

## CHAPTER VI: REVENUE RECEIPTS

### 6.1 Trend of revenue receipts

The tax and non tax revenue raised by the Government of Tripura during the year 2005-06, the State's share of divisible Union taxes and grants in aid received from Government of India during the year and the corresponding figures for the preceding four years are given below:

**Table No. 6.1**

*(Rupees in crore)*

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue raised by the State Government					
Tax revenue	158.50	183.09	221.47	239.63	296.09
Non tax revenue	97.64	98.73	167.78	176.85	63.62
<b>I Total</b>	<b>256.14</b>	<b>281.82</b>	<b>389.25</b>	<b>416.48</b>	<b>359.71</b>
Receipts from Government of India					
State's share of net proceeds of divisible Union taxes	232.62	249.71	320.53	383.12	404.38
Grants in aid	1,378.62	1,348.54	1,457.88	1,777.30	2260.03
<b>II Total</b>	<b>1,611.24</b>	<b>1,598.25</b>	<b>1,778.41</b>	<b>2,160.42</b>	<b>2664.41</b>
<b>III Total receipts of the State Government (I+II)</b>	<b>1,867.38</b>	<b>1,880.07</b>	<b>2,167.66</b>	<b>2,576.90</b>	<b>3024.12</b>
Percentage of I to III	14	15	18	16	12

**6.1.1** The details of tax revenue raised during the year 2005-06 along with the figures for the preceding four years are given in Table 6.2, which shows substantial improvement in the collection of sales tax (27 per cent) and taxes on vehicles (67 per cent).

**Table No. 6.2**

*(Rupees in crore)*

Heads of revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05
Sales tax	105.80	126.97	149.25	160.69	203.39	(+) 27
State excise	22.03	28.21	31.36	32.37	32.30	(-) 0.2
Other taxes on income and expenditure	11.59	12.17	17.28	20.47	21.91	(+) 7
Stamps and registration fees	9.61	7.81	11.17	12.07	14.21	(+) 18
Taxes on vehicles	5.28	5.29	8.01	10.45	17.43	(+) 67
Other taxes and duties on commodities and services	2.71	1.16	1.46	1.86	3.40	(+) 83
Land revenue	1.14	1.31	2.61	1.20	3.25	(+) 170
Taxes on agricultural income	0.13	0.01	0.30	0.27	0.14	(-) 48
Taxes and duties on electricity	0.21	0.01	0.01	0.01	0.02	(+) 100
Others	-	0.15	0.02	0.24	0.04	(-) 83
<b>Total</b>	<b>158.50</b>	<b>183.09</b>	<b>221.47</b>	<b>239.63</b>	<b>296.09</b>	<b>(+) 24</b>

**6.1.2** The details of the major non tax revenue raised during the year 2005-06 along with figures for the preceding four years are given in Table 6.3 which shows that non tax revenue in 2005-06 declined by 64 per cent, from Rs. 176.85 crore in 2004-05 to Rs. 63.62 crore in 2005-06, mainly under the head

Power, as a consequence of the establishment of TSECL, outside Government account.

**Table No. 6.3**

(Rupees in crore)

Heads of revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05
Power	46.20	59.68	121.78	105.70	1.10	(-) 99
Forestry and Wildlife	4.53	4.09	14.70	5.63	4.87	(-) 13
Education, Sports, Art and Culture	4.35	1.10	1.28	0.82	0.87	6
Crop Husbandry	1.46	0.84	1.08	1.43	1.43	0
Other Administrative Services	1.02	1.16	1.27	5.71	2.14	(-) 63
Water Supply and Sanitation	6.06	0.88	1.95	1.11	0.75	(-) 32
Police	4.19	2.99	5.13	16.17	11.15	(-) 31
Interest Receipts	3.58	5.83	3.67	4.56	16.62	264
Stationery and Printing	1.18	0.69	0.99	0.75	2.30	207
Animal Husbandry	0.92	0.75	0.93	1.14	1.31	15
Industries	6.27	6.04	5.61	6.98	8.47	21
Public Works	1.31	1.41	2.11	1.48	2.09	41
Village and Small Industries	0.33	0.09	0.12	0.10	0.05	(-) 50
Fisheries	0.33	0.43	0.53	0.54	0.60	11
Other Rural Development Programmes	0.13	0.12	0.22	0.27	0.13	(-) 52
Others	15.78	12.63	6.41	24.95	9.74	(-) 61
<b>Total</b>	<b>97.64</b>	<b>98.73</b>	<b>167.78</b>	<b>176.85</b>	<b>63.62</b>	<b>(-) 64</b>

## 6.2 Initiative for Mobilisation of Resources

In the budget for 2005-06, the Government proposed revenue collection of Rs. 307.50 crore under tax receipts, but the actual collection (Rs. 296.09 crore) fell short of the amount by 3.71 per cent.

