an application for a permit shall have to be made in accordance with the said section to the authorities specified therein. Every application for a stage carriage permit, shall contain in the particulars as set forth in section 70. On receipt of this application, the Transport Authority shall consider the need or otherwise for the issue of permit in accordance with the requirements of section 71.

Every application shall be made in the form prescribed under Rule 171 accompanied by a fee under Rule 195. On receipt of the application, the transport authority shall decide the applications for grant of stage carriage permits in accordance with rule 179 of Andhra Pradesh Rules read with Section 71 of the Act.

As permits are granted with the prime objective of serving the public interest under section 47(a), it should be seen in audit whether this is kept in view by the Transport Authority and whether unreasonable delays in granting permits resulted in loss of tax revenue that could have accrued to Government but for the delay in granting the permits.

**ii). Grant of contract carriage permits: -** As in the case of stage carriages, the Transport Authority before considering an application for the grant of contract carriage permit, shall consider the need and extent to which the grant of permit is necessary in relation to the contract carriage permits already issued and in force (Section 74).

An application for a contract carriage permit shall be made in accordance with the provisions of section 73 and in the form P.C.O.A. as referred to in Rule 205 accompanied by the prescribed fee.

After considering the application under section 74, the Transport Authority may grant the permit under Section 51.

**iii). Grant of private carrier permits:-** Permits under this category will be granted to applicants to use their vehicles solely in connection with their own business. An application for the private carrier permit shall be made in four PTUA. (Rule 171), accompanied by the prescribed fee (Rule 195). After taking a decision under section 76 as to the need for granting a permit, the Transport Authority may grant the permit.

**iv). Grant of Goods carriage permit :-** A Transport Authority while considering the applications for grant of the goods carrier permits shall have to satisfy the conditions specified in Section 79 and fix the number of permits to be issued in each region. Applications for goods carrier permits will be made in accordance with section 79 and in for P.U.O.A. (Rule 171), accompanied by prescribed fee (Rule 195).

On receipt of the application as specified above, these shall be notified under Section 80 inviting representations, if any for and against the grant of permits. After the period fixed for representation is over, the grant of permit is decided and the permit issued in accordance with section 80.

**5.13. Renewal of permits:-** A permit other than on temporary permit or special permit shall be effective from the date of issuance or renewal for a period of five years.

A permit may be renewed on an application made not less than fifteen days before the date of its expiry.

Although Section 81 (2) prescribes time limit for filing the applications for renewal, the Transport Authority may entertain the belated renewal applications, if it is satisfied that the applicant was permitted by good and sufficient cause from making an application within the time specified. (Section 81(3)).

According to section 58(2) an application for renewal shall be made and disposed of as if the application is for a fresh permit. Consequently, an application for stage carriage permit and public carriage permit shall have to be notified under section 57(3) and then the renewal granted.

Section 87(d) contemplates the issue of a temporary permit pending decision on the renewal of a pucca permit. In all cases, where the permit is renewed after the date of expiry of the original permit, it has to be seen whether the vehicles have plied with temporary permits after the expiry of the pucca permits. If not, cases of stoppages of vehicles either due to not effecting the renewal before the expiry of the pucca permits or due to default on the part of the permit holder or due to administrative delays, resulting in non collection of taxes for the relevant period, should be brought out. According to the conditions of permit, cases of stoppages for periods beyond 15 days vide Rule 187(2) attract provisions of section 86. In all such cases, it has to be examined whether action under section 86 was taken against the permit holder for long stoppages and whether the compounding fees has been levied and collected.

**5.14. Variation of Conditions of Permit:-** At the time of grant of permit, a set of conditions is attached to each category of permit in accordance with sections 72(2), 74(2) 76(3),79(2)and 84 read with Rule 185. These conditions can be revised

by the authority which granted the permit. The variation of the conditions of permit are generally of the following types:-

- 1 Variation of the existing route either by way of curtailment or extension in respect of stage carriages:
- 2 Increase or decrease in the number of trips performed by the stage carriages:
- 3 Increase or decrease in the seating capacity in respect of stage carriages:
- 4 Replacement of a vehicle:
- 5 Increase of laden weight in respect of goods vehicles:
- 6 Revision of existing schedule of timings

In respect of the stage carriages and goods carriages, applications for variation of conditions of permits shall be treated as applications for fresh permits requiring notification under section 80(3). The forms of applications are the same as those for fresh permits. Fees at the prescribed rates are payable for variation of conditions of permits

The provisions of Section 80(3) would apply in case of variation of conditions of permit extension or curtailment of the existing route, and increase or decrease in the number of trips. Cases of curtailment of route, or number of trips, or reduction in the seating capacity involve reduction of rate of tax and consequential loss of revenue to Government. Such cases have to be initially examined and reviewed carefully even though the decisions taken by the Transport Authorities are quasi-judicial in nature. Similarly, cases involving extension of route, increase of trips, increase of seating capacity, etc., result in the enhancement of taxes. In cases where variation is granted, it has to be checked whether the taxes have been collected at the enhanced rates from the date the changes are effected.

Under section 83, holder of a permit can replace a vehicle covered by a permit by another vehicle only with the permission of the Transport Authority which granted the permit under Section 211, every application for replacement shall be accompanied by prescribed fee. The circumstances under which the Transport Authority can reject an application for replacement are specified under Rule 240.

Normally, replacement of vehicle involving reduction of seating capacity or laden weight should be specially scrutinised.

**5.15. Transfer of permits:-** (I). In the normal circumstances under section 82 a vehicle covered by a permit shall not be transferred from one person to another without specific permission of the Transport Authority.

Under Rule 220, the permit holder as well as the transferee have to make a Joint application for the transfer of permit to the Transport Authority which granted the permit accompanied by the fee prescribed at different rates for stage carriages, goods carriers etc.

When the consent of either or both the parties to the transfer of permit is withdrawn before transfer is sanctioned, the Transport Authority shall stop further proceedings. The fee paid will not be refunded in any circumstances after an application has been made (Rule 224).

After observing the procedure laid down in Rules 221 to 224, the Transport Authority shall give effect to the transfer in accordance with Rule 252. Although any arrears outstanding against a vehicle can be recovered irrespective of its change of hands, it is imperative that all arrears are realised before the transfer of permit is given effect to.

**(ii) Transfer on the death of a permit holder (section 82(3)):-** When the holder of a permit dies, the successor shall use the vehicle for 3 months as if the permit was granted to him, provided he sends intimation of the death of the permit holder to the Transport Authority within 30 days from the date of death. An application should also be made within 3 months to the Transport Authority for the transfer of permit as required under section 61(2) accompanied by a fee, as per Rule 276.

**5.16. Disciplinary action against the permit holder:-** Under Section 86, the Transport Authority which granted the permit is empowered to take action for violation of any of the conditions referred to under Rule 185. Under Section 177, prosecution can be launched for any kind of infringement of the provisions of the Act

and the Rules.. Action can also be taken under section 86, cases of acquittal wherever prosecutions are launched should be scrutinised to see that such acquittal is not due to any negligence of the department. Section 60 empowers the Transport Authority to suspend or cancel the permit or compound the offence. The amount of compounding fee towards compounding of offences shall in no case be less than the minimum prescribed in Rule 217 for various types of offences. However penalties and Compounding fee can be reduced proportionately, by recording the reasons for such partial condonation of the offences.(Authority:-G.O.No.125,TR&B dated 23-6-93.) One important point to be borne in mind in this connection is that the compounding fee can be levied only if the party agrees to compound the offence and not otherwise. In other words, party's consent is essential for the levy of compounding fee, unlike a fine imposed by a court of law. The permit holder is generally given a time of 10 days under Rule 216 to remit the compounding fee ordered by the Transport Authority. All cases of offences compounded, are entered in a separate register known as Register of Compounding Fee where in the amount compounded and the due date based on Transport Authority's proceedings are noted. It was with reference to this register and the resolution of the Transport Authority that the payment of compounding fee is watched. There may be cases wherein on account of the inordinate delay of check reports the Transport Authority might drop action. Such cases should be carefully examined.

**5.17. Temporary Permits:** - Section 87 of the Act contemplates that under the circumstances specified therein a temporary permit can be issued, for a maximum period of four months. Section 87(1)(a) relates to issue of temporary permits in connection with fairs and festivals. Each festival and the duration for which temporary permits can be issued are approved by the Regional Transport Authority, and recorded in a separate register. Sub-clause (b) relates to issue of temporary permits for seasonal business. Sub-clause (c) relates to issue of temporary permits for particular temporary needs. This sub-clause is invoked in most of the cases relating to issue of temporary permits on new routes increase of buses on existing routes and variation of existing routes where the grant of pucca permit involves considerable time. Every application for issue of temporary permit under section 62 shall be made in form PTA, (Rule 171) accompanied by prescribed fees.

**5.18.** Section 87(2) also contemplates the issue of temporary permits under the circumstances where no pucca permits can be issued, on account of the order of a court or other competent authority restraining the issue of pucca permit. In cases, where even after following the prescribed procedure, the Regional Transport Authority decides to open a new route or increase the number of buses on the existing routes, it is quit likely that the actual issue of permits gets delayed on account of stay/suspension orders issued by Court/Appellate authorities on appeals filed by the existing operators of the routes. Wherever the disposal of these cases in Courts /Appellate authorities takes considerable time, Government would be put to loss of revenue by way of taxes recoverable in respect of vehicles for which permits would have been issued but for stay orders. It has to be seen whether in all such cases covered by stay orders or suspension the Transport Authorities have invoked the provisions of section 62(2) and granted temporary permits.

**5.19.** Under section 87(2) Transport Authorities are empowered to issued temporary permits under Section 88 to be valid in other regions and other states, with the concurrence given generally or for a particular occasion by the Transport Authority of the other region or other State.

**5.20.** As a result of the agreements entered into with other states under section 88(5), there is a provision in the Inter-State agreements to issue temporary permits for vehicles to ply in the neighboring states under section 87 with the concurrence grated generally or for a particular occasion vide section 88(7). In all these cases since the temporary permits are issued without prejudice to the rights and obligations of the regular permit holders on those routes tax shall have to be collected for the respective states in accordance with the schedule of rates notified under section 9(1) of the Andhra Pradesh Motor Vehicle Taxation Act. For the purpose of uniformity the issue of temporary permits to vehicles plying in other states is centralized (permits are issued by the State Transport Authorities). At the end of every month, a statement showing the temporary permits issued by each state will be furnished to other states with full particulars such as vehicle number, laden weight, tax paid etc. The Statements so received, are checked with tax schedules and less taxes, if any, recovered form the concerned states.

**5.21.** Under Section 88(8) permits are also issued to public service vehicles by the Transport Authorities to any place beyond its jurisdiction for the purpose of carrying passengers for hire or reward without picking up or setting down passengers enroute. These permits are known as special permits or tourist permits. The permits shall be granted on an application in form P.T.O.V.A. (Rule 171) accompanied with the prescribed fee (Rule 196(2)). These temporary permits are generally granted for the period for which the need exists. For extension of these temporary permits, additional fee is payable (Rule 225(2)). Special permits are issued for a maximum period of 3 months and extended for a further period of 1 month only (Rule 202).

**5.22. Inter-Regional routes:** - Under Section 69 the Transport Authority in whose jurisdiction major portion of a route lies, shall be the competent authority to consider and grant the permit. The procedure to be followed in granting these permits shall be the same as intra –regional permits. But the approval of the Transport Authority / Authorities in whose jurisdiction, the route passes has to be obtained, before granting permit (vide rule 175) Where the permit has been issued with-out the approval of the other Transport Authority / Authorities the permit shall not be valid in the region of that Authority / Authorities unless it is countersigned by that authority. A separate application has to be made for the countersignature of the other Transport Authority accompanied by the fee prescribed (Rule 226).

Delays in countersigning the permits apart from the public inconvenience result in loss of tax revenue, and should be looked into.

**5.23. State Wide Permits:-** The Regional transport Authority of one region may grant a permit in respect of a motor cab other than three wheelers to ply as a contract carriage to be valid throughout the state without the counter-signature of the Regional transport Authority of the other region. (Rule 176).

The Regional Transport Authority of one region may grant a permit in respect of a private service vehicle to be valid throughout the state without the countersignature of the Regional Transport Authority of other regions (Rule 176-A).

**5.24. Inter-state Transport:** - The Inter-State traffic or passengers and goods transport shall be regulated by mutual agreements between the respective States. Under Section 88(5) every proposal to enter into agreement with other states shall be notified in the official gazettes, inviting representations and finally approved under Sn.88. It is according to these agreements that the grant and countersignature of permits of stage carriages, goods vehicles, taxicabs etc., are being regulated. The grant of stage carriage permits on recognised interstate routes shall be regulated on the basis of service mileage. The grant of countersigned permits in respect of goods vehicles on selected routes shall be with reference to a fixed number. All permits granted and countersigned under the reciprocal agreements shall be entitled for exemption from payment of tax to the reciprocating State by virtue of the notification issued under section 9(1) of the Andhra Pradesh Motor Vehicle Taxation Act. Any permits countersigned outside the purview of the agreement are subject to payment of separate tax.

