

CHAPTER-V

MOTOR VEHICLES TAX

5.1 Tax administration

The receipts from Motor Vehicles Tax are regulated under the provisions of the Central and the State Motor Vehicle Acts and rules made thereunder. The Transport Commissioner (TC)-cum-Chairman, State Transport Authority (STA), Odisha under the overall supervision of the Principal Secretary, Commerce and Transport (Transport) Department administers the above Acts and Rules made thereunder. The TC is assisted by Regional Transport Officers (RTOs) at unit level. RTOs are the Assessing Authorities (AAs) as well as the Tax Recovery Officers (TROs).

5.2 Internal Audit

Internal Audit of units under Transport Department has not been conducted since 2007-08. The Department attributed the reasons to shortage of staff in Internal Audit Wing.

5.3 Results of audit

In 2013-14, test check of the records of 37 units relating to Motor Vehicle Tax, additional tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under the National Permit Scheme showed under assessment of tax and other irregularities involving ₹ 128.25 crore in 5,02,980 cases, which fall under the following categories in the Table 5.1.

Table 5.1

A. REVENUE RECEIPTS

(₹ in crore)

| Sl. No | Categories | Number of cases | Amount |
|--------------|---|-----------------|---------------|
| 1. | Performance Audit (PA) on “Classification, Assessment and collection of tax and Road Safety measures in Transport Department” | 3,42,996 | 22.78 |
| 2. | Non/short realisation of motor vehicles tax/additional tax and penalty | 45,322 | 102.58 |
| 3. | Non/short realisation of compounding fee, permit fees, process fee and fitness fee etc. | 1,13,051 | 1.81 |
| 4. | Non/short realisation of composite tax and penalty | 584 | 0.40 |
| 5. | Non/short realisation of penalty on belated payment of tax | 148 | 0.38 |
| 6. | Other irregularities | 879 | 0.30 |
| Total | | 5,02,980 | 128.25 |

During the course of the year, the Department accepted under assessment and other deficiencies of ₹ 127.15 crore in 3,97,532 cases, which were pointed out

in earlier years. An amount of ₹ 0.51 lakh was realised in three cases during the year 2013-14. A few illustrative cases involving ₹ 127.95 crore are discussed in paragraphs 5.4 to 5.7.1.

B. Expenditure Account of Transport Department

In 2013-14, test check of records of 33 units showed irregularities in expenditure/cash management involving ₹ 1.67 crore in 25 cases, which fall under the following categories.

(₹ in crore)

| Sl. No. | Category | No. of cases | Amount |
|--------------|--|--------------|-------------|
| 1. | Irregularities in cash management | 20 | 1.66 |
| 2 | Irregular expenditure on purchase of stationaries/Computer accessories | 5 | 0.01 |
| Total | | 25 | 1.67 |

C. Expenditure Account of Odisha State Road Transport Corporation (OSRTC)

During 2013-14, Audit test checked records of four units of OSRTC and found irregularities involving ₹ 15.59 crore in 609 cases, which fall under the following categories.

(₹ in crore)

| Sl. No | Category | No. of cases | Amount |
|--------------|--|--------------|--------------|
| 1. | Loss/non realisation of outstanding dues and loss of revenue due to suspension of routes/opening of new routes/purchase of new buses | 53 | 7.54 |
| 2. | Non/short realisation/recovery of Government dues | 106 | 3.27 |
| 3. | Excess consumption of High Speed Diesel, non/short recovery of outstanding advances/imprest etc. | 211 | 3.03 |
| 4. | Non adjustment of motor vehicles tax etc. | 2 | 0.05 |
| 5. | Other irregularities | 237 | 1.70 |
| Total | | 609 | 15.59 |

During the year the Department accepted deficiencies of ₹ 15.59 crore in respect of all reported cases.

5.4 Performance Audit on “Classification, Assessment and Collection of tax and Road Safety measures in Transport Department”

Highlights:

The distance slabs prescribed in the Taxation Schedule of OMVT Act, 1975 require revision taking into consideration of long route coverage of stage carriages.

(Paragraph 5.4.8.1)

Motor Vehicle Tax and additional tax of ₹ 3.34 crore remained unrealised from 956 goods carriages of other States/ Regions. Besides, penalty of ₹ 6.68 crore was also leviable.