## 6.3 Analysis of Budget preparation

The receipts under tax and non tax revenue for 2005-06 were less than the budget estimates. The details are shown below.

**Table No. 6.4**

(Rupees in crore)

Year	Budget estimate	Revised estimate	Actuals	Variation (%) of actual collection over budget estimate
<b>Tax revenue</b>				
2001-02	131.63	143.87	158.50	(+) 20.41
2002-03	145.50	170.09	183.09	(+) 25.84
2003-04	183.98	225.00	221.47	(+) 20.38
2004-05	295.00	254.35	239.63	(-) 18.77
2005-06	307.50	279.76	296.09	(-) 3.71
<b>Non tax revenue</b>				
2001-02	95.01	88.88	97.64	(+) 2.77
2002-03	114.20	100.15	98.73	(-) 13.55
2003-04	121.40	120.00	167.78	(+) 38.20
2004-05	160.00	152.94	176.85	(+) 10.53
2005-06	66.50	53.60	63.62	(-) 4.33

#### 6.4 Variations between budget estimates and actuals

Variations between budget estimates and the actual revenue receipts for the year 2005-06 in respect of the principal heads of tax and non tax revenue are given below:

**Table No. 6.5**

(Rupees in crore)

TAX REVENUE				
Heads of revenue	Budget estimates	Actuals	Variation: increase(+)/ decrease(-)	Percentage of variation over budget estimates
Sales tax	210.00	203.39	(-) 6.61	(-) 3
State excise	42.00	32.30	(-) 9.70	(-) 23
Stamps and registration fees	15.00	14.21	(-) 0.79	(-) 5
Taxes on vehicles	14.00	17.43	(+) 3.43	(+) 25
Land revenue	3.01	3.25	(+) 0.24	(+) 8
Taxes on agricultural income	0.44	0.14	(-) 0.30	(-) 68
Taxes and duties on electricity	0.02	0.02	-	-
Other taxes on income and expenditure	-	21.91	-	-
Other taxes and duties on commodities and services	-	3.40	-	-

The reasons for variation were not provided by Government. Major adverse deviations from BEs were noticed in State excise (-23 per cent) and taxes on agricultural income (-68 per cent) in the tax revenue (Table 6.5), while major shortfalls in non tax revenue occurred in forestry and wild life (-70 per cent), police (-30 per cent) etc, (Table 6.6)

**Table No. 6.6**

(Rupees in crore)

NON-TAX REVENUE				
Heads of revenue	Budget estimates	Actuals	Variation: Increase (+)/ decrease (-)	Percentage of variation
Power	-	1.10	-	-
Forestry and Wildlife	16.50	4.87	-11.63	(-) 70
Other Administrative Services	1.50	2.14	0.64	(+) 43
Interest Receipts	5.00	16.62	11.62	(+) 232
Stationery and Printing	1.10	2.30	1.20	(+) 109
Public Works	2.50	2.09	(-) 0.41	(-) 16
Animal Husbandry	1.11	1.31	0.20	(+) 18
Fisheries	0.63	0.60	(-) 0.03	(-) 5
Other Rural Development Programmes	0.26	0.13	(-) 0.13	(-) 50
Industries	6.50	8.47	1.97	(+) 30
Water Supply and Sanitation	-	0.75	-	-
Education, Sports, Art and Culture	1.45	0.87	(-) 0.58	(-) 40
Police	16.00	11.15	(-) 4.85	(-) 30
Village and Small Industries	0.15	0.05	(-) 0.10	(-) 67
Crops Husbandry	1.25	1.43	0.18	(+) 14

The reasons for variation, though called for from the departments, have not been received.

### 6.5 Analysis of collection

Break up of total collection at preassessment stage and after regular assessment of sales tax for the year 2005-06 and the corresponding figures for the preceding two years, as furnished by the department, is given in Table 6.7.

**Table No. 6.7**

(Rupees in lakh)

Heads of revenue	Year	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection of Taxes	Percentage of collection of column 3 to 7
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Finance Department</b>							
Sales Tax	2003-04	14,693.51	84.06	1.14	4.97	14,773.74	99.46
	2004-05	15,907.90	87.83	0.55	-	15,996.28	99.45
	2005-06	20,025.72	146.44	1.04	-	20,173.20	99.27

**Note:** Departmental figure not yet reconciled with Accountant General.

The table indicates that percentage of collection of sales tax at preassessment stage was 99.27 during 2005-06.