Every permit issued in pursuance of the agreement shall be countersigned by the other state on an application with the necessary fee (vide Section 88(6) and Rule 198).

**5.25.** Sub section (12) and (13) of section 88 of the Motor Vehicle Act contemplates in issue of All India Tourist Vehicles permits valid for the whole of India or in such contiguous State not less than three in number including the State in which the permit is issued on payment of prescribed on the registration fee.

Sub section 12 and 13 of Section 88 the Motor Vehicles Act contemplates the issue of national permits for a specified number of goods carriages on payment of the prescribed authorisation fee under the explanation to this section. 'National Permit' means permit granted by the appropriate authority to goods carriages to operate throughout the territory of India or in such contiguous states not being less than four in member, including the state in which the permit is issued. The authorisation fee means the annual fee, not exceeding one thousand rupees, which may be charged by the appropriate authority of a state to enable the motor vehicles covered by All India Tourist Permit or national permits to be used subject to the payment of Taxes or fee, if any, levied by the state concerned.

### **Tourist permits:-**

An application for the grant of permit in respect of a vehicle shall be made in Form 45 to the State Transport Authority. A tourist permit shall be deemed to be invalid from the date on which the motor vehicle covered by the permit completes 9 years in the case of a motor cab and 8 years where the motor vehicle is other than as motor cab unless the motor vehicle is replaced.

Where the vehicle covered by a tourist permit as proposed to be replaced by another, the other vehicle shall not be more than two years old on the date of such replacement. The period of 9 years or 8 years shall be completed from the date of initial registration of the Motor Vehicles (Rule 82 of CMV Rules).

An application for a grant of authorisation of a tourist permit shall be made in form 46 and shall be accompanied by a fee of Rs.500 per annum in the form of a bank draft. The authority, which grants the authorisation shall issue the permit holder, receipts for such taxes or fees in respect of each bank draft. The bank drafts received in respect of taxes or fee shall invariable be forwarded by the authority, which grants the authorisation to the respective states. The period of validity of an authorisation shall not exceed one year at a time. (Rule 83 of CMV Rules)

Additional conditions of tourist permits are prescribed in Rules 85 of CMV Rules.

### **National permits.**

An application for the grant of a national permit shall be made in Form 48 to the prescribed authority. No national permit shall be granted for a multi axle goods carriages which is more than 15 years old at any point of time and it is more than 12 years old in respect of a goods carriage, other than multi axle. No national permit shall be granted in respect of a multi axle trailer approved to carry a goods vehicle weight of more than 50 tonnes, which is more than 25 years at any point of time, the period of 25 years being completed from the date of initial registration of the said trailer. (Rule 86, 88 of CMV Rules)

An application for the grant of an authorisation for a national permit shall be made in Form 46 and shall be accompanied by a fee of Rs.500 per annum in the shape of a bank draft. Separate receipts have to be issued for each bank draft. The

bank drafts received in respect of taxes or fees shall be invariably be forwarded by the authority who grants the authorisation to the respective states (Rule 87 of CMV Rules)

Additional conditions for national permit are prescribed in Rule 90 of CMV Rules.

**5.26. Reserve Stage Carriages:** - According to the conditions attached to the permits of stage carriages (vide Rule 188) it is obligatory on the part of the permit holder to ensure that the state carriages are always available for service. On account of break down the vehicles might not be in a position to perform the service temporarily. To meet such contingencies reserve stage carriages, other wise known as spare buses are required to be maintained by the permit holder. Tax has to be paid for such stage carriages also but at a lesser rate. The form of application, the fee therefore and the procedure for the grant of spare buses permits are the same as those prescribed for the grant of regular route permit excepting the fact that the notification inviting applications and notifying the application will not be necessary. In short, the permits for spare buses will be issued as and when application are made. Operators who have permits for more than 5 buses including temporary permits should compulsorily maintain a minimum requisite number of spare buses as mentioned in the table under Rule 188. For the purpose of computation of the number of permits (including temporary permits) held by a person, all the permits held by him irrespective of the transport authorities in the State which granted the permits shall be taken into account. Action, can be taken under Section 86 against the defaulting operators who violate these provisions. Permits held by operations owning more than 5 buses should invariably be verified to ascertain whether the requirements of Rule 188 for obtaining spare bus permits for the minimum number required have been fulfilled, as otherwise, it would result in loss of tax revenue to Government. Non-maintenance of spare buses as provided n Rule 188 or as provided under the scheme of STUs is compoundable under Rule 217 with minimum compounding fees of Rs.600 per vehicle per month or part there of.

**5.27. Special provisions relating to State Transport Undertakings:-** Chapter IV-A of the Act exclusively deals with the grant of permits and regulation of buses relating to State Transport Undertakings. Under section 68-B the provisions of this chapter would prevail over Chapter-IV of the Motor Vehicles Act, 1988. The

object and purpose for which passenger transport is provided in the State Public Sector are as specified under section 68-C. Where the State Transport Undertakings proposes to take over a route operated by private sector, it shall prepare a scheme and publish the schemes in the local newspapers and in the gazette, (Rules 315 to 317 read with Sn.68-D). Under Rule 318 interested persons viz., either general public or private operators who are affected by the nationalization may file their objections to the State Govt. within 30 days from the date of publication of the schemes in the gazette, and there after, the Government after hearing the objections if any may either approve or modify the scheme. Such approved or modified schemes shall again be republished in the gazette and shall be known as approved schemes and the area or route covered by the said schemes shall be known as the notified area and /or notified route.

**5.28.** After the scheme is approved by the Government and published in the Gazette, the Andhra Pradesh State Road Transport Corporation, would apply for route permits in place of private operators (SN.68-F). Under Rule 321 powers for granting the permits are exercised by the Secretaries of the State Transport Authority and Regional Transport Authority who grant the permits applied for simultaneously rendering the permits of other private operators in effective.

**5.29.** Any scheme approved by Government under Sn.68(D) can be cancelled or modified by the State Transport Undertaking with the prior approval of the Govt.(Sn.68E(1)). The Government is also empowered under Section 68(E)(2) to modify any approved scheme after giving opportunity to the State Transport Undertaking concerned and any other persons interested.

Under section 99(2), during the period between the date of publication of the draft scheme and the date of publication of the approved scheme, no fresh permit can be granted and existing permits have to be renewed for limited periods. As public interest would suffer on account of non-issue of fresh permits during the above period, provision has been made under Section 99(2) for the issue of Temporary permits. Such temporary permit shall be valid for a period of one year from the date of issue or till the date of final publication of the scheme under Section 100, whichever is earlier.

In the case of a State Transport Undertaking the State Transport Authority in its discretion authorize the State Transport Undertaking to use any stage carriage covered by a permit, whether regular or temporary issued by any State Transport Authority in the State to ply on any one the routes for which permits have been granted by the Transport Authorities in the State subject to the condition laid down in Rule 309(2) of the A.P. Motor Vehicle Rules 1964. (G.O Ms. No.122 TR & B Dt. 24-04-80).

**5.30.** Every scheme published and approved by the state Transport Undertaking shall indicate minimum and maximum buses, seating capacity indicating the range from minimum and maximum number of trips to be performed.

**5.31.** Construction, equipment and maintenance of Motor Vehicles:- Chapter V of the Act exclusively deals with the type of constructions of various categories of motor vehicles their equipment and maintenance.

In stage carriages, tax is collected with reference to the seating capacity of the bus and also the total daily kilometer age traveled by the bus. Seating arrangements in stage carriages, have to be provided in accordance with the provisions of Rules 331 to 334 . in cases of fresh registration of stage carriages, the number of seats to be provided will be specified in the certificate issued by the manufacturer with detailed drawings of the seating arrangement. These documents will be srutinised by the Motor Vehicle Inspector who will ensure by physical inspection of the vehicle that the seating arrangement confirms to the provisions of the rules. In all cases of fresh registrations and in cases where any reduction in the number of seats originally provided for is noticed it should be ensured that such reduction confirms to the provisions of the rules (SRA Circular MVT/4-4/12/77-78 175, dt.06.04.1981).

**5.32. Seating capacity:-** The seating capacity of a public service vehicle (Other than a motor cab, an auto rickshaw, or an express stage carriage or a deluxe stage carriage, or a deluxe or air conditioned contract carrier or a cargo bus) should be directly proportionate to the wheel base of the vehicle and the minimum number of seats to be provided shall be as follows:

| Wheel Base         | Minimum seating capacity<br>Including driver / conductor. |
|--------------------|---|
| 254 to 293 Cms.    | 16  |
| 294 Cms to 305 Cms | 20  |
| 306 Cms to 343 Cms | 25  |
| 344 Cms to 407 Cms | 30  |
| 408 Cms to 432 Cms | 35  |
| 433 Cms to 496 Cms | 45  |
| 497 Cms to 534 Cms | 50  |
| 535 Cms and above  | 55  |

The minimum seats mentioned above may be reduced by two seats in the case of vehicle having separate entrance and exit and by four seats in the case of stage carriage permitted to ply on fair weather routes.

Provided further that the minimum number as reduced may be further reduced by one fifth in the case of stage carriages operating in city or town service routes in case such reduction is to provide necessary gangway to permit the standing passengers.

The above rule will not apply to vehicles registered prior to 07.02.1981 but will apply to such vehicles if the body is reconstructed on or after 07.02.81. (G.O.Ms.No.90 Transport dated 07.02.81).

### **Standing passengers**

Standing passengers can be allowed in vehicles according to the formula prescribed in rule 335 of the A.P. Motor Vehicle Rules.

**5.33. Laden Weight of Transport Vehicles:-** As per S.O.No.728(E) dated 18.01.1996 issued by the Central Government, in relation to the transport vehicles (other than motor cab) of various categories as detailed in the schedule to the notification, the maximum gross vehicle weight and the maximum safe axle weight

of each axle of such vehicles shall, having regard to the size, nature and number of tyres and maximum weight permitted to be carried by the tyres, be

1 Vehicle manufacturers rating of the gross vehicle weight and axle weight respectively for each make model as duly certified by the testing agencies of consideration of Rule 126 of the CMV Rules 1989, or

2 The maximum gross vehicle weight and the maximum safe axle weight of each vehicle respectively, as specified in the schedule to the notification, or

3 The maximum load permitted to be carried by the tyres specified in the Rule 95 of the CMV Rules, 1989 for the size and number of tyres, fitted on the axles of the relevant make and model, whichever is less.

The maximum gross vehicle weight in respect of all such transport vehicles, including multi axle vehicles shall not be more than the sum total of all the maximum safe axle weight put together subject to the restrictions, if any, on the maximum gross vehicle weight given in the schedule to the notification.

**5.34. Offences penalties and procedure:** - Section 192 deals with trial of offences relating to plying of vehicles without registration or permit Sn.207 empowers seizure of vehicle when used without registration or permit. This section read with section 8 of Andhra Pradesh Motor Vehicle Taxation Act empowers the checking officer to seize vehicles not only for plying without permit and registration but also for plying without payment of taxes. Under section 200 00 of the Motor Vehicles Act the officers of the Transport department not below the rank of an Asst. Motor Vehicle Inspector and in Police Department not below the rank of Sub-Inspector of Traffic Police in the city and Inspector of Police in other places are empowered to compound offences for violation of provisions of certain sections of the M.V. Act 1988 as per the minimum rates prescribed under rule 217. Where compounding fees are collected by the police Department, the amount should be remitted to “0041” and a monthly statement should be sent by the Police department to the concerned R.T.O. by 10<sup>th</sup> of the succeeding month.

**5.35. Nature of audit checks:** - It should be ensured that the rates of taxes are properly applied to different types of vehicles such as stage carriages, contract carriages, Omnibuses and goods Carriers. Wherever reserve stage carriages have to

be maintained it should be seen that the number of such carriages is according to the prescribed minimum and taxes at concessional rates are applied to the reserve stage carriages, only when full rates are collected on all the stage carriages holding regular including temporary permits. In regard to fees for driving licence, conductors licence, registration of vehicles, transfer of vehicles, etc., audit check would be confined to review of registers kept by the Department including checks of the individual cases and of the arrangements made for reconciliation of departmental figures of receipts with those of treasury. In addition it would be necessary to see that the appropriate rate of licence fees have been collected in accordance with the procedure/rules prescribed in the Act/Rules. Non-fulfilment of statutory requirements in regard to driving licences, conductor licence, etc., can be detected only by the enforcement staff of the Department by physical check but audit might satisfy itself that the cases of evasion reported by the enforcement staff are perused to their finality as prescribed in the Acts.

(b). As a check against issue of licences/permits on production of fraudulent challans in support of remittances or on receipt of cash without issue of proper receipt for the cash received, a test audit of the licence fee register/permit fee register should be conducted to see whether in respect of licences/permits issued during the period selected for test audit and the challans/cash received is supported by duplicate challans/proper counterfoil of the receipt issued to the party and has been taken to cash book/challan register. Check of the system of reconciliation of departmental figures with Treasury figure will bring out cases of issue of licences/permits on production of fraudulent Treasury challans.

(c). New registrations/licences permits should be scrutinized with special care to the extent prescribed.