(Paragraph 5.4.9.1)

Irregular fixation of seating capacities less than that prescribed in the Schedule under Odisha Motor Vehicle Rules, 1993 for stage carriages/ contract carriages/deluxe stage carriages according to wheel-base, led to loss of ₹ 17.76 lakh.

(Paragraph 5.4.9.2)

Non-renewal of Certificates of Registration of 1,77,651 non-transport vehicles led to non-realisation of fitness and renewal fees of ₹ 6.63 crore.

(Paragraph 5.4.9.4)

Non-issue of Permanent Permits to tractor trailer combinations at the time of registration led to non-realisation of application fee and permit fee of ₹ 3.40 crore.

(Paragraph 5.4.9.5)

Due to non-renewal of certificates of fitness of 164 School buses, 10,541 Auto-Rickshaws and 2,843 Omnibuses, the road safety of the students and passengers could not be ensured and also resulted in non-realisation of fees and penalty of ₹ 43.75 lakh.

(Paragraph 5.4.9.6)

Certificates of fitness to 1,20,939 vehicles were issued without ensuring Pollution under Control Certificates.

(Paragraph 5.4.9.8)

Enforcement of the provisions of Acts and Rules regarding mandatory third party insurance of 9,96,543 motor vehicles including 12,320 transport vehicles in the State was not ensured by the Department.

(Paragraph 5.4.9.10)

There was shortfall in achievement of targets which affected road safety activities.

(Paragraph 5.4.10.7)

5.4.1 Introduction

Transport Department is the fourth largest revenue earning Department of the State. It contributes about five to seven *per cent* of the total tax revenue of the State. The levy and collection of taxes on motor vehicles is regulated under Motor Vehicles (MV) Act 1988, Odisha Motor Vehicles Taxation Act, 1975 and rules made thereunder. The Department is mainly responsible for enforcing various provisions of these Act and Rules. Besides, fees for licence, registration, fitness certificate, permit, appeal and compounding of offences are levied and collected under the provisions of Central Motor Vehicles Act 1988 (CMV Act), Central Motor Vehicles Rules, 1989 (CMV Rules) and Odisha Motor Vehicles Rules, 1993 (OMV Rules) framed thereunder. Motor Vehicles tax in respect of non-transport vehicles and some specific¹ transport vehicles is realised in lump sum as one time tax (OTT), whereas tax and additional tax from other transport vehicles are realised monthly/ quarterly/ annually at the rates specified under OMVT Act. With the number of vehicles on road increasing day by day, road safety has assumed greater significance. Transport Department being the nodal Department, is also responsible for formulating plans and programmes for ensuring road safety and monitoring their implementation.

5.4.2 Organisational Set up

Transport Commissioner (TC)-cum-Chairman, State Transport Authority (STA), Odisha under overall supervision of the Commissioner-cum-Secretary, Commerce and Transport (Transport) Department is the head of the Department. The TC is assisted by four Additional Commissioners (Administration, Technical, Enforcement and Secretariat), one Joint Commissioner (Tax) at the Headquarters level, three Deputy Commissioners at zonal level and 31 Regional Transport Officers (RTOs) at regional level.

5.4.3 Trend of Receipts

The details of budget estimates (BEs), actual receipts from taxes on motor vehicles during the years 2009-10 to 2013-14 along with total tax receipts of the State during the same period are given in Table under paragraph 1.1.2 of Chapter-I of this Report.

As may be seen from the table, the Department had not followed uniform pattern while preparing the BEs. While the BEs for the year 2009-10 to 2011-12 and 2013-14 were between 15 and 20 *per cent* of the actual receipts of the previous year, the same were eight *per cent* for 2012-13. Though the Department achieved more than the BE fixed for 2009-10 and 2010-11, it failed to achieve the BE and the shortfall was between five and 12 *per cent* during 2011-12 to 2013-14.