### 6.6 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2003-04, 2004-05 and 2005-06 along with relevant all India average percentage of expenditure on collection to gross collection for 2003-06 are given below:

**Table No. 6.8**

(Rupees in crore)

Heads of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage of expenditure to gross collection
Sales tax	2003-04	149.25	1.86	1.25	0.95
	2004-05	160.69	2.04	1.27	
	2005-06	203.39	2.83	1.39	
State excise	2003-04	31.36	0.46	1.47	3.34
	2004-05	32.37	0.66	2.04	
	2005-06	32.30	0.70	2.17	
Stamps and registration fees	2003-04	11.17	0.94	8.42	3.44
	2004-05	12.07	1.61	13.34	
	2005-06	14.21	1.25	8.80	
Taxes on vehicles	2003-04	8.01	0.57	7.12	2.74
	2004-05	10.45	0.66	6.32	
	2005-06	17.43	0.68	3.90	

Expenditure on collection of sales tax and state excise has gone up over the years. In addition, cost of collection was much higher than the All India average for 2003-04, except in case of state excise.

### 6.7 Collection of sales tax per assessee

The following table shows collection of sales tax per assessee for the five years ending 2005-06:

**Table No. 6.9**

Year	Number of assessee	Sales Tax revenue (Rupees in crore)	Revenue per assessee (Rupees in lakh)
2001-02	5,731	105.80	1.85
2002-03	6,062	126.97	2.09
2003-04	6,225	147.74	2.37
2004-05	7,242	159.96	2.21
2005-06 (Provisional)	13,870	201.74	1.45

The revenue per assessee declined considerably in 2005-06.

### 6.8 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2006 in respect of some principal heads of revenue amounted to Rs. 12.01 crore of which Rs. 0.12 crore pertaining to sales tax were outstanding for more than five years.

### 6.9 Arrears in assessment

The details of cases pending assessment at the beginning of the year 2005-06, cases due for assessment during the year, cases disposed of during the year and the number of cases pending finalisation at the end of the year 2005-06 according to information furnished by the department, are as follows:

**Table No. 6.10**

*(Cases in number)*

Name of tax	Opening balance	New cases due for assessment during 2005-06	Total assessments due	Cases disposed of during 2005-06	Balance at the end of the year 2005-06	Percentage of Column 5 to 3
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Finance Department</b>						
Sales tax	24,136	7,095	31,231	12,707	18,524	179
Taxes on agricultural income	264	289	553	85	468	29

Disposal of cases pertaining to agricultural income was much less than the new cases.

### 6.10 Evasion of tax

The details of cases of evasion of tax detected by the department, cases finalised and the demands for additional tax raised as reported by the department are given below:

**Table No. 6.11**

Name of tax/ duty	Cases pending as on 31 March 2005	Cases detected during 2005-06	Total	No. of cases in which assessments/ investigations completed and additional demand including penalty etc., raised		No. of cases pending finalisation as on 31 March 2006
				No. of cases	Amount (Rupees in lakh)	
Sales Tax	15	15	30	15	0.72	15

### **6.11 Results of audit**

Test check of records of sales tax, land revenue, state excise, motor vehicles, stamps and registration fees, electricity duty, other tax receipts, forest receipts and other non tax receipts conducted during the year 2005-06 revealed under assessment / short levy / loss of revenue amounting to Rs. 4.18 crore in 110 cases.

After issue of draft paragraph the department recovered Rs. 1.58 lakh in one case in full during 2005-06.

This chapter contains three paragraphs, including one review relating to loss of revenue, short realisation/non realisation of revenue etc involving Rs. 82.15 lakh.

### **6.12 Departmental audit committee meetings**

No meeting of audit committee was held during 2005-06.

### **6.13 Failure of senior officials to enforce accountability and protect interest of Government**

Accountant General (Audit) arranges periodic inspection of Government departments to test check transactions and verify maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with inspection reports (IRs). When important irregularities detected during inspection are not settled on the spot, these are included in IRs issued to the heads of offices inspected with copies to next higher authorities for taking prompt corrective action. The first replies to the IRs may be furnished within 30 days of receipt thereof by the heads of offices. Serious irregularities are also brought to the notice of the heads of the departments by the office of the Accountant General (Audit).