**5.36.** As per section 140 of the Act, where death or permanent disablement of any person has resulted from an accident arising out of the use of a motor vehicle or motor vehicles, the owner/owners of the vehicle shall, jointly and severally, be liable to pay compensation in respect of such death or disablement. The amount of compensation payable in respect of death of any person shall be a fixed sum of Rs.50,000 and in case of permanent disability it shall be a fixed sum of Rs.25,000.

For payment of compensation in case of hit and run motor accidents, in accordance to the Section 163 of the Act, Central Government introduced “Solatium Scheme, 1989” with effect from 1 July 1989 vide S.O.440 (E) dated 2 June 1989. According to this, the District Collector will be the “Claims Settlement Commissioner” and Mandal Revenue Officer is the “Claims Enquiry Officer”. The Claims Enquiry Officer will process the claim application after holding enquiry and on receipt of report; the Claims Settlement Commissioner shall sanction the claim and communicate it to the nominated office of the Insurance Company. The nominated office of the insurance company shall made payment to the claimant by dispatching a cheque/DD through Registered Post with intimation to all the concerned authorities.

As per section 163-A of the Act, the owner of the motor vehicle or the authorized insurer shall be liable to pay compensation in case of death or permanent disability as indicated in the Schedule to the Act. As per the Section 163-B, where a person is entitled to claim compensation under section 140 and section 163-A, he shall file he claim under either of the said sections and not under both.

## **CHAPTER 6**

### **ANDHRA PRADESH MOTOR VEHICLE TAXATION ACT**

#### **General**

**6.1.** As already mentioned, the Motor Vehicle Act, 1939 is a regulatory Act and not fiscal statute. The Motor Vehicle Taxation Act is enactment by the State Legislature and deals exclusively with the taxation matters pertaining to motor vehicles plying in the State. This is a fiscal statute dealing with the conditions under which motor vehicles have to be taxed, the rates at which they have to be taxed, the conditions under which exemption from/reduction in taxation can be granted etc.

#### **Levy of Tax**

**6.2. Liability to Tax:-** According to Sn.3 of the Act, Govt is competent to direct the levy of tax in respect of every motor vehicle used or kept for use in a public place in the State, not exceeding the maximum specified in Schedule-I of the Andhra Pradesh Motor Vehicle Taxation Act issued under Section 3(1).

**6.3.** “Rule 12-A of the Andhra Pradesh Motor Vehicles Taxation Rules 1963, provides that for the purposes of Sn.3 of the Act, a motor vehicle shall be deemed to be kept for use and is liable to tax unless the registered owner or the person having possession or control of the motor vehicle intimates in writing to the licensing officer before the commencement of the quarter for which tax is due that the motor vehicle shall not be used after expiry of the period for which tax has already been paid. The Licensing Officer shall on receipt of the intimation acknowledge its receipt”. (G.O.Ms.160 Tr, R&B (Tr.II) dt.23.04.83). In view of the first proviso to Rule 12-A, the owners of non-transport vehicles who fail to file the stoppage reports as prescribed in the rule are entitled to give an affidavit subsequently with full details to the effect that the vehicle was not in existence, or that it was disposed of to another person and that he is no more in possession of it or that tax was paid for that vehicle elsewhere in the same State or in some other State. When the affidavit is filed as discussed above and if the licensing officer is satisfied that the facts mentioned in the affidavit are correct, it shall be deemed that the vehicle has not been kept for use. The manner in which the affidavits have got to be filed and how they have to be accepted has been specified in the instructions issued by the Transport

Commissioner. Further, Rule 12 A shall not apply to vehicles for which life tax or lump sum tax is prescribed.

(Authority G.O.Ms.No.350 TR&B dated 24 February 1987)

**6.4.** There may be cases where the requirements of Rule 12-A might not have been fulfilled in respect of motor vehicles resulting in the vehicles being brought under the category of vehicles 'kept for use'. For failure to fulfil the requirements of Rule 12-A the licensing officers are entitled to draw the presumption that the vehicle has been kept for use. With this view, the licensing officer shall issue a show cause notice to the registered owner of a vehicle to explain the liability for payment of tax. The registered owner can however produce adequate evidence that the vehicle has not been kept for use. It is only after conducting necessary enquiry and verification that the licensing officer can come to the conclusion that the vehicle was not kept for use.

**6.5(a). Payment of tax:-** According to Section 4(1)(a), tax payable under section 3 for a quarter/half year/year should be paid in advance by the registered owner within 30 days from the date of commencement of the period. As per section 6 of taxation act penalty "not exceeding" was Omitted vide G.O.Ms.No.110 TR&B dated 7-7-2003 and penalty shall be leviable at rate of 50% if the tax is paid in the First month of the quarter, 100% if the tax is paid in the second month of the quarter and 200% if the tax is paid beyond two months from the beginning of the quarter

However, for the payment of quarterly tax, the Grace period of 15 days was extended till the end of the first month of every quarter.

Therefore the penalty levied shall be 100% if tax is paid in the second month of the quarter and 200% of the tax is paid beyond the two months from the beginning of the quarter. The payment of taxes is watched through a register known as the Demand Collection and Balance Register. The entries relating to the motor vehicles noted in the Demand Collection and Balance Registers have to be reconciled once a quarter with the B. registers, permit register, route-wise register, timings register and fitness certificate registers to ensure the correctness of the adoption of the seating capacity, date of issuing of permits, total number of trips and maximum kilometerage etc., in respect of stage carriages permitted laden wait in respect of non-transport vehicles

which are relevant to the determination of the rates of taxes payable and a certificate to this effect is required to be appended by the ministerial head of the office. Besides those checks, the rate of tax noted "Demand" column of the Demand Collection and Balance registers is required to be attested by the head of office. In addition to the above, any changes such as increase of seating capacity, increase of daily total kilometrage, increase of permitted laden weight etc., attracting the liability to pay tax at a higher rate than the rates fixed prior to the commencement of the period shall also be noted in the Demand, Collection and Balance and other registers under the attestation of the head of the office. During scrutiny of such cases the Demand, Collection and Balance registers and other allied registers have to be correlated and checked to ensure whether the difference of taxes has been collected in accordance with rule 5 of Andhra Pradesh Motor Vehicles Taxation Rules. Checking the correctness of demand noted in Demand, Collection and balance register is an important item of work in local audit.

**6.5(b) Calculation of Tax.** -The manner in which tax as required under Sn.4 is to be paid, shall be in accordance with Sn.11 read with rule 13 of Andhra Pradesh Motor Vehicle Taxation Rules. According to these provision, the registered owner is required to file an application to the licensing officer enclosing the registration certificate, insurance certificate with the demand draft/pay order obtained from any schedule bank for the amount due towards tax. According to rule 3, the registration certificate shall contain an endorsement indicating the tax payable. It is with reference to this endorsement that the adequacy of the tax paid by the registered owner is checked by the licensing officer. The adequacy of tax is also checked with reference to demands shown in the Demand, Collection and Balance registers and a licence, as specified under Sn.4(3)(a) is issued by the licensing officer to the registered owner making necessary entries in the registration certificate and collection column of the Demand, Collection and Balance registers indicating the amount of tax paid and the number of the token issued. The demand drafts accepted by the licensing officer are accounted for in a separate register and adjusted to Government Account. Any non-adjustment or delays in the adjustment of demand drafts should be pointed out.

The taxation licenses or tax tokens are supplied by the Transport Commissioner to all the licensing officers of the State. The licences received by the licensing officers are accounted for in separate registers known as the stock register for taxation licences where the issue of licences from day to day are noted. Licences issued for motor vehicles are accounted for in a register known as "Issue register of taxation licences" wherein entries would be made as and when applications are received and licences are issued. The "Stock register" and "Tax token issue register" have to be scrutinised during audit to see whether or not any of the tokens received by the licensing officer has remained unaccounted for and whether the total number of licences issued for the quarter/half year/year, as the case may be, tally with the total numbers of tokens shown under collection column of Demand, Collection and Balance statement for the quarter/half year/year, and the discrepancies, if any, should be examined in detail. According to the Second Proviso to Rule 13A of the Andhra Pradesh Motor Vehicles Taxation Rules, the owner of a non-transport vehicle may remit the tax to the Post Master of the Post Office concerned who functions as Licensing Officer. The conditions in which the tax has to be accepted by the Post Office and the prescribed returns evidencing the payment of tax collections to Government Account to be for-warded to the Departmental Licensing Officer is indicated in G.O.Ms.No.312, TR&B (Tr.II) dt.20.09.1982.

**6.6.** The demand, Collection and Balance registers is posted either at the time of issue of tax token or after issue of tax tokens; with reference to the entries in the tax token issue registers. The entries in the collection column of the Demand, Collection and Balance Registers have to be attested by the ministerial head of the office as per the instructions issued by the Transport Commissioner.

**6.7.** By virtue of notification issued under Sn.3 (1) of the Act the rates of tax for the periods for which taxes were already paid can be increased. In such cases, the tax paid in respect of any motor vehicle for the subsequent period shall be adjusted towards the arrears due on account of increase of rates of tax, vide Rule 12(B) of the Andhra Pradesh Motor Vehicles taxation Rules.

Rates of tax and procedure for collection tax

**6.8. Classification of Vehicles for purposes of taxation:-** For purposes of taxation motor vehicles are broadly divided into two categories, viz., transport vehicles and non-transport vehicles. The tax on the former category is more than the tax on the latter, because transport vehicles are those used for commercial purposes for hire or reward while non-transport vehicles are those used by the owner of the vehicles for their own purposes and not for hire or reward. The transport vehicles are of the following categories:

1. Stage carriages. (including reserves or spares Buses).
2. Contract carriages
3. Goods vehicles.
4. Tractor trailer combinations.
5. Omni buses.

With effect from 01.01.1979, stage carriages have been divided into 2 categories viz., express buses and ordinary buses. The tax on express buses is more than that on ordinary buses and the rate also varies according to the distance plied, and the classification of the routes viz., town services and other i.e., mofussil services.

The goods carriage also fall into 2 categories viz., Public Service Vehicle and Private Service Vehicle. Public Service vehicles which are used for commercial purposes i.e., for hire or reward while the private Service Vehicle are used by the registered owner for his own purposes. There is however no difference in tax applicable between these two categories of vehicles.

Omni-buses fall under a peculiar category of their own. These vehicles are not classified as Public Service vehicles and as such no permit is required to be taken for plying such vehicles under Sn.42 of M.V. Act. However, they are taxed on per seat basis. (SRA Hqrs. Cir, 20 dt.10.07.81 and G.O.Ms.214 TR VII, dt.03.07.80).

With effect from 24 January 2003, Omni buses with seating capacity between 8 in all and 10 in all and their chassis were brought under life tax. Omni buses owned recognised educational institution of run by managing committees registered under societies registration act 1860 are taxed on the basis of their un-laden weight upto 27

November 2002 and from 31 January 2003 onwards. For the period from 28 November 2002 to 30 January 2003 they were taxed based on their seating capacity. (Authority: G.O.Ms.No.15 TR&B Dated 31 January 2003)

**Non-Transport vehicles:-** The rate of taxation applicable to non-transport vehicles have been rationalised with effect from 01.01.79 and subsequently revised from time to time.

Government introduced green tax respect of Transport and non Transport vehicles vide G.O.Ms.No.238 (TR&B) dated.23-11-2006 as follows.

1) Transport Vehicles that have completed 7 years of age from the date of their registration. Rs.200/-p.a

2) Non Transport Vehicles that have completed 15 years of age from the date of their registration.

a) Motor cycles Rs.250/-for 5 years.

b) Other then Motor Cycles Rs.500/-for 5 years.

There shall not be any levy of Green Tax if the Vehicle is Operated by LPG,CNG Battery or Solar Power.

**6.9. Temporary permits:-** Under Sn.87 of the Motor Vehicles Act, temporary permits are issued to other state vehicles to visit this state in pursuance of the inter-state agreements. This is known as short term licensing agreement. Under Sn.4(4) of the Andhra Pradesh Motor Vehicles Taxation Act the legislation has fixed separate rates of taxes payable for 7 days and 30 days in respect of the above categories of vehicles. The maximum rates of taxes approved by the Legislature are given in the second schedule to the Andhra Pradesh Motor vehicles Taxation Act. By virtue of the powers under Sn.4(4) Govt. have also issued notification laying down rates of tax payable for vehicles of other state plying in this state temporarily. At present, short term licensing agreements exist between the states of Tamilnadu, Karnataka, Maharashtra and Andhra Pradesh, Orissa, Gujarat and Madhya Pradesh. The Secretaries of State Transport Authorities and the Regional Transport Authorities of the above states have been empowered to act as the licensing officers, for issue of licences authorising their vehicles to ply temporarily in Andhra Pradesh

State. The collection and remittance of tax under Sn. 4(I)(a) read with Sn. 11 of the Act is done by means of demand drafts. The licensing officers of other states are required to furnish two statements in Forms I and II to the Transport Commissioner of Andhra Pradesh. Form I indicates the temporary permits issued by them to their vehicles to ply in Andhra Pradesh State. Form II indicates the demand drafts received by them and sent to the State Transport Authority, Hyderabad in respect of vehicles permitted to ply in this State. The consolidation and scrutiny of these statements is done by the State Transport Authority, Hyderabad. The correctness of the taxes collected from other state vehicles has to be checked at the office of the State Transport Authority with reference to Form I and II mentioned above. Similar procedure exists for issue of temporary permits to Andhra Pradesh vehicles to ply in other states by the licensing officers of this state.