The Department attributed (June 2014) non-uniformity in budgeting pattern to BE based on previous year's actual realisation, actual demand during the year, and arrears of past year and probability of their realisation during the year. Besides, considering the trend of revenue, certain percentage of previous

¹ Goods carriages of which gross vehicle weight does not exceed 3,000 kgs and Omnibus.

year's collection is also taken into consideration. Regarding variation in actual receipts, the Department attributed the same to declining trend of registration of transport vehicles, inflow of vehicles at border check gates and vehicles taking No Objection Certificates (NOC) to ply in other States etc.

5.4.4 Scope of Audit and methodology

The Performance Audit (PA) was conducted between April and August 2014 covering the periods from 2008-09 to 2012-13. During PA, Audit test checked records in the Transport Department, State Transport Authority (STA), State Transport Appellate Tribunal (STAT), eight² out of total 31 RTOs and five Unified Check Gates³ (UCGs) under the jurisdiction of the selected RTOs. The RTOs were selected through stratified random sampling method based on revenue collection. On the basis of suggestion of TC, records of one fully computerised UCG⁴ were also test checked. Further, Audit also test checked the records relating to road safety measures undertaken in the State and analysed the evidence collected in this regard from respective District Police Headquarters. Before commencement of the PA, Entry Conference was held with Transport Commissioner (TC)-cum-State Transport Authority (STA), Odisha on 15 May 2014 seeking co-operation of the Department and for finalising the objectives, criteria and methodology of the PA. The audit findings were discussed in the Exit Conference held on 25 November 2014. Replies of Government have been duly incorporated in the report.

5.4.5 Audit objectives

The objectives of the PA was to assess whether:

1. adequate system and procedure existed in the Department for classification, timely assessment and collection of Government revenues;
2. the road safety measures undertaken were effective; and
3. adequate internal controls and monitoring mechanism existed for proper accounting and realisation of arrears and arresting pilferage/ leakage of revenue.

5.4.6 Audit Criteria

Audit criteria were sourced from the provisions of following Acts and Rules made thereunder as well as the executive instructions:

- Motor Vehicles (MV) Act, 1988
- Central Motor Vehicles (CMV) Rules, 1989
- Odisha Motor Vehicles Taxation (OMVT) Act, 1975
- Odisha Motor Vehicles Taxation (OMVT) Rules, 1976
- Odisha Motor Vehicles (OMV) Rules, 1993
- Transport Policy, 2007 of the State Government
- Executive instructions issued from time to time by the Department.

² Angul, Bhubaneswar, Cuttack, Ganjam, Kalahandi, Keonjhar, Mayurbhanj and Sambalpur.

³ UCGs: Chakasuliapada, Champua, Girisola, Jamsola and Bada Dalima.

⁴ Luhurachati UCG.

5.4.7 Acknowledgement

Audit acknowledges the co-operation of STA and the Department for providing records and necessary information to Audit and for furnishing compliance to audit observations.

Audit findings

5.4.8 System Issues

5.4.8.1 Need for rationalisation of distance slabs in the Taxation Schedule of OMVT Act

The MV tax and additional tax in respect of stage carriages are levied and realised at the rates specified in item-4A of the taxation schedule of OMVT Act, 1975, on the basis of permit particulars/parameters such as distance covered by the vehicle in a day, nature of permit (deluxe/express/ordinary) and seating capacity of the vehicles. Section 23(2) of the Act *ibid* also provides that the State Government may make rules for all or certain other matters specified therein. MV tax and additional tax are presently being realised from stage carriages under four distance slabs i.e. 1-160 kms, 161-240 kms, 241-320 kms and more than 320 kms. These slabs came into effect with the introduction of OMVT Act in 1975.

Audit noticed that since the enactment of the OMVT Act, 1975 the State Government has not made any amendment on different distance slab. As a result the distance slab prescribed in 1975 has been continuing till today even after a lapse of 39 years. Further scrutiny of *Disha*⁵ database revealed that 19 stage carriages covering more than 640 kms were plying within the State as on 1 April 2013. In absence of provisions of different slabs for distance beyond 320 kms MV tax and additional tax on these vehicles are being levied and collected at the same rate under the highest distance slab. In view of the changed scenario with developed road infrastructure and other facilities Government may consider to make provision for more number of distance slabs where vehicles are permitted to ply beyond 320 kms that will help in augmentation of more revenue to the State.