IRs issued upto March 2006 disclosed that 1,343 paragraphs involving money value of Rs. 69.47 crore relating to 393 IRs remained outstanding at the end of September 2005. Of these, 105 IRs containing 450 paragraphs involving money value of Rs. 5.93 crore had not been settled for more than 10 years by the Finance Department in respect of sales tax, amusement tax, electricity duty, by the Forest Department in respect of forest receipts, and by the Excise Department in respect of State excise. Even the first replies required to be received from the head of office within 30 days from the date of receipt of the IRs were not received in respect of 562 paragraphs of 106 IRs, issued between

March 1992 and March 2006. As a result, serious irregularities commented upon in these IRs had not been settled as of 31 August 2006.

Department wise breakup of IRs and audit observations outstanding as on 31 August 2006 is given below:

Table No. 6.12

*(Rupees in crore)*

Department	Position of IRs issued upto September 2005 but not settled at the end of March 2006			Position of IRs and paragraphs not settled for more than 10 years			Position of IRs in respect of which first reply not received from March 1992 to March 2006		
	No. of IRs	No. of paragraphs	Money value	No. of IRs	No. of paragraphs	Money value	No. of IRs	No. of paragraphs	Money value
<b>Finance</b>									
a) Sales Tax	79	258	10.68	37	140	1.24	16	81	3.41
b) Professions Tax	3	4	0.06				1	3	0.06
c) Stamp Duty and Registration Fees	4	4	0.13				1	1	0.01
d) Electricity Duty	182	728	28.73	34	139	1.18	43	274	4.98
e) Agricultural Income Tax	1	2					NIL	NIL	NIL
f) Amusements Tax	4	10	0.13	1	1	0.02	5	11	0.16
<b>Forest</b>									
Forest Receipts	95	260	16.01	32	169	2.11	27	140	3.60
<b>Land and Land Reforms</b>									
Land Revenue	2	2	0.04				1	1	0.02
<b>Excise</b>									
State Excise	9	12	0.70	1	1	1.38	3	5	0.09
<b>Transport</b>									
Motor Vehicles	14	63	12.99				9	46	10.69
<b>Total</b>	<b>393</b>	<b>1343</b>	<b>69.47</b>	<b>105</b>	<b>450</b>	<b>5.93</b>	<b>106</b>	<b>562</b>	<b>23.02</b>

The above position indicates the failure of departments concerned to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs. The Principal Secretaries/Secretaries of the departments were informed of the position through annual statement of outstanding IRs and paras at the end of 30 May each year.

#### 6.14 Response of departments to draft audit paragraphs

Draft paragraphs were forwarded to the secretary of the administrative departments concerned demi officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks from the date of receipt.

Three draft paragraphs were forwarded to the departments during March-May 2006. Replies of Government to one paragraph have since been received.

#### 6.15 Internal audit

The Finance (Excise and Taxation) Department had not established an internal audit system for auditing revenue receipts of the State Government (September 2006).

**6.16 Follow up of Audit Reports – summarised position**

Ten reviews and 117 audit paragraphs had featured in Audit Reports 1988-89 to 2004-05. Seven reviews out of 10 reviews and 51 out of 117 paragraphs were discussed by PAC as of August 2006. Against seven reviews and 51 paragraphs already discussed in the PAC, only 24 ATNs (three against the reviews and eight against the paragraphs) on the recommendations of the PAC were received.



## TRANSPORT DEPARTMENT

### 6.17 Information Technology Audit of activities relating to registration of vehicles, by Transport Department of Government of Tripura

#### 6.17.1 Introduction

The Transport Department (Department), of the Government of Tripura is responsible for framing policies and implementing programmes for improvement of the public transport system in Tripura. The department is headed by the Commissioner and Secretary (Transport) who is assisted by one Joint Secretary and one Under Secretary. The department has five offices in the State, one headed by Joint Transport Commissioner (JTC) and other four headed by District Transport Officer (DTO) \*.

NIC, Tripura developed a software named TISLine in 2000 and installed it in the office of the JTC Agartala. Subsequently TISLine was replaced by software named VAHAN, developed by the NIC New Delhi on Windows operating system using Visual basic 6.0 for front end application programme and SQL Server 7.0 for the backend database with effect from December 2003. An amount of Rs. 29.48 lakh was incurred on computerisation of Transport Department till June 2006.

The software automates management of information related to vehicle registration, identity of its owner and technical details of vehicles and tax and its validity, fitness and its validity, permit and its validity, authorisation including interstate aspects and insurance details. The main objective of computerisation was to achieve faster and better services and transparency along with better monitoring of State transport system and revenue generation.

#### 6.17.2 Audit scope and methodology

The audit scope included examination of database pertaining to the registration of vehicles and its allied activities and collection of fees and road tax with the objective of evaluating the accuracy and integrity of data and the effectiveness of its application in management of various functions of the department. The database was analysed using Computer Assisted Audit Technique namely IDEA †.