**6.10. Payment of taxes:-** Under Sn.5(1)(a), no motor vehicles shall ply a public place without a taxation licence issued under Sn.4(3)(a). The taxation licence is the sole evidence of payment of tax to be relied upon by the checking officers in addition to the registration certificate (R.C). although the registered owner of a motor vehicle is required to exhibit the registration certificate and the taxation licence whenever the motor vehicle is used on a public road, it is generally the case that both the records are not kept in the vehicle at the time of check by the checking officers. Sn. 8 empowers the checking officers to seize the vehicles in such circumstances excepting the vehicles belonging to Central Govt., State Govt., and public sector undertakings. The check reports of the vehicles should be carefully scrutinised in audit to ensure whether the fact of payment of tax was verified by the checking officers at the time of check of the vehicle. If tax was not paid, it should be seen whether action was taken to realise the tax due along with penalty in accordance with Sn.6 read with rule 12 and 13.

**6.11.** Normally all payments of taxes have to be made within the period specified under Sn. 4(1)(a). The period specified in this sub-section is known as the grace period which is at times extended by Govt. by issue of a notification. After the expiry of the grace period, the licensing officer has to communicate the full details of the vehicles for which taxes have not been paid including the cases coming under rule 12-A to filed staff, check-posts and other authorities, for causing verification.

This communication shall normally be made within 5 days after the expiry of the grace period or extended grace period.

**6.12.** The field staff and the staff at the check post to whom the lists of non-payment of taxes is communicated are required to verify the genuineness of the stoppages and ascertain the intention of the owner of vehicle, to satisfy the term 'kept for use' and submit verification reports to the licensing officers in the proforma prescribed. These reports, on their receipt by the licensing officers shall be noted in the balance column of the Demand, Collection and Balance register under attestation of the head of the office. The correctness of these entries should be checked with reference to entries in the stoppage register.

If on the other hand, as a result of verification, it is found that the vehicle has either been used or kept for use, the licensing officer shall take action under Section 6 read with rule 12 and 13 to collect tax with penalty.

**6.13. Filing of Stoppage Reports:-** Section 4 read with Rule 12-A enables the registered owner of the vehicle to file the intimation of the stoppage of vehicle before the commencement of the quarter for which tax is due. Therefore, during audit, the records maintained at check posts and the diaries of checking officers should be checked carefully with the Demand, Collection and Balance registers to ensure that no vehicle escapes tax on account of fraudulent filing of intimation of stoppage by the registered owners. (Rule 12-A amended in G.O.Ms.No.160 T, R&B Tr. VII, 23.04.83).

**6.14. Goods vehicle Report:-** Under rule 242 of the Andhra Pradesh Motor vehicle Rule of 1964, every driver of a goods vehicle is required to maintain in a record known as goods vehicle report in which full details of the movement of the vehicle from day to day and the commodity carried etc., are recorded.

**6.15. Trip Sheets:-** Similarly in respect of stage carriages, under rule 267 of the Andhra Pradesh Motor Vehicles Rules the driver or conductor of a State carriage

(except that of Andhra Pradesh State Road Transport Corporation) is required to maintain a trip sheet in form T.S.S. or T.S.C.

**6.16.** The above records are very important and essential to determine the usage of the Vehicle or otherwise. The enquiry reports submitted by the Motor vehicle Inspectors should necessarily contain the fact of the verification of the above records (especially trip sheets) to confirm whether elaborate enquiries in respect of stoppage of vehicles were conducted.

**6.17. Timing Register of Stage carriage of Police Station:-** Under rule 266 of the Andhra Pradesh Motor vehicles Rules, the Transport authority may also direct that every stage carriage shall stop at such stations on its route as the Transport Authority may prescribe and the conductor of every stage carriage shall enter in the register known as T.G.R. maintained at the police station the particulars specified therein. This record also has an important role in the process of verification of stoppage reports. The Transport Commissioner has also issued instructions in Memo, 26014/K3/73, dt.26.10.73 that the Regional Transport Officers should personally verify all the stoppages in respect of stage carriages and 50 per cent in respect of goods vehicles.

**6.18. Statistical Returns and Control Charts of APSRTC:-** According to rule 273-A of the Andhra Pradesh Motor Vehicles Rules, the provisions of Rules 267 to 272 of Andhra Pradesh Motor Vehicles Rules do not apply to the stage carriages of Andhra Pradesh State Road Transport Corporation. But as per the proviso to rule 293-A, statistical returns and control charts are required to be maintained by the drives or conductors of the Road Transport Corporation. In these records full details of the day to day operations are recorded. Under the same proviso, these records can be asked to be produced for verification by the offices referred to in rule 272. In so far as the verification of stoppages of vehicles of Andhra Pradesh State Road Transport Corporation is concerned, the enquiry report should contain a mention about the verification of the records referred to in rule 293-A.

**6.19. Remittance of tax-Levy of Penalties for Late payment.-**Section 4 and 11 of the Andhra Pradesh Motor Vehicles Taxation Rules specify the dates

before which and the manner in which taxes have to be paid. Non-payment of tax, belated payment of tax in accordance with the above rules is to be dealt with under Section 6 read with rules 12 and 13. Though instructions were issued by the Transport Commissioner fixing certain rates of penalties for late payment and non-payment of taxes courts have held that the act licensing officers under Sn.6 was Quasi judicial and also discretionary in nature, and that any interference by the higher authorities in the jurisdiction of licensing officers in the matter of levy of penalties is bad in law. In pursuance of the decision of the courts, the Transport Commissioner has issued detailed instructions in Memo No.8296/D3/71 dt.31-7-71 and amended in Memo No.4700/D3/73 dt.25-5-73 and Memo No.17614/D3/74,dt.3-2-75. All cases of levy of penalty under section 6 should be checked during audit to see whether there has been non-levy of penalty in any case and whether the quantum of penalty has been uniform in cases the same type of irregularity.

**6.20. Temporary Registration.-**Rule 6 the Andhra Pradesh Motor Vehicles Taxation Rules read with Section 4 of Andhra Pradesh Motor Vehicles Taxation Act stipulates that in respect of motor vehicles purchased during the quarter and registered under section 23 (pucca registration ) and Section 43 of Motor Vehicles Act.(Temporary Registration ) tax shall be paid in advance for such quarter/half year at the time of registration of the vehicle. Normally/the taxes are being collected at the time of registration itself. Under section 25 of Motor Vehicles Act, the vehicle can be registered temporarily in the circumstances stated therein. Under Rule 84 of Andhra Pradesh Motor Vehicles Rules, dealers of Motor Vehicles are also empowered to register motor vehicles temporarily. These dealers are require to collect the fee for temporary registration and forward the concerned challans towards fee to the registering authority in whose jurisdiction they reside or have their principal place of business with a monthly statement of temporary registrations made. Since no motor vehicle can ply in a public place without a taxation licence as required under Section 5 of Andhra Pradesh Motor Vehicles Taxation Act, the registered owner of the motor vehicle shall necessarily obtain a token from the licensing officer. All files relating to pucca registration of motor vehicles have to be checked by audit to ensure whether the taxes due have been collected from the date on which the vehicles were temporarily registered

**6.21. Refund of Tax :-** As per section 4(1)(b) of the A.P. Motor Vehicles Taxation Act where a vehicle has not been used in a public place for a period of not less than a month, refund will be sanctioned at the rates to be notified by the Govt. The notification issued in G.O.Ms.No.82, Transport Roads and Buildings (Tr.II) dt.26.03.80 under section 4(1)(b) specified the rate of taxes refundable. In granting refund under section 4(1)(b) the conditions stipulated in the above notification have to be fulfilled. Condition (I) stipulates that the tax licence and the certificate of registration along with the report of intimation of stoppage specifying the place of stoppage shall be surrendered to the licensing officer concerned within 5 days from the date of issue of licence in the case of a claim for refund of tax for the whole period for which tax is paid and within 5 days from the commencement of a calendar month in the case of claim for refund of tax for the said calendar month or for the said subsequent calendar months. Under the proviso to conditions (i) when the said documents are not surrendered in time, the licensing officer at his discretion may sanction the refund upon the representation made by the applicant, if it is proved. Beyond doubt that the Vehicle was not used during the relevant period. Under condition (ii) no refund shall be made in case where tax is paid after its non payment detected or after the commencement of proceedings by issue of a show cause notice or a demand notice unless the licensing officer is satisfied that special circumstances warrant the payment of such refunds. Under condition (iii) if a motor vehicle was detained for contravention of any law, order or regulation prohibiting or regulating the transport of goods or passengers or persons, no refund shall be payable in respect of a motor vehicle for the above period of detention etc. Neither Sn.4(1)(b) nor the notification issued thereunder contemplated any application to be made by the registered owner of a vehicle except when the surrender of tax licence is not made within time due to unavoidable reasons. But generally refunds are granted on an application made by the registered owner of a vehicle along with the taxation licence. Although the powers of the licensing officer in accepting the late surrender of taxation licence are discretionary, it should be seen in audit (I) whether the circumstances in which the claimant has not been able to surrender the taxation licence within the specified period are genuine and (ii) whether the late surrender of licence has hampered the efforts of the departmental officer in bringing definite about the stoppage of the vehicle during that period. As soon as a refund application is made, it shall be noted in a separate register known as Refunds register and then

communicated to the motor vehicles Inspector for verification of the genuines of the stoppage of the vehicle. On receipt of the verification report, refund will be sanctioned as per the above notification making an entry of refund in the original challan in which tax was credited to Govt. account and in the Demand Collection and Balance register and in the registration certificate.

**6.21.** There may be cases where refunds of taxes would arise for the reason that taxes were paid at the rates higher than the normal rates of tax or taxes having been paid twice erroneously. Such payments are known as payments made in excess or by mistake respectively. The orders issued in G.O.Ms.2420 Home Transport II, dt.28-12-63 as amended in Govt. Memo No.382/66-3 Home Transport II,dt.25-3-66 and G.O.Ms.2345 Home Transport II,dt.10-125-64 Authorise the secretary, Regional Transport Authority and State Transport Authority and to grant refunds in such cases Subject to the condition that the claim is made within one year in cases where payments are made under protest and three years payments are made by mistakes. The conditions stipulated in the notification issued under sn.4(1)(b)discussed earlier do not apply in these cases, although the procedure to be followed in recording the refunds is the same as in other cases.

6.23. While verifying the refund cases, it should be seen in audit whether any refunds in contravention of the above principles have been granted in respect of stage carriages.

**6.24. Spare or Reserve Stage Carriages:-** Under proviso to item 4(iv) of the notification issued under Sn.3(1), spare buses which are otherwise known as reserve stage carriages are taxed at concessional rates of tax without any reference to the route kilometrage performed in a day. This concessional rate of tax is admissible only when the permit holder pays tax in full in respect of all route buses covered by permits irrespective of stoppage. If full tax is not paid in respect of any route bus, the spare buses shall not be eligible to any concessional rate of tax. There is no question of refund of tax in respect of such buses viz., regular route buses. The minimum of reserve vehicles to be maintained with reference to number of permits is indicated in rule 188 of Andhra Pradesh Motor Vehicles Rules.

6.25. Exemptions or Reduction of Tax:- Under Sn.9, the Govt. is empowered to issue notifications granting exemption, or reduction in the rates of tax or other modifications not involving an enhancement in the rates of taxes payable or cancel or vary any such exemption, reduction or other modification. Govt. have issued notification exempting from tax several categories of vehicles. While examining the cases of exemptions, it should be seen that such exemptions are covered by orders of competent authority. According to Sn. 10 of Andhra Pradesh Motor Vehicle Taxation Act, motor vehicles designed and used solely for agricultural and mining purposes are excluded from the purview of the other sections of the Act, subject to the fulfillment of the conditions stipulated therein.

**6.26.** While examining the cases of motor vehicles coming under Sn.10 it should be specially seen that the condition specified in the explanations under section 10 have been fulfilled.

**6.27.** As regards the motor vehicles used for agricultural purposes Govt. have relaxed the conditions relating to the distance G.O.Ms.No.53 TR&B (Tr-II) dt.13.03.92. No such relaxation is available for vehicles used for mining purposes.

**6.28.** Section 4 provides for the remittance of tax before the commencement of the quarter or within fifteen days from the commencement of the quarter. Under G.O.Ms.No.83 Transport Roads & Bldgs (Tr.II) Dept. Dt.26.03.80, the Government have issued orders reducing the tax payable in respect of motor vehicle used or kept for use in a public place in the state of Andhra Pradesh after the expiry of the first month of the quarter, a half-year or an year as the case may be, to a sum calculated at one third of the quarterly rate of tax specified in the notification under section 3 of the said Act, multiplied by the number of months in the quarter, the half year or the year as the case may be, in which the motor vehicle is so used or kept for use. While accepting the tax proportionately as per notification, there must be an intimation from the registered owner with reference to the Rule 12-A to enable him to claim exemption for the period for which tax has not been paid.