Government agreed (November 2014) with the audit observation and stated that a draft Amendment Act and draft Cabinet Memorandum compiled by TC, Odisha are being processed for obtaining concurrence of Law Department, after which the same will be placed before the Cabinet.

⁵ '*Disha*' is an application software wherein issue of Permits and disposal of VCRs are monitored by the State Transport Authority.

5.4.9 Compliance deficiencies

5.4.9.1 Non realisation of Motor Vehicles Tax and additional tax from other State/ Region goods carriages

Under Section 3 and 3-A of OMVT Act 1975, MV tax and additional tax shall be levied on every motor vehicle used or kept for use within the State unless exemption from payment of such tax is allowed against an undertaking submitted by the owner of the vehicle for temporary discontinuance of use of the vehicle under Section 10(1) of the Act *ibid*. Under Section 4 of the Act, MV tax and additional tax shall be paid in advance by the vehicle owner to the taxing officer within the specified period and in the manner as prescribed. Further, as per instructions of TC, Odisha, demand notices for realisation of unpaid taxes should be issued within 30 days from the date of expiry of grace period of 15 days from the due date of payment. MV tax and additional tax in respect of goods carriages are realisable at the rates specified in Item-3 of Taxation Schedule of the Act on the basis of their Registered Laden Weight (RLW). Under Section 13(1) of the Act read with Rule 9(2) of OMVT Rules 1976, if tax is not paid within two month from expiry of grace period of 15 days, the vehicle owners shall be liable to pay penalty at 200 *per cent* of the tax due.

Analysis of *Vahan* database and General Registration Registers (GRRs) of eight RTOs revealed that owners of 956 goods carriages of other States/ Regions who migrated to the State/ Regions had not paid MV tax and additional tax amounting to ₹ 3.34 crore for different periods during 2008-13 till the date of audit (August 2014) although the same was required to be paid in advance for every quarter with grace period of 15 days. These vehicles were also neither covered under off-road undertakings as revealed from audit scrutiny of Off-Road Registers (ORRs) nor issued with No Objection Certificates (NOCs) to ply in other States as revealed from the GRRs. The RTOs had not issued demand notices for payment of tax due. This resulted in non realisation of MV tax and additional tax of ₹ 3.34 crore. Besides, penalty of ₹ 6.68 crore at twice the tax due was also leviable on the unpaid amount of tax.

After Audit pointed this out, Government accepted (November 2014) the audit observation and stated that RTOs have been instructed to issue demand notice to such defaulting vehicle owners for realisation of outstanding tax and additional tax and enforcement squad has been mobilised to check such vehicles and seize under Section 17(2) of OMVT Act, 1975 till realisation of outstanding tax and penalty.

5.4.9.2 Loss of motor vehicle tax due to fixation of seating capacity lower than that prescribed under Rules

Seating capacity of stage carriages are required to be fixed based on their Wheel base according to Seventh Schedule under of Rule-2(1)(c)(c-i) of OMV Rules and Government notification dated 14 November 2007 and subsequent corrigendum issued dated 13 February 2008. MV tax and additional tax are

levied according to the seating capacity of the stage carriages as per Item-4 of taxation schedule-I under Section 3 and 3-A of OMVT Act, 1975.

During analysis of *Vahan* database and cross check of GRRs of eight RTOs, Audit noticed that while registering 251 stage carriages/ contract carriages/ deluxe stage carriages, the Registering Authority fixed the seating capacity of vehicles registered between 2008-09 and 2012-13 were lower than that prescribed in the schedule and the seating capacity was less by one to 15. This led to short realisation of MV tax and additional tax of ₹ 17.76 lakh calculated at the minimum monthly rates of tax applicable for ordinary stage carriages.

After Audit pointed this out, Government accepted (November 2014) the audit observation and stated that RTOs were instructed to adhere to the provisions under Seventh Schedule of OMV Rules, 1993 while fixing seating capacity of stage carriages and contract carriages. However, the reply is silent about realisation of the taxes pointed out above.