#### 6.17.3 Audit coverage

Audit covered the entire data relating to registration of vehicles, collection of road tax and issue of tax token entered into the IT system as produced by the five offices of the department.

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\* (i) JTC (West Tripura District), Agartala (ii) DTO (Dhalai District), Ambassa (iii) DTO (South Tripura District), Udaipur (iv) DTO (North Tripura District), Dharmanagar and (v) DTO (North Tripura District), Kailashahar.

† Interactive Data Extraction and Analysis.

## **Audit observations**

### **6.17.4 System Design: Government Rules/Regulations not incorporated in the software**

Audit noticed that the software did not provide adequate validation checks to ensure conformity with applicable rules and regulations of Government regarding registration of vehicles. The observations are as follows:

#### **6.17.4.1 Existence of duplicate engine/chassis number for vehicles**

Chassis number and engine number are unique identification marks of a vehicle. It was, however, noticed in audit that there was no validation check in the system to enable the registering authority to ensure that same chassis/engine number is not entered for more than one vehicle. Audit found that in JTC, Agartala out of 77,482 registered vehicles, 1,624 vehicles had duplicate engine number, 116 had duplicate chassis number and in 158 cases both the engine and chassis numbers were duplicate.

Further analysis revealed that in 72 cases having duplicate engine and chassis number, the owner's name was the same, indicating that the records had been entered twice; and in 90 cases though the engine and chassis numbers were same, the owner's name and registration numbers were different.

Such a system flaw could lead to a risk of stolen vehicles being registered under engine/ chassis number other than their own numbers. There was an evident need for the department to investigate the matter in depth to rule out such irregularities.

Similar findings in respect of other four DTOs are given in **Appendix XXIX** (Table – A).

#### **6.17.4.2 Registration of two or more vehicles under same insurance cover note**

According to Section 146 of the Motor Vehicles Act, 1988 no person shall use, except as a passenger, or cause or allow any other person to use, a motor vehicle in a public place, unless there is in force in relation to the use of the vehicle by that person or that other person, as the case may be, a policy of insurance complying with the requirements of Chapter XI.

Audit observed that there was no validation check in the system to ensure that insurance cover certificate number for a particular vehicle is not reused for registration of other vehicles. Analysis of registration database of the five offices revealed that there were 61,580 records in which the cover note number field was blank. Moreover, in 1,465 records the same insurance certificate/cover note number was entered two to four times; in 13 instances the repetition occurred more than four times as detailed in **Appendix XXIX** (Table B). This indicated a strong possibility that the same insurance cover was being used for more than one vehicle.

Recurrence of multiplicity of insurance certificate/cover note number increases the risk of vehicle getting registered without paying the insurance amount, a patently illegal act.

The department needs to investigate the matter urgently and take appropriate action.

#### **6.17.4.3 Existence of duplicate registration numbers**

Registration number is the identification of a vehicle. Rule 48 of Central Motor Vehicles Rules 1989 provides that on receipt of an application under Rule 47 and after verification of the documents furnished therewith, the registering authority shall, subject to the provisions of Section 44, issue to the owner of the motor vehicle a certificate of registration in form 23.

Audit found that there was no validation control in the system to check duplication of registration number in the database. An analysis of registration database of selected JTC/DTOs, revealed that there were six cases of duplicate registration numbers issued to 12 owners (**Appendix XXIX**).

Such illegal duplicate registration of different vehicles as well as insurance irregularities are obviously fraught with the risk of plying invalid/stolen vehicles vis-à-vis making it possible for vehicle owners to escape paying road tax. The possibility of fraudulent insurance claims could also not be ruled out in such a scenario. Moreover it can also lead to legal trouble for bonafide owners in case of vehicle with the same registration number being involved in accident, criminal cases etc.

#### **6.17.4.4 Incorrect data relating to registration date and purchase date**

As per Rule 47 of Central Motor Vehicles Rules 1989 registration of a motor vehicle shall be made by the registering authority on or after the date of taking the delivery of such vehicle. It was, however, observed in audit that in 186 cases the registration dates were found earlier than the purchase dates ranging from one to 33,654 days, which indicated that the database has no validation check over the purchase date and registration date of the vehicles.

#### **6.17.5 Input controls**

In any computerised system accurate and complete input of authentic data is of utmost importance to get desired results. Audit noticed that the database was replete with errors resulting from poor input controls in operation of the software.

##### **6.17.5.1 Incomplete database**

As per Rule 47 of Central Motor Vehicles Rules 1989, Form 20 has been prescribed for registration of vehicles which contains information about vehicles in 33 fields.