In such cases, normally, the responsibility to accept the stoppage of the vehicle or otherwise rests with the licensing officer and the acceptance of tax

proportionately cannot be withheld on the sole ground that the stoppage has not been verified. Acceptance of proportionate tax in respect of vehicles covered by stoppage reports shall be done by the head of the office in view of the fact that the tax paid proportionately is accepted pending verification of the stoppage for the earlier periods. Therefore, whenever an application is made for acceptance of tax proportionately i.e. last two months/one month of the quarter and if by that time, the stoppage report has not been received from the Motor Vehicle Inspector, the withholding of the acceptance of tax for want of stoppage verification report is bad in law. In such circumstances, an undertaking is required to be obtained from the registered owner of the vehicle to the effect that he would be liable for any tax and penalty if it is found that the vehicle has plied during the period of stoppage. Besides the above the registered owner will be required to produce the G.V.R. or T.S.S. forms of the vehicle while producing the challanser. In all such cases while accepting the proportionate tax, entries will be recorded in the Demand Collection and Balance register and the stoppage register and the attestation of the head of the office.

As per Section 6A of A.P.M.V. Taxation Act, every registered owner who owns or keeps in his possessions or control more than 2000 vehicles for plying on hire or reward shall pay in respect of all such motor vehicles a tax at such rates not exceeding 15% of the gross traffic earnings. In G O Ms.No.118 (TR&B) Dept.dated.7-6-05, Government prescribed the rate of taxes as 5% on City services and 7% on moffusi services on Gross Traffic Earnings.

The reduction of M.V.Tax is Subject to the following conditions.

- 1) Town (Urban) Services shall include plying on the Strength of pucca permits covered by the schemes published to run stage carriages as town services and temporary permits beyond provisions .in Hyderabad and Vishakapatnam.
- 2) Separate financial accounts shall be maintained for Town (Urban)and other services for the purpose of filing statements for preliminary and final assessment of taxes.

#### **6.29.Some important notifications:**

(i) **G.O.Ms.601 Home (Tr.II)dt.27-3-63.Inspection and Fitness Certificate.**- Under this notification, Govt. have exempted from payment of tax any vehicle which is during the course of any specified taxation period, used only for the purpose of inspection and obtaining a certificate of fitness under section 38 of the

M.V.Act 1988 and which is not used for any other purpose during the whole of the period.

**(ii) G.O.Ms.No.81 TR&B (TRII)dt.27-4-1993,Temporary Permits to other State Vehicle.-** According to this notification, tax is payable by Transport Vehicles belonging to other states and operating within the state on temporary permits for period not exceeding seven days and for a period not exceeding thirty days, at the rates prescribed subject to the conditions maintained in the Government Order.

**(iii). G.O.Ms.No.601 Home (tr.II)dt.27-3-63.Trade Certificate.-**This notification relates to the grant of exemption, to motor vehicle using public roads under trade certificates. Under Rule 131 of Motor Vehicles Rules the vehicle can be used with a trade certificate for the purpose referred to in said rule. The clarification issued by the Transport Commissioner in Memo No.22705/D3/72 dt. 29-7-72 may be kept in view while examining cases coming under this notification. Under proviso to Section 3 of A.P.M.V. Taxation Act 1963,in respect of chasis of Motor Vehicle passing through this state from a manufacturer to a dealer under a temporary certificate of registration for as period not exceeding seven days the rate of tax shall be one twentieth of the tax payable for a quarter (Act 5 of 1979 with sffect from 28-12-78)

“Fair whether Routes” –G.O.Ms.No.221 TR&B (TR-II) Dated 7-11-1996.

According to this notification “Fair Whether Route” means a route along a road, which is motorable only during fair weather season, or a route along a road, which is not wholly maintained by the R&B Department or a Local Authority. The rate of tax payable in respect of every stage carriage plying on a fair weather rout as fixing from time to time should be checked in audit.

In respect of reserve stage carriages on a spare bus (by whatever name called) of an operator the tax payable shall be at Rs.205 for every passengers which the vehicle is permitted to carry, if the tax for the corresponding period in respect of all his regular stage carriages covered by valid permit have been paid irrespective of stoppage or otherwise of the vehicle. However the condition of payment of tax for all his regular stage carriages shall not be insisted upon in so far as they relate to fair weather routes subject to the condition that the spare bus shall not to be operated on the fair weather routes on which route buses are under stoppage.

The total distance permitted to be covered by the vehicle in a day for the calculation of levy of tax for stage carriages plying on fair weather routes shall be reckoned duly excluding the portion of the route as travels along a road not maintained by R&B department or any Local Authority or any Devasthanam or a path or track which is not a road.

During audit, the list of fair weather routes should be gathered and examined with reference to the following points:-

1. Whether the departmental officers have been periodically inspecting the routes in consultation with the Zilla Parishad and Roads and Buildings Department to conclude whether the routes continue to be fair weather routes.
2. Whether the payment of taxes is made by the operators for all the quarters of the year.
3. Whether effective action has been taken to convert the routes as all weather routes by undertaking repairs to the routes.

**(v). G.O.Ms.No.222 TR&B (TR-II) Department Dt.7.11.96, State Carriages not covered by Regular Permits and exclusively used in connection with Fairs and Festivals:-** According to this notification, the vehicles that are not covered by regular stage carriage permits, either for a regular route or as a spare bus, and exclusively used in connection with the fairs and festivals specified in the notification, tax shall have to be collected @Rs.30/- per seat per week.

Since these vehicles are not already covered by regular stage carriage permits, and therefore normal stage carriage tax has not been paid, the rate of tax payable under this notification is higher.

Refund of the is not admissible under any circumstances under this notification.

**(vi). G.O.Ms.No.223 Transport, R&B (Tr.II) Department, dt.7.11.96 Stage carriages covered by regular permits and use in connection with Fairs and**

**Festivals:-** According to this notification, tax at a flat of Rs.81/- per vehicle per day shall be collected for stage carriages including spare buses performing additional trips in connection with fairs and festivals for which temporary permits are issued under section 87(1)(a) of the Motor Vehicles Act. This tax shall be accepted only when the normal tax has been paid.

Temporary permits under Section 62(1)(a) in connection with fairs and festivals would be issued in respect of only those fairs and festivals as approved by the Regional Transport Authorities. Therefore, during audit the list of fairs and festivals approved by the Regional Transport Authority the files relating to grant of temporary permits for such fairs and festivals and Demand, Collection and Balance registers should be scrutinised thoroughly to ensure that the additional tax as per this notification has been collected.

**(vii) G.O.Ms.No.57, Transport, Roads Buildings Tr-II)** dated 13-3-92 effective from 1-4-1992). In the case of Tractor-trailer combinations or trailers to be drawn by any tractor (which is covered by the valid tax payment either individually or in combination with any trailer) owned by agriculturists shall be taxed at the rate of Rs.300 (Rupees three hundred only) per quarter, provided that it is-

- i). used for agricultural operations of the registered owner beyond a distance of 24 kilometres from the limits of the agricultural lands owned or occupied by him or used beyond the nearest market place; or
- ii). used for agricultural operations of any other agriculturist but not for hire or reward beyond or within a distance of 24 kilometres from the limits of the agriculturist lands owned or occupied by him or used beyond the nearest market place; or
- iii). used for transport of material other than for hire or reward.

**(viii). Govt. of India Vehicles /Vehicles belonging to Central Govt. Undertakings /Autonomous bodies etc., Notification Act 5 of 1963:-** Under the above notification, Govt. of Andhra Pradesh exempted tax payable in respect of all motor vehicles belonging to Central Govt. other than those used for carriage of passengers or goods for hire or reward. However, exemption is not applicable in respect of vehicles belonging to Central Govt. Undertakings/Autonomous Bodies etc. This may be kept in view by the field audit parties.



## **CHAPTER 7**

### **RECORDS, REGISTERS & RETURNS OF THE DEPARTMENT**

The important records maintained in the Regional Transport Offices are dealt with in the following paragraphs.

#### **B. Registers**

7.1. The liability for payment of tax under the Andhra Pradesh Motor Vehicles Taxation Act 1963, arises on all the vehicles registered and used or kept for use. Every owner of a motor vehicle shall as soon as a vehicle is acquired, file an application in the prescribed form along with the requisite fee to the Registering Authority vide rule 86 of Andhra Pradesh Motor Vehicle Rule 1964, in whose jurisdiction the owner of the vehicle resides or has his business. The correctness of the application with reference to the physical inspection of the vehicle and requirements of the provisions of Chapter V of the Motor Vehicles Act, 1988, and the Rules framed thereunder will be checked by the motor vehicles inspector and then the vehicle will be allotted a registration number in the serial order assigned in the registers known as 'B' registers. This is the basic record which contains the full particulars of the motor vehicle such as Unladen Weight, Registered Laden Weight, make of the vehicle, seating capacity etc., which forms the basis for the levy and collection of tax..

Motor Vehicles originally registered in other states or regions brought into this state either on transfer of ownership or due to change of address will usually be entered in a separate 'B' register as and when separate applications are made by the concerned owners of the motor vehicles.

All vehicles registered and entered in the 'B' Register should find a place in the Demand, Collection and Balance register irrespective of the fact whether some of them are exempted from payment of tax. To ensure that no case escapes assessment, with reference to page number of the Demand, Collection and Balance register is indicated in the 'B' Register and vice versa.

#### **Audit Checks**

(a). It may be seen during audit whether the fees collected for registering the vehicles are in accordance with the fees prescribed.

(b). In respect of goods vehicles whether the Registered laden weight has been fixed upto 31-3-83. From 1-4-83 whether the procedure laid down in Ministry of Shipping and Transport Notification dated 35-9-82 has been followed.

In respect of stage carriages, contract contract carriages and Omnibuses whether the seating capacity noted is in accordance with the particulars furnished in the application for registration of vehicles. In respect of any changes in the seating capacity noted in the register, it may be seen whether the approval of Regional Transport Authority has been obtained for such changes

**7.2. Demand, Collection and Balance Registers.-** This is an important register for recording the demand, Collection and balance of taxes payable in respect of every motor vehicle registered and used or kept for use in the region. From the audit point of view, this is the most important record, which requires careful and thorough scrutiny as, it is, a ledger account of each vehicle, the demand column representing debit and the collection column representing credit. It also contains in the remarks column information relating to stoppage reports, refunds and similar notings which affect the demand or the rate of tax collected. The registers are maintained categorywise such as stage carriages, goods vehicles, contract carriages, cars, motor cycles, tractor-trailer combinations etc., and one page in each ledger is set apart for each vehicle. The demands in the Demand Collection and Balance Register are checked quarterly and a certificate to that effect is appended to the Demand Collection and Balance Register by the ministerial head of the office.

**(a) Transport Vehicles**

**(i) Stage carriages:-** The tax for stage carriages is based on the seating capacity and permitted route length i.e., length of the route on which the vehicles are operated and total number of trips performed in a day in order to arrive at the daily kilometrage. Permit register is the basis for levy of tax. This in turn is based on the Regional Transport Authority's proceedings on the subject or scheme notifications in respect of Andhra Pradesh State Road Transport Corporation Buses. In order to check the correctness of the rates in the Demand, Collection and Balance Register, the entries

relating to route length in the permit registers, Register of operators CS. 68, route wise register and timings register etc., have to be correlated and verified.

### **Audit Checks**

It may be seen during audit that

(a) all entries in the Demand Collection and Balance Register are attested by the proper authority:

(b). in respect of stage carriages, reserve stage carriages, contract carriages and omni-buses, it may be verified whether the stage carriage is an express or an ordinary bus, the tax demanded is in accordance with the prescribed rates and also with reference to the seating capacity noted in the 'B' register and the total distance permitted to be covered in a day by stage carriages is in accordance with the permit register:

(c). where no tax has been collected for a quarter or part of a quarter, whether the reasons therefor such as stoppage of the vehicles etc., are recorded.

(d). in respect of goods vehicles, the tax demanded is in accordance with the registered Laden Weight as noted in the 'B' Register and also as per rates approved by the Government from time to time:

(e). the details regarding the validity of permit and Fitness Certificate noted in the register are in accordance with the permit register and Fitness Certificate Register:

(f). the entries regarding stoppage of vehicle, refunds etc., noted in the remarks column of Demand Collection and Balance have to be carefully gone through and it be ensured that the stoppage report of the vehicle has been verified and the refund allowed is in accordance with the prescribed scale.

**(ii). Goods Vehicles:-** The criteria for levy of tax is the permitted Laden Weight (Registered Laden Weight). The permitted laden weight noted in the Demand Collection and Balance register has to be checked with the permitted Laden Weight noted in the permit register and registered Laden Weight noted in the 'B' register. Various orders and instructions issued on the fixation of Registered Laden Weight other orders on the subject have to be kept in view while checking the correctness of the Registered Laden Weight noted in the Demand Collection and Balance registers.