5.4.9.3 Non-realisation of tax from motor vehicles kept for personal use

As per Section 4-A of OMVT Act, 1975, one-time tax (OTT) at the rate equal to standard rate as prescribed in Schedule-III or five *per cent* of the cost of the vehicle whichever is higher is payable at the time of registration of motor cars, jeeps, omnibuses used personally or kept for personal use, the unladen weight (ULW) of which did not exceed 2,286 kgs. TC, Odisha in his letter dated 21 April 2005, clarified that owner of these vehicles may pay annual tax, if they so like under Schedule-I. In case of any vehicle registered in private category paying annual tax and opting for payment of balance OTT, collection of balance OTT in respect of that vehicle shall be made at the rate specified in Schedule-III of the Act irrespective of the cost of vehicle. Under Section 13(1) of the Act read with Rule 9(2) of OMVT Rules 1976, if tax is not paid within two months from expiry of grace period of 15 days, the vehicle owners shall be liable to pay penalty at 200 *per cent* of the tax due.

Analysis of *Vahan* database and test check of taxation records of two RTOs⁶ for the years 2008-09 to 2012-13 revealed that owners of 100 vehicles registered prior to 25 February 2010 neither opted for payment of balance OTT nor paid annual tax till date of audit. Despite this, the RTOs did not issue demand notices and this resulted in non-realisation of annual tax of ₹ 3.60 lakh. Besides, penalty of ₹ 7.20 lakh was also leviable.

After Audit pointed this out, Government accepted (November 2014) the audit observation and stated that the RTOs have been instructed to issue demand notices to owner of such vehicles used personally or kept for personal use.

5.4.9.4 Non-renewal of Certificates of Registration of non-transport vehicles

Under Section 41(7) of MV Act, 1988 read with Rule 52 (2) and (3) of the CMV Rules, 1989, in respect of a motor vehicle other than transport vehicle, the RC shall be valid for a period of 15 years from the date of issue and shall be renewable. Under Section 55(1) of the Act, if a motor vehicle has been

⁶ Bhubaneswar and Cuttack.

destroyed or has been rendered permanently incapable of use, the owner shall, within 14 days or as soon as may be, report the fact to the registering authority within whose jurisdiction the vehicle is normally kept. Under Rule 81 of the above CMV Rules, fees for renewal of RC, test of fitness etc. at the rates specified therein shall be realised and RC shall be renewed for a further period of five years under sub-Section (10) of Section 41 of the act *ibid*. Further, under Rule-22(7) of OMV Rules, in case the owner fails to make an application of such renewal, a sum not exceeding ₹ 100 may also be realised from the owner of vehicle towards penalty. Besides, fine under Section 192 of MV Act, 1988 ranging from ₹ 2,000 to ₹ 5,000 shall be imposed for using vehicles without registration.

During analysis of *Vahan* database and check of registration records of test checked RTOs, Audit noticed that RCs of 1,77,651 non-transport vehicles registered prior to March 1998 had expired by 31 March 2013. It was however seen that neither did the owners of these vehicle renew their RCs nor did the RTOs initiate action against the vehicle owners for renewal of RCs and collection of fees and fines. This resulted in non-realisation of fitness fee and renewal fee of ₹ 4.85 crore and fine of ₹ 1.78 crore.

Government accepted (November 2014) the audit observation and stated that RTOs have been instructed to issue notices to owners of non-transport vehicles which have completed 15 years of age from the date of initial registration to get the RC renewed. Government further stated that enforcement checking would be conducted to curb plying of such vehicles without renewal of RCs. Besides, step is being taken to request National Informatics Centre (NIC) to develop *Vahan* database so that SMS⁷ alert will be sent to the vehicle owner for re-registration of vehicle. Further, an advertisement has been published in this regard to create awareness among vehicle owners about provisions of Law.

5.4.9.5 Non-issue of Permanent Permit

Under Section 66(1) of MV Act, 1988, no owner of a motor vehicle shall use or permit the use of the vehicle as a transport vehicle in any public place whether or not such vehicle is actually carrying any passenger or goods save in accordance with the conditions of a permit granted or countersigned by a RTO or STA or any prescribed authority authorising him the use of the vehicle in that place. Further, as per instructions issued (December 2002) by TC, Odisha, tractor-trailer combinations shall be issued with Permanent Permit (PP) at the time of registration. Under Rule 48 of OMV Rules, Application Fee of ₹ 500 and Permit Fee