However, analysis of registration database of the five offices revealed that data capture was partial even in crucial fields such as registration date, owner's

name, address, dealer's CD, engine/chassis number and insurance number / date. The details in respect of JTC, Agartala are as follows:

**Statement showing blank records in JTC, Agartala  
(Total registered vehicles 77,482)**

Name of field	Number of blank field values
Registration date	1,723
Owner's name	128
Address	368
Dealer's CD	16,896
Chassis no.	2,008
Engine no.	2,153
Insurance company / Insurance no. / Date	49,228

Further details are given in **Appendix XXX**.

Any analysis and generation of reports based on incomplete and unvalidated database was likely to produce incomplete and unreliable information. This pointed to weakness in the input control, which was further accentuated by absence of data validation and needs to be immediately rectified.

**6.17.5.2 Incorrect data relating to seating capacity**

During analysis of registration database of private vehicles it is noticed that in respect of two wheelers and private cars seating capacity was incorrectly entered in 31 cases. For example, two wheelers have been shown to be from three seaters to 957 seaters and cars from 14 to 796 seaters. Details are given in **Appendix XXXI**.

This clearly indicates lack of adequate control for entry of data into the system as a result of which integrity of the database is adversely affected.

**6.17.6 Process controls**

The controls meant for the computerised systems to process the input according to the logic encoded in the software were found to be deficient as detailed below:

**6.17.6.1 Lack of continuity of registration numbers**

In a single series, 9,999 registration numbers can be awarded in seven category<sup>‡</sup> of vehicles. An analysis of the registration database (December 2005) revealed that at DTO (North), Dharmanagar 953 registration numbers were found missing in seven category of vehicles in three series<sup>§</sup> as shown in **Appendix XXXII**.

This indicates possibility of misuse of facility for blocking choice number and improper management of registration of vehicles apart from the possibility of misuse of unregistered number.

<sup>‡</sup> Category:PT (1-200); LM (201-800); GO (801-1200); PH (1201-1500); GD (1501-1950); PL (1951-4500); Two Wheeler (4501-9999).

<sup>§</sup> Series: TR02; TR02A;TR02B.

### 6.17.6.2 Issue of duplicate tax token numbers

Tax token number is a unique number, which is issued on receipt of road tax against each vehicle. It was, however, noticed in audit that there was no validation check in the system to enable the registering authority to ensure that unique tax token number is generated by the system against each receipt. An analysis of the database of JTC, Agartala, revealed that there were 22 instances involving issue of duplicate tax token numbers as shown in **Appendix XXXIII**.

### 6.17.6.3 Short realisation of road tax amounting to Rs.7.94 lakh

As per Tripura Motor Vehicles Tax Act, 1972, as amended from time to time, and the Rules made thereunder, every owner of the vehicle is required to pay road tax at the rate specified in schedules I and II of the Act.

Analysis of the taxation database of the JTC, Agartala revealed that in 803 cases during the period from 13 Nov 1994 to December 2005, road tax realised was less than the actual amount due, as calculated in audit which resulted in short realisation of road tax amounting to Rs.7.52 lakh as given below:

#### Short realisation of road tax in JTC Agartala

Category of vehicles	No of vehicles	Tax due (Rs.)	Tax paid (Rs.)	Short realisation (Rs.)
Vehicles for transport of goods	434	12,53,156	6,89,861	5,63,295
Bus	336	4,71,728	3,99,539	72,189
Three Wheeler, jeep, taxi, van (Commercial)	143	1,37,780	80,429	57,351
Motor Cars, jeep (Private)	105	92,610	64,107	28,503
Two wheeler	183	60,606	38,903	21,703
Tourist bus/Cab	02	14,300	5,377	8,923
<b>Total</b>	<b>803</b>	<b>20,30,180</b>	<b>12,78,216</b>	<b>7,51,964</b>

A similar analysis of Udaipur, Kailashahar and Dharmanagar DTOs also resulted in short realisation of road tax of Rs. 0.42 lakh.

The department needed to check the calculations made by the system and rectify the error as well as take action to recover short realisation.

### 6.17.7 Management information system

An important feature of a computerised system is the possibility of readily generating the required information from it for better management decisions. However, audit observed that though the system had the relevant information the department never made use of it in many areas.