**(iii). Contract carriages and taxis:-** Tax levied is based on the seating capacity of the vehicle (noted in the permit register, and also 'B' register). The correctness of the

seating capacity as noted in the Demand Collection and Balance register may be cross checked with the entries in the permit register and 'B' register.

a) as per Ordinance No.3/2006 dt.25-05-06 Government brought the High end Motor Cabs costing Rs.3,50,000/- and Road Rollers under the purview of one time tax (life tax)

**(b). Non – transport vehicles**

Cars, Omnibuses:- Tax is levied bases on the unladen weight and seating capacity in respect of cars and omnibuses respectively.

The checking of demand in respect of the above vehicles will be with reference to the entries in 'B' registers.

7.3. In all cases of transport vehicles, it is necessary that the validity of the permit and Fitness Certificates are noted in the Demand Collection and Balance Register.

7.4. From tax token register, the amount of tax paid, tax token number and date of issue will be posted in the collection column of the demand, Collection and Balance register. The correctness of the collection particulars are verified and attested by the ministerial head of the office.

7.5. Where taxes due are not paid in the manner prescribed, the vehicle owner is required to file a stoppage report under rule 12(A) of the Andhra Pradesh Motor Vehicles Taxation Rules to the licensing officer before the commencement of the quarter for which tax is due. This report will be entered not only in a register known as stoppage register but also an entry shall be made in the balance column of the demand collection and Balance Register. The verification of reports by the Motor Vehicles Inspector Regarding stoppages are also entered in the Demand Collection and balance Register in the balance column and attested by the Regional Transport officer. Any changes in seating capacity, route length or laden weight attracting change in rates of tax are also indicated in the Demand Collection and Balance registers under attestation of the ministerial head of the office.

## **Audit Checks**

- (a). The tax demanded and collected is in accordance with the various rates approved by Government.
- (b). Where no taxes paid it may be seen whether there is any advance intimation from the owner about the nonusage of the vehicle.
- (c). In respect of refunds, whether refund of tax is in accordance with the prescribed scale.

## **Tax Token issue Register**

7.6. All the applications received from the motor operators for issue of tokens will be entered in the register date wise and in serial order of receipt. Separate registers are maintained for transport and non-transport vehicles. The entries in the register would indicate registration number category of the vehicle, amount of tax paid. Amount of the demand draft presented, the demand draft No. and date and the name of the bank which issued the demand draft and the token number issued to the vehicle. These particulars are carried over to the demand collection and balance register. After the expiry of the grace period or extended grace period as the case may be all payments of tax are subject to levy of penalties as laid down in Section 6 of the Andhra Pradesh Motor Vehicles Taxation Act read with Rule 13 of the Andhra Pradesh Motor Vehicles Taxation Rules. All the payments of arrears after the grace period either voluntarily or by detections shall be supported by additional remittances by way of penalties. The total amount of tax collected for the quarters as arrived at in this register should tally with the total of the Demand Collection and Balance register and agree with the total collection reported in Demand Collection and Balance Statement submitted to the Transport Commissioner.

## **Demand Draft Register.**

7.7. All cases of payments of tax by means of demand draft should be entered in this register bank-wise and branch-wise. The drafts received in a day shall normally be presented to the bank for adjustment to Govt. account within 3 days from the date of receipt in the office. In the last column of the register, challan No. and date of adjustment of the demand draft to Government account will be noted under

attestation of the head of the office. The transactions in this register shall be carried over to the cash book by means of an abstract and checked by the head of the office daily to ensure that there is no undue delay either in the presentation of the draft to the bank or in the adjustment of the draft to Government account by the bank. The total amount arrived at in this register per quarter should also agree with the totals of the tax token issue register and also total collection shown in the quarterly Demand, Collection and balance statement.

### **Audit checks**

It may be seen whether

- (a). the tax token issued and noted in this register agrees with the tax token issue register and necessary entries were accordingly made in the Demand, Collection and Balance register under proper attestation:
- (b). the demand drafts are properly accounted for and remitted periodically into the State Bank of India / State Bank of Hyderabad without any delay and challan numbers are noted against each demand draft.

### **Register of Stoppages**

7.8. Under Rule 12-A of the Andhra Pradesh Motor Vehicles Taxation Rules, vehicle owners are required to intimate the stoppage of vehicles during the quarter, to the licensing officer before the commencement of the quarter for which tax is due. All such intimations will be entered in this register as and when received under attestation of the head of the office. All the stoppage reports received by the licensing officer along with other cases of non-payment shall be referred to the filed staff, i.e., Motor Vehicle Inspectors who shall ensure the physical verification of the stoppage of the vehicles during the quarter and submit verification reports by the 10<sup>th</sup> of the month succeeding the quarter. Similarly, when the stopped vehicle resumes service, the resumption report shall also be entered in the relevant columns of the register indicating therein the number of the tax token issued to the vehicle.

### **Audit Checks**

- (a). The Stoppage Registers after proper verification are noted in the remarks column of Demand, Collection and Balance of the respective vehicles.

(b). In pending cases, whether the department is pursuing the cases properly with the subordinate officers.

(c). The stoppage reports have to be test checked (by the Regional Transport Officer to the extent of 100% in the case of stage carriages and 50% in the case of goods vehicles).

### **Register showing the stock issue and balance of taxation licences**

7.9. Taxation licences (tax tokens) are printed and supplied by the Transport Commissioner depending upon the requirements indented by the licensing officers. All the licences issued by the licensing officers should be entered in the this register. This register and the licencess shall be kept in the personal custody of the ministerial head of the office who shall release the stocks depending upon the day to day requirements duly making necessary entries in the register. The total number of licences issued as per this register shall necessarily tally with the total number of tax token issue register and also the total number of vehicles taxed and indicated in the Demand, Collection and balance statement. The balance of licences shall at the end of the quarter, be surrendered to the respective Deputy Transport Commissioners with full details of the stocks received issued, balance etc., who shall after necessary verification destroy them.

### **Audit Checks**

#### **It is to be seen that**

- (a) All the licences received from the Transport Commissioners during each quarter are properly accounted for in the register under proper attention.
- (b) The last token number in the tax token issue registers agrees with the next number of tax token shown as balance in the stock register.
- (c) All the unused tax tokens are destroyed periodically and a certificate of destruction is sent to the Transport Commissioner.

### **Challan register**

**7.10** All payments due under the Motor Vehicles Act, 1988, and the Rules framed thereunder are to be entered in this register (sub-head and detailed head-wise). As and when applications are received for purpose such as permits, licences conductors and drivers badges etc., particulars of challens are entered in this register and the application are released for issue of necessary permits etc. This registers shall be maintained sub-headwise and also with reference to the dates prescribed for the closure of the treasury accounts to ensure early reconciliation. At the closure of the month, the totals are struck and reconciled with treasury accounts and the genuineness of remittances verified through the triplicate copies of challans received direct from treasuries. The total collection as per this register (sub-head wise) shall agree with total furnished in the monthly income statement furnished to the Transport Commissioner.

#### **Audit Checks**

##### **IT is to be seen that**

- (a) The challan Nos. noted in the Demand Draft Registers agree with the challan register.
- (b) Reconciliation of departmental receipts with reference to challan register with the treasury receipt is being done regularly and certificate of reconciliation is obtained from the treasury.
- (c) In respect of challans relating to other sub-treasuries of the district (other than Huzur Treasury) the department has taken proper action to verify the remittances with reference to the lists sent by each Sub-Treasury Officer.
- (d). It may be particularly seen that the challans register is maintained with reference to challans received in Regional Transport Officer's Office and not copied from the Treasury records.

#### **Refunds Register**

7.11 As per the notification issued under Sn.4(1)(b) of the Andhra Pradesh Motor Vehicles Tax Act, refund of proportionate taxes are admissible at the rates specified in the said notification where the vehicle has not been used for the entire quarter of part thereof, the period not being less than one full month.

Applications for refund shall be filed as per the conditions of the said notification, and in cases where it is established that refund is admissible a refund order shall be issued along with a refund voucher duly making necessary entries in the Demand, Collection and Balance registers and other relevant registers such as register of challan etc., as in accordance with the Act and Rules.

### **Register of Compounding Fee**

7.12 Under Section 60(3) of the Motor Vehicles Act, the Transport Authority, instead of suspending or cancelling the permit for violation of conditions of permit laid down therein, may compound an offence for the amount mutually agreed upon by the Transport Authority and also by the Secretary depending upon the authority who issued the permit. The entries in this register shall be made in the order of the agenda of the meeting of the Transport Authority under attestation of the head of the office as soon as the meeting takes place. Normally a maximum period of 10 days is allowed to the party (Rule 244 of Andhra Pradesh Motor Vehicles Rules). As and when payments are made by treasury challans, the relevant columns of the register are posted under the attestation of the head of the office. All non-payments as per this register shall be periodically communicated to the Motor Vehicle Inspectors for recovery under the Revenue Recovery Act and position reviewed at periodical intervals.

### **Audit Checks**

#### **It may be seen that**

- (a). the compounding fees noted in the register are not less than the minimum of compounding fees prescribed by the Govt. for each offence:
- (b). compounding fees to be recovered with reference to each check report have been correctly carried in this register:
- (c). the fees are realised within the period of ten days prescribed; under Rule 244(2).
- (d). in cases of long pending cases, the reasons for their pendency should be analysed.

### **Counter Register.**

7.13. The total amount realised by way of fee in this Register and the total in the challans register should tally with the figures furnished in the monthly consolidated income statements sent to the Transport Commissioner.

#### Audit Checks

It may be seen that the total amount shown in this register agrees with the amount shown in the challan register.

#### **Register of check reports.**

7.14 While conducting surprise checks to ensure the implementation of the provisions of the Motor Vehicle Act the Andhra Pradesh Motor Vehicle Taxation Act and the Rules framed thereunder, the checking officers prepare the check reports on motor vehicles called the vehicle check report in the prescribed form in quadruplicate, deliver two copies to the driver and the owner and forward one copy to the Regional Transport Officer for taking departmental action against the permit holder in respect of vehicles covered by permits, and against the owner of the registered vehicle, where the vehicles are not covered by permits and which violate the provisions of section 33 of Motor Vehicles Act. These check reports are entered in a separate register known as Register of check reports. To ensure that all the check reports prepared by the ports. To ensure that all the check reports prepared by the checking officers have been duly accounted for in the records of the Regional transport Officer, the account number registered on the check report immediately on its receipt in the office, is noted on the office copy of the check report of the checking officer. Similarly check reports sent to other regions for action shall not be closed unless an acknowledgement in token of receipt of the check report is received from the concerned authority. On receipt of the check report, action is pursued under section 60 or 33 of the Motor Vehicles Act by issue of notice to the registered owner or permit holder. Usually the result of action, such as suspension of permit or registration, cancellation of permit or registration and compounding of offence and result of action against the driver and conductor and result of prosecution where departmental action does not lie are noted in the relevant columns of this Register and then the case is closed intimating the authority from whom the check report is received.

### **Audit Checks**

It may be seen that:

- (a) all the check reports received from the Assistant Motor Vehicle Inspectors / Motor Vehicle Inspectors, Regional Transport Officer, Flying Squad / Deputy Transport Commissioner and other Regional Transport Officers are entered without any omission:
- (b). Whether the action taken by the department in respect of each case is in accordance with the relevant provisions of act and rules;
- (c). In respect of long pending cases, proper action has been initiated:
- (d). Dropped cases should be carefully scrutinised so as to see that there are no lapses or violation of rules etc.

### **Register of history sheets**

7.15. This record indicates the offences committed by a permit holder from the date of issue of permit. Full particulars of the vehicles and the routes on which they ply and the date of expiry of permit, the date of offence, the nature of offence and the result of action taken on the offence committed etc., are noted in this register. The register is maintained operator-wise. The entries in this register have to be correlated with the register of compounding fee and the register of checks reports.

### **Audit Checks**

- (a). In respect of check reports relating to vehicles plied without valid permits/tax token, it may be seen that necessary action has been taken to raise demand for payment of tax with penalty and that this demand has been entered in the Arrear Register of the Andhra Pradesh State Road Transport Corporation
- (b). In respect of cases dropped by Regional Transport Authority it may be particularly seen whether the reasons were recorded by the Regional Transport Authority for dropping such cases.
- (c). Where taxes with penalty are demanded initially but taxes only are collected, the non-collection of penalty may be commented upon.

### **Register of seized vehicles**

7.16. Section 8 of the Andhra Pradesh Motor vehicles Taxation Act contemplates seizure of motor vehicles for failure to pay the tax due under the said Act. In such cases, besides the collection of tax, due to Government, action has to be taken under

Section 6 of the Andhra Pradesh Motor Vehicles Taxation Act to collect penalty also. Therefore, all cases of check reports involving seizure of vehicles for non-payment of taxes shall be entered in this register to ensure prompt follow up action. Particulars of amount collected as shown under column 8 of the register have to be correlated with the entries in the demand draft register and tax token issue register.

### **Audit checks**

It may be seen that the seized vehicles kept in police stations continue to be available pending payment of tax and that the Police Department does not release the vehicle, without the concurrence of the Transport Department.