#### 6.17.7.1 Outstanding tax of Rs 4.42 crore from 17,518 defaulter vehicles

Under Section 4 of the Tripura Motor Vehicles Tax Act, 1972, and Section 4 (B) of the Tripura Motor Vehicles Tax (Amendment) Act 2003, tax in respect

of a vehicle is payable annually or quarterly within 30 days of the commencement of the year or quarter as the case may be. Moreover, under Section 14 of the Tripura Motor Vehicles Tax Act, 1972, if a taxing officer is satisfied that in respect of any motor vehicle any tax or additional tax payable under this Act has not been paid within one month of the date on which such tax was payable, he may, notwithstanding anything contained in the Motor Vehicles Act, 1939 and any rules made thereunder, declare the certificate of registration of such motor vehicle to be suspended and such certificate shall thereupon be deemed to be suspended until the whole amount of tax and penalty, if any, due in respect of such motor vehicle has been paid. Further Section 12 of the Tripura Motor Vehicles Tax Act, 1972 provides that any police officer in uniform or other officer of the State Government, not below such rank as may be prescribed under Rule 182 of Tripura Motor Vehicles Rules, 1991, may check any motor vehicle for the purpose of satisfying himself that the tax payable under this Act in respect of such vehicle has been paid.

Analysis of data of JTC, Agartala, and other DTO offices at Udaipur, Ambassa, Kailashahar and Dharmanagar revealed that in respect of 17,518 vehicles Rs.4.42 crore was lying outstanding (October 2005) as per details given below:

Name of JTC/ DTO	Total no. of defaulter vehicles	Tax due (In Rupees)	Period
Agartala	17,249	4,40,08,221	For 2 month to 22 years 10 months
Udaipur	82	75,000	For 6 months to 7 years 10 months
Ambassa	07	10,187	For 5 months to 4 years 9 months
Kailashahar	155	88,779	For 2 months to 11 years 4 months
Dharmanagar	25	20,468	For 2 months to 4 years 7 months
<b>TOTAL</b>	<b>17,518</b>	<b>4,42,02,655</b>	

It was observed that the system had no provision to produce periodical reports of outstanding road tax and thus appropriate action could not be taken to recover the outstanding dues.

#### 6.17.7.2 Plying of vehicles with lapsed registration

Sec 41(7) of Central Motor Vehicles Act, 1988 provides that a certificate of registration in respect of a motor vehicle, other than a transport vehicle, shall be valid only for a period of 15 years from the date of issue of such certificate and shall be renewable. Further as per provisions of Rule 52(3) of Central Motor Vehicle Rules 1989, a motor vehicle shall not be deemed to be fit for plying after the expiry of the period of validity entered in the certificate of registration and no such vehicle shall be used in any public places until its certificate of registration is renewed. Further, under Rule 48 of the Tripura Motor Vehicles Rules 1991, renewal of certificate of registration under sub-Section (8) of Section 41 may result in the registering authority requiring the owner to pay Rs.25 per calendar month or part thereof as composition fee, provided that, the total amount payable shall not exceed Rs.100.

Analysis of data of the five offices revealed that as of December 2005, 8,917 vehicles have had their registrations expired. The vehicles have, however, not yet been reregistered and neither have they surrendered their registration certificates. As such, they were required to be reregistered and registration fee of Rs.8.50 lakh and penalty of Rs.8.92 lakh (Rs.100 x 8917) was realisable, for using unregistered vehicle. Details are given in **Appendix XXXIV**.

### **6.17.7.3 Partial utilisation of processing capabilities**

Although VAHAN system has the provision for capturing information relating to renewal of fitness certificates of commercial vehicles, permit and its validity including interstate aspects but the same was not operational (December 2005). As a result, all the facilities provided in VAHAN system could not be fully utilised, reasons for which were not stated to audit.

### **6.17.8 Conclusion**

The computerised registration system in Tripura is being run in a poorly controlled environment. This coupled with deficiencies in the system design led to inaccuracies and serious irregularities in the information generated by the system leading to inconsistent and incomplete database maintained by the JTC/DTOs. Orders issued by Government were also not incorporated into the system leading to loss of revenue. Use of the system as a management information system (MIS) was also inadequate.

The matter was referred to Government (March 2006); reply had not been received (September 2006).

### **6.17.9 Recommendations**

- Appropriate input and processing controls should be urgently incorporated within the system to prevent entry of duplicate and improbable data.
- The system should have inbuilt validation checks to detect duplicate engine/chassis number and link with the system of the State and national law enforcement agencies to detect stolen/lost vehicles.
- Data integrity should be periodically checked and data capture should be complete and should be utilised to increase revenue collection.
- Exception report should be generated to detect inaccurate data or data which violates the MV Act and Rules.

## FINANCE (EXCISE AND TAXATION) DEPARTMENT SALES TAX

### 6.18 Delay in disposal of seized goods

**Failure of the Superintendent of Taxes, Churaibari to regularly dispose of seized goods led to stockpile of goods valuing Rs. 1.27 crore, out of which goods valuing Rs. 20.40 lakh had been damaged or time expired, entailing a revenue loss of Rs. 5.23 lakh for Government.**

Under the provision of Tripura Sales Tax Act, 1976 (Act) and Rules made thereunder, if a person, whose taxable goods are seized does not opt for composition of the offence within a period of 15 days from the date of seizure, the seized goods are to be disposed of by public auction after obtaining approval of the Commissioner of Taxes. The dues on account of taxes and penalty are to be appropriated from the sale proceeds of the auction.

Scrutiny of records, (March – May 2006) of the Superintendent of Taxes, Churaibari check post revealed that as of May 2006 goods seized in 450 cases valued at Rs. 1.27 crore were lying undisposed of. Further, scrutiny of 67 cases revealed that, 33 cases valuing Rs.8.32 lakh were put to auction after the seized goods became time barred/damaged and 34 cases valuing Rs.12.08 lakh were not put to auction at all and these articles had become time barred and unfit for sale.

Thus failure of the Superintendent to dispose of these goods in time led to loss of revenue of Rs.5.23 lakh (tax: Rs.2.09 lakh, penalty: Rs.3.14 lakh).

The Superintendent of Taxes, Churaibari (May 2006) and the Commissioner of Taxes (September 2006) attributed the delay in disposal of seized goods to lack of infrastructural facilities like insufficient space for storage and display of goods. He further stated that to accelerate the auction process the reserve price of seized goods had been revised down-wards in January 2006 to attract more persons to auction; additional godown had been arranged; checkpost authorities had been instructed to conduct auction every month; and a proposal for modernisation of the check post was under consideration of the Government.

The matter was referred to the Government in July 2006; reply had not been received (September 2006).



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**TRANSPORT DEPARTMENT**
**6.19 Loss of revenue**

**Non imposition of fine on owners of vehicles carrying load in excess of permissible limit resulted in loss of revenue of Rs. 53.71 lakh. Further, the District Transport Officer, North Tripura, Kailashahar did not enforce the provision of Motor Vehicles Act resulting in loss of revenue of Rs.6.77 lakh as fine from transporters for carriage of load in excess of the permissible limit.**

According to Section 194 of the Motor Vehicles Act, 1988 (MV Act) and notification issued by Government of Tripura in November 1999, carriage of goods by motor vehicles beyond permissible limit shall be punishable with a minimum fine of Rs. 2,000 and an additional fine of Rs. 1,000 per tonne of excess load together with the charges for offloading the excess load. Government of Tripura by notification dated 1 September 1991 restricted plying of any public carrier goods vehicle within the State, the laden weight of which exceeded 15.5 tonnes.

**6.19.1** Test check of records in December 2005 and July 2006 of motor vehicles check post at Churaibari under the jurisdiction of District Transport Officer (DTO), North Tripura, Kailashahar, revealed that out of 1,30,808 vehicles checked during the period from August 2003 to March 2006, 68,417 vehicles were identified as overloaded for carrying goods beyond the permissible limit and only Rs. 13.15 crore was realised as fine, against prescribed minimum amount of Rs. 13.68 crore. This resulted in non levy of fine of Rs.53.71 lakh.

After this was pointed out in audit, the DTO stated in July 2006 that the matter would be examined; further development was awaited (September 2006).

**6.19.2** It was further observed that in the same check post, provisions of Section 194 of the MV Act were not enforced during 9 March 2004 to 6 June 2004. Cross verification of records of the Superintendent of Taxes (Sales Tax), Kailashahar, revealed (December 2005) that during the same period a number of vehicles with excess load passed through the Churaibari sales tax check post but escaped penalty by the DTO. Records of 82 vehicles randomly test checked by audit revealed that they had carried excess load of 512.65 tonnes, on which penalty of Rs. 6.77 lakh was leviable.

Failure of the DTO to enforce the provisions of the MV Act, resulted in loss of revenue of Rs. 6.77 lakh to Government, in so far as the test checked vehicles are concerned; the loss would be much more if all the vehicles with excess load passing through the checkpost were taken into account. Government needs to investigate the matter, not only to work out and recover the exact amount of revenue lost, but also to fix responsibility for failure to enforce the provisions of MV Act.

After this was pointed out in audit, the DTO stated in December 2005 that the matter would be taken up with Government and the result would be intimated to audit.

The matter was reported to the Government in April 2006; reply had not been received (September 2006).