**7.17. Register of Appeals, Revisions and Writs:** - All cases of appeals, revisions and writs arising out of the provisions of the Motor Vehicles Act, the Andhra Pradesh Motor vehicles taxation Act and the Rules framed thereunder, are noted in this register to watch prompt and effective disposal of cases. In cases where the writs or appeals filed by the vehicles owners are allowed, it should be seen whether they were allowed due to inadequate action or negligence of for noncompliance under statutory requirements, with reference to the powers and duties of departmental officers, particularly when they result in loss of revenue to Government.

**7.18. Routewise register:** - This register would indicate in details, the total number of routes in a region, length of the route number of stage carriages plying and the names of operators operating on the route, total daily kilometrage performed by each vehicle, seating capacity of each vehicle number of trips performed by each vehicle. This Register has to be correlated mainly with the Demand Collection and Balance register, permit register, B Register and timings register to ensure the correctness of the total daily kilometrage on the basis of which the rate of tax is worked out.

**7.19:- Operatorwise register:-** In this register, full particulars of the stage carriage permits held by individual operator such as name and address of the owner, registration number of the vehicle, seating capacity, name and distance of the route, and the total daily kilometrage covered and the date of issue of the permit are noted. As in the case of routewise register, the entries in this register are also to be checked

with routewise register, B-register, Demand, Collection and Balance register and the Timings register as to the correctness of the rate of tax fixed.

**7.20. Permit renewal date register (Renewal watch register) for stage carriages, goods carriers, private carriers and contract carriages:-** According to Section 58(1)(a) of Motor Vehicles Act, a stage carriage or a contract carriage permit issued would be valid for a period of not less than 3 years and not more than 5 years as specified by the RTA in the permit. Similarly, goods carrier permits or private carrier permits would be valid for 5 years vide Sn.58(1)(b) *ibid*. Renewal beyond the period specified above would be granted by the Regional Transport Authorities on applications made in accordance with Section 58(2) of Motor Vehicles Taxation Act. A separate Register for each category of vehicles is maintained. All the permits due to expire from time to time will be entered in this Register. As and when applications are received, the relevant columns of the register are posted. The applications for renewals have to be checked up with reference to this register to see as to how many renewal applications are received and disposed of and whether the requisite fee has been collected in all the cases including the cases which attract the provisions of sub-section (3) of section 58 of the Motor vehicles Act.

Particulars of remittance of requisite fee have to be verified with the register of challans and individuals files. The correctness of renewal of permits is also checked with entries in the register of history sheets.

**7.21. Permit register for stage carriages, goods carriers, private carriers and contract carriages:-** This Register is an office copy of the permits issued to the permit holders of the different categories of vehicles. A separate register is maintained for each of the above category of the vehicles. Each permit will be entered in a separate page. Full particulars of the registration number of the vehicle, make, model, seating capacity, laden weight in the case of goods vehicles, filed of operation period of validity of the permits, schedule of timings, distance of the route, number of trips authorised to be performed total daily kilometrage and particulars of remittance of fee paid, etc., are entered in this register.

This register has to be checked with the Demand, Collection and Balance register, routewise register and timings register to verify the correctness of the demand fixed in respect of the above categories of vehicles.

**7.22. Temporary permit register (Stage carriages, private carrier, goods carrier and contract carriages):-** This register is an office copy of the temporary permits issued. A separate register is maintained for each of the above categories of vehicles. Since most of the cases coming under this register do not have pucca permit this register has to be checked with the Demand, Collection and Balance register to see whether all the vehicles covered by temporary permit have been accounted for in the Demand, Collection and Balance register and the taxes due have been collected. This register is to be correlated with the register of important festivals.

**7.23. Register of registered operators :-** General public and motor operators desirous of knowing the important orders, notification, etc., relating to transport department will be furnished copies of such documents on payment of fee of Rs.25 per annum. All applications received for enrolment as registered operators will be entered in this register.

It has to be verified from this register that the requisite fee has been collected from the registered operators. Entries from the dispatch register can be correlated with the above register to check whether important orders and notifications have been sent only to registered operators who have paid the requisite fee

**7.24. Registers maintained by the Motor Vehicles Inspectors, (a) fitness Certificate Register:-** Under Sn.38 of Motor Vehicles Act, all transport vehicles shall necessarily have fitness certificates before they are put to use on public roads. The competent authority to issue fitness certificate is the Motor Vehicles Inspector who shall maintain a register in which full particulars of the vehicle inspected with all details will be recorded. The entries in this register will have to be checked with the applications entertained by the Motor Vehicles Inspector and reference to the challans (maintained in Regional Transport Officers) to ensure that every fitness certificate is issued after collecting the prescribed fee. This register is also to be

checked with the Demand Collection and Balance register to ensure that fitness certificates are issued only after verifying that taxes have been paid.

**(b). Register showing the driving tests conducted by the Motor Vehicle Inspectors:-** Every applicant seeking a driving licence is required to undergo a test of competence before the actual issue of licence. All the applications for driving licences will be filed before the Motor vehicle Inspector and entered in this register. This register has to be checked with the applications filed in the office and with the register of challans to ensure that the fee for the test of competence has been collected.

**(c). Register of inspection of vehicles for registration:-** Every owner of a motor vehicle seeking to register a motor vehicle shall have to file an application in form 'E' accompanied by the fee prescribed. These applications shall be entertained by the Motor Vehicle Inspector in the first instance who shall certify as to the fitness of the vehicle for registration after physical inspection of the vehicle. Full particulars of the vehicle inspected for registration will be noted in this register and then the applications are forwarded to the office. The collection of fee for registration and inspection has to be checked with the individual registration files available in the Regional Transport Officers office along with 'B' register and register of challans.

**7.25. Registers to be maintained at checkpoints, Register of Vehicles passing through the checkpoint:-** The Motor Vehicle Inspector in charge of the checkpoint is required to maintain this register. Full particulars of the vehicles passing through the checkpoint, validity of records of the vehicle (carried in the vehicle), commodities carried, date and time of passing of the vehicle is noted in this register. Signature of the driver or conductor in charge of the vehicle at the time of checking will also be recorded in this register.

An extract of this register will be communicated to the Regional Transport Officer to check whether any vehicle has plied without payment of tax.

**7.26. Returns to be submitted by the departmental officers:-** Some of the important periodical returns submitted by the Regional Transport Offices to the Transport Commissioner are indicated below:

**(i).** Demand, Collection and balance Statement:- This statement is prepared by the Regional transport offices every quarter indicating the total demand collection and balance of all taxable vehicles and is submitted to the Transport Commissioner with a copy to Dy. Transport Commissioner. This statement also contains additional particulars of revenues outstanding at the commencement of the quarter, amount accrued during the quarter, amount collected during the quarter, amount written off during the quarter and the balance of arrears outstanding at the end of the quarter.

**(ii).** Monthly statement of progress in the collection of arrears:- This is a monthly statement required to be furnished in forms I to V and abstracts I and II showing the yearwise split and written off and the balance outstanding at the end of the month. The details for the balance such as arrears covered by stay orders with or without security, arrears covered by write off proposals, arrears covered by Revenue Recovery Act and arrears collectable by department are also indicated in this statement. Further, details as to the amounts due from private operators of the state, arrears due from the Andhra Pradesh State Road Transport Corporation, arrears due from other departments of the Government and arrears due from private operators and Governments of other states are also given in this statement.

**(iii).** Statement showing the particulars of fresh registration and cancellation of old vehicles:- This is a quarterly statement furnished by the Regional Transport Officers to the Transport Commissioner. Full details of the new vehicles registered and cancellation of registration of old vehicles under all categories are indicated in this statement. This statement will be useful to check whether all the taxable vehicles are taken into account in the Demand, Collection and Balance register for purpose of taxation.

**(iv).** Statement showing the revenue realised, vehicles registered, number of vehicles taxed, and exempted etc:- This is an annual statement furnished by the Regional Transport Officers to the Transport Commissioner in the prescribed proforma

particulars of vehicles taxes, exempted, total number of vehicles on roll and other details contained in this statement have to be checked with the Demand, Collection and Balance registers and challan registers to see whether the revenue realised and incorporated in this statement agree with the figures in the other registers.

## **CHAPTER-8**

### **PRODUCERE AND PRINCIPLES OF AUDIT**

**8.1** The supreme court has held that it would be information of law if it is stated by a person, body or authority competent and authorised to pronounce upon the law and is invested with authority to do so and that the audit department is also one of the proper machinery to scrutinise and point out the error, if any, in law. While circulating this observation of the Supreme Court, the Comptroller and Auditor General's Office has stated that a heavy responsibility has been placed on the Audit Department by the Supreme Court in the matter of legal interpretation. It has been further observed by the Comptroller and Auditor General's Office that no interpretation should be given unless it is supported by High Court Judgement or Supreme Court Judgement or the opinion of the law Ministry or the instructions of the department tribunal it self, provided they are not contrary to law. In case of doubt, where the Accountant General feels that his point of view is to prepared to that of the Department, but for which no direct authority in case law is available, reference should be made to the Comptroller and Auditor General's Office for decision.

**8.2.** The audit department should not in any way substitute itself for the revenue authorities in the performance of their statutory duties, but should satisfy itself in general that the departmental machinery is sufficiently safeguarded against error and fraud and that so far as can be judged, the procedure is calculated to give effect to the requirement of law.

**8.3.** Audit does not consider it the main part of its duties to review the judgement exercised or the decision taken in individual cases by officers entrusted with those duties, but it must be recognised that an examination of such cases may be an important factor in judging the effectiveness of assessments procedure. Where, for example, information received in any individual case is insufficient to enable, Audit to see how the requirement of law has been complied with Audit may consider it its duty to ask for further information to enable it to form the judgement required of it as to the effectiveness of the system. It is however, towards forming a general judgement rather than to the detection of individual errors that the audit enquiries

should be directed. The detection of individual error is incidental rather than the object of audit.

**8.4. Principles of receipt audit:** -The main principles to be followed in conducting revenue audit are laid down in paras 74 to 86 of Manual of Standing Orders Technical Volume I and are broadly as follows.

- (a). Audit has to satisfy itself that the rules and provision in respect of receipt that are payable into the consolidated fund of the State are designed to secure an effective check on the assessment, collection and proper allocation of revenue.
- (b). That the procedures and checks are properly applied for the purpose of ascertaining that they are being duly observed. Audit may make such examination of accounts as it thinks fit and report thereon.

It will be seen from the above that the scope of audit is unqualified and is left to the discretion of the Comptroller and Auditor General.

Members of audit department will have access to the relevant records and papers of the Revenue Department but they should observe secrecy in the same way as the officers of the department.

**8.5. Audit against Documentation:-** The effectiveness of audit depends largely on the document and records maintained and made available for audit in the Regional Transport Offices. In the initial stages of audit, attention should be directed to see whether there is proper documentation in regard to levy, assessment and collection without which effective audit is not possible. If in the course of this scrutiny, any additional documentation is deemed necessary or any additional columns or information could be added to the existing documents in Governments interests, the same should be suggested to the Government.

**8.6.** In relation to levy of taxes and refunds of taxes audit has to satisfy itself by such test checks as it may consider necessary that the internal procedures adequately provide for and secure.

- (i). The collection and utilisation of data necessary for the computation of demands or refunds under law.
- (ii). The prompt raising of demands on tax payers in the manner required by law;
- (iii). Regular accounting of demands, collection and refunds;
- (iv). The correct accounting and credit to Govt. account of revenues realised;
- (v). that proper safeguards exist, to ensure that there is no wilful omission to levy or collect taxes or to issue refunds;
- (vi). That claims on tax payers are pursued with due diligence and are not abandoned or reduced except with adequate justification by the proper authority;
- (vii). That double refunds, fraudulent or forged refund orders or other losses of revenue through fraud, default or mistakes are promptly brought to light and investigated and;
- (viii). That penalties recoverable for belated payment of tax or for other reasons are correctly calculated in accordance with law and that there is no omission to levy or collect the penalties

**8.7.** To discharge these functions effectively, the staff engaged in local audit must be thoroughly conversant with the process and procedures relating to levy and collection of taxes and the laws and the rules governing them.

**8.8. Procedure of Audit:-** The audit of the accounts of the transport officers should be done as prescribed in Comptroller and Auditor General's letter No.1320. Revenue A/8-73, Cir.No.3 dated 5.3.1973. The Audit party normally consists of two Asst. Audit Officers and one auditor. The inspection by a gazetted officer should be so arranged that he may be present towards the end of each audit for drafting the local audit report and to discuss with the head of the office inspected.

**8.9.** The important records maintained in the transport offices the returns submitted by them and the checks to be exercised by audit have been dealt within the preceding chapter (dealing with records, registers and returns of the department). On the first day of audit the senior Asst. Audit Officer / Section Officer of the party should make out a statement showing the distribution of work among his party members. The distribution of work should in accordance with the revised allotment

of specific duties to the members in audit parties specified in circular No.6 of 1984 No.252-Rec-A-IV/3(I)-84/gr.I, dt.28.02.84 by C&AG of India.

**8.10.** When an irregularity is noticed, it should be brought to the notice of the departmental officer; by issuing an audit enquiry. Utmost care should be taken in drafting the enquiries. They should be courteously worded and should not be indicative of any directions to the departmental officer. They should bring out the defects and irregularities and the money value of objections should as far as practicable be indicated with full details in support thereof. The departmental officer should be requested to verify the objections and taken such action as deemed fit.

**8.11.** The local audit report should be drafted by the inspecting officer towards the end of audit, after examining the replies furnished by the departmental officer to the audit enquiries. The form of local audit report should be the one followed for other receipt audits and this should be in three parts, viz., part I containing introductory portion and unsettled objections from previous reports and Part II containing major irregularities and important points. This should again be divided into two sections A&B. Objections which are likely to be commented upon in the audit reports should be included in Section – A while others should be included in Section B. Part III would contain other minor objections. In support of the major irregularities included in Part II, extracts of copies of the relevant G.Os notifications or judgements etc., which have a bearing on the objection must be enclosed.

**8.12.** The report should be discussed with the departmental officer before it is sent to the headquarters section. After the report is discussed, a certificate should be got recorded by the departmental officer, on the first page of the report as follows:-

“Certified that the report has been fully discussed and the facts mentioned, therein have been verified and found correct”

No reply to Part III of the report is required but its disposal should be watched during next audit.

**8.13.** The local audit report should be edited by the Head quarters Revenue Audit Section and issued after approval by Senior Deputy Accountant General. The report should be sent to the concerned Regional Transport Officer / Deputy Transport Commissioner with copies to the Deputy Transport Commissioner / Transport Commissioner as the case may be, with a request to send the replies through the controlling officer. Major irregularities and points should be brought to the notice of the Govt. and the Transport Commissioner through special letters. The headquarters section will be responsible for processing the draft paragraphs to be included in the Audit Report. Wherever possible, consolidated paragraphs should be prepared by clubbing individual cases of the same type. An objection book and an adjustment register should be maintained for recording, watching and pursuing objections having money value. Similarly, a progress register should also be maintained for watching the receipt of draft local audit report in the head quarters section, their issue etc. these registers should be closed monthly and submitted to Branch Officer/Senior Deputy Accountant General.

**8.14.** A statement of inspection reports pending for over six months and another statement showing the objections outstanding for over six months in the prescribed form should be sent to Comptroller and Auditor General every quarter in the first week of June, September, December and March every year. The money value of audit objections should also be indicated in the returns furnished. A quarterly report showing the offices from which first replies to the local audit reports are not received, is also communicated to the head of department. If first replies, are not received for six months, such cases are reported to Government.

**8.15.** In order to expedite settlement and dropping of objections the Officers of the Audit Department are vested with powers to settle and drop objections upto certain monetary value. The existing limits are given below.

For settlement of accepted objections:

|   |                                       |             |
|---|---------------------------------------|-------------|
| 1 | Accountant General                    | Full powers |
| 2 | Group Officer                         | Rs.1,00,000 |
| 3 | Headquarters Audit Officer            |             |
|   | dealing with particular state receipt | Rs. 25,000  |
| 4 | Headquarters Asst. Audit Officer      | Rs. 1,000   |

For dropping objections not accepted by the Department.

All non-accepted objections raised upto and inclusive of audit cycle 1979-80 not sustainable or cannot be processed as a draft para because they are old can be dropped by Group Officer if the under assessment or loss involved is Rs.1 lakh and less and by A.G. if such value exceeds Rs.1 lakh. If the nature of the dropped objections is of a recurring type, similar objections should be taken in current audit cycle and process them as a Draft para.

In respect of objections raised in 1980-81 and after the monetary limits are as follows.

|                    |             |
|--------------------|-------------|
| Accountant General | Full Powers |
| Group Officers     | Rs.25,000   |
| Audit Officer      | Rs. 1,000   |

(A.G's note orders dt.19.09.84 on the Cr. AG's Cir. No.928 Rec. A-IV/52-80 Circular 25 dt.20.8.84).

**8.16.** The headquarters section should arrange to obtain government orders, notifications departmental circular instructions, clarifications and judgements of courts etc., affecting the motor vehicles receipts and examine them. If as a result of such examination, it is found necessary, to take up any issue with Government or the Transport Commissioner, it should be done promptly. Copies of important orders or circulars should be communicated to the audit parties for their guidance. A review of the audit reports of other States should also be undertaken and cases of important irregularities commented in those report should be communicated to the audit parties for their guidance.

**8.17.** The headquarters section should also co-ordinate the activities of departmental audits and serve as a link wherever necessary in the Central or State or vice versa, for example, if a certain receipt item has the effect of affecting the receipt in another head, it may be necessary to inform the other audit party and ensure proper checking.

## **ALLOCATION OF AUDIT WORK AMONG MEMBERS OF STATE**

### **RECEIPT AUDIT PARTIES**

**Note 1:** The documents having asterisk mark against them in the following lists will be reviewed by the Audit Officer incharge of the Audit Party with a view to picking up audit objections. Wherever a percentage for review by Audit Officer has been fixed by this office already or elsewhere herein percentage will apply. Otherwise 10 per cent of cases/documents may be reviewed. The percentages of audit already prescribed will continue except to the extent changes are indicated herein.

**Note 2:** The Audit Officer incharge of party will discuss as an item of work the outstanding objections in local audit reports and their settlement (or earmarking them for dropping) or their conversion into draft paragraphs.

**Note 3:** Though the work allocation to each individual member of the party should be specific and not vague, in the overall interest of completing the work in time allowing for the varying talents of members of an audit party, on the spot adjustment of work allotment of work may be made by Audit Officer or Senior Assistant Audit Officer incharge of audit party. This should be an exception and not become the rule. Therefore, in all the lists below even if it is not mentioned, it is to be understood that there exists an item of work for Assistant Audit Officer/Section Officer reading “Any item of work allotted by Audit Officer” and for Auditor reading “Any item of work allotted by Audit Officer or Assistant Audit Officer designated by Audit Officer”. In the interest of work Audit officer will be free also to allot any item of work to himself instead of allotting it to Assistant Audit Officer or Auditor as per these lists.

**Note 4:** In the local audit report with the superscription “O/N” the name of member of party detecting a potential draft para point should be mentioned in brief to draft para sent to Headquarters also. During the visits to parties, the group officers should also review some of the high value audit cases done or to be done by Audit Officer/Assistant Audit Officer and Audit Report material detected by him should be mentioned by Audit Officer/Assistant Audit Officer in the Local Audit Report against his name.

## **MOTOR VEHICLE TAX AND PASSENGER AND GOODS TAX**

### **I. Audit Officer**

1. Revenue of items marked with asterisk and discussion of outstanding Local Audit paras.
2. Allocation of work to Audit Officer, Assistant Audit Officer/Section Officer/Auditor enable cross check with records in other Excise and Taxation Offices with those in Motor Vehicle Registration Offices, where all the taxes in this Section (E) and connected taxes are not dealt in same office.
3. Payment of passenger and goods tax in lumpsum in excess of Rs.5000/- (Audit Officer may raise or lower this limit to ensure that 25 per cent of all lumpsum payments of high value are audited by him).

### **II. Assistant Audit Officer/Section Officer**

1. Audit of registers and files dealing with recovery and demand of vehicle (token) tax and fee for registration and re-registration and fitness certificate.
2. Audit of registers and files dealing with recovery, remittance and demand of fees, penalty etc., under National, Zonal and Bilateral permit schemes, including watching and checking recoveries and dues from other states and finding system defects.
3. Audit of registers and files dealing with recovery of tax or licence fees for plying contract and stage carriage vehicles and renewal of licences.
4. Audit of registers and files dealing with Assessment of rates of vehicle tax based on vehicle weight etc.
5. Audit of assessment files relating to passenger and goods tax bases on freight/seating capacity of vehicle or weight, other than compounded rate or lumpsum payments including assessment of such tax on stage and contract carriages.
6. Payments of passenger and goods tax at compounded rates or as lumpsum above Rs.1,000 and below Rs.5,000 (or such limits as Audit Office may fix to ensure that 50 per cent of such payments are audited by Assistant Audit Officers).
7. Audit of files dealing with levy of fines, penalties, composition fees on compounding of offence, appeal fees, refunds (other than refund of token tax) and exemption.

### **III. Auditor**

1. Audit of registers and files dealing with issue or renewal of driving licences and conductor's licences.
2. Check of 10% recoveries posted in D&C and such register/registers with payment documents or treasury records e.g. challans.
3. Collection of details of 10 per cent of entries in records of vehicles transferred to jurisdiction of other offices in same or other states for tracing in other offices by reference to other audit parties or other Accountant General (Audit)/Director of Audit to see if tax is being recovered in the other offices without break.
4. Check of cash books, receipt books and other registers and relevant records.
5. Records in outposts, if any.
6. Refunds of token tax.
7. Payment of passenger and goods tax compounded or made in lumpsum where amount does not exceed Rs.1,000.

(Audit Officer may raise or lower this limit to ensure that 25 per cent of such payments are audited by Auditor).

(Cr.Ar.G.Cir.No.6 of 1984 No.252 – Rec – A-IV/3(I)-84/gr.I, dt.28.2.84).

#### Verification of remittances with Treasury

The following procedure has been prescribed.

1. 2 Months Credits as appearing in the Departmental records have to be checked with the original records of the treasury.
2. In addition to the above, 5% of the receipts/credits appearing in the Demand Collection Balance Register/Collection Register/Tax posting Register/Licence Fee Register etc., also have to be verified with the original records of the treasury.

(C&Ar.G's Circular No.13 of 1974 dt.8.8.74 and C&Ar.G's Lr.No.139-Rec-A-IV/8-73 KW, dt.18.3.75, and SRA (Hq) Circular No.6 SRA /1-28/A/Genl. Dt.29.4.75.

## **CHAPTER - 9**

### **CHAPTER ON COMPUTERISATION**

#### **CFST – CITIZEN FRIENDLY SERVICES OF TRANSPORT DEPARTMENT**

Computerisation in the department was first taken up in the year 1988 and implemented in phased manner. Government has appointed an Evaluation Committee in G.O.Ms.NO.278, Tr.R&B Department, dated.30<sup>th</sup> march1999 to guide the department in computerisation of its offices. After several meetings the committee has selected M/s Tata Infotech Ltd. as service provider for the Transport Department on ‘Facility Management’ basis.

#### **OVERVIEW:**

The objective of computerisation is to make the Transport Department Citizen friendly in its functioning and provide SMART services to the public. It is intended to build comprehensive database and provide on-line services to the public covering all gamut of services of Transport Department like Issue of Driving Licenses, Registration, Permits, Taxation etc. All the offices in the state have inter-connectivity through APSWAN. A logo also has been chosen for this project namely ‘CFST’, which stands for Citizen Friendly Services of Transport Department. APTS has been appointed as technical consultants.

After watching the software demonstration by 4 different companies, the evaluation committee has finally chosen the software developed by M/s. Tata Infotech Ltd., as it is comprehensive application software, covering all aspects of the Transport Department’s functions. This software is operable on Windows NT and supported by Oracle database. It is also seen that it is compatible for inter-connectivity. The Application software developed by M/s. Tata Infotech Ltd, has been purchased on one time basis including source code, which can be replicated / modified through out the state including in e-seva project.

The officials of Transport Department have under taken a System Study along with the representatives of M/s. Tata Infotech Ltd. and finalised the software

requirement specifications (SRS). Further, the Acceptance Criteria and the Acceptance Test Plan have also been finalised and signed.

The main objectives of computerization is as follows:

**Objectives:**

- Improved citizen services
- \* Issue of learner licences – Same day
- \* Issue of driving licences – Same day
- \* Renewal of driving licences – 2 hours – Same day
- \* Issue of duplicate driving licences – 2 hours – Same day
- \* International Driving Permit – 2 hours – Same day
- \* Registration of vehicles – Same day
- \* Issue of Duplicate Registration Certificate – 2 hours – Same day
- \* Effecting Transfer of ownership – Same day
- \* Endorsement of Hire purchase agreement / termination – Same day
- \* Effecting Change of residence / place of business – Same day
- \* Issue of tax tokens – 2 hours – Same day
- \* Issue of Permits – Same day
- \* Issue of Fitness Certificates – Same day

- Improved Revenue collections.
- Centralised information for effective decision making.

Achievements:

- Connectivity to e-seva centers for payment of vehicle taxes
- Introduction of SMS Systems to relevant personnel for retrieving vehicles and license particulars.
- Interconnectivity between CFST system and Police Department for online transmission of data.
- Introduction of ELLR System (Testing on Computer).
- Computerisation of 31 Unit offices across the state

The retrieval of data from the computer system has to be generated by executing queries which is detailed in the Annexure.

Queries: To retrieve to list of non payment of taxes in respect of Transport Vehicles (Active and inactive)  
 To obtain a list of challan remittances  
 List of amounts received by way of Challans, Cash & Demand drafts  
 List of vehicles for which penalty was short collected etc.

**A.O./SRA(MVT Manual Updation)**

**Sr. A.O./SRA**

**Sr. DAG/SRA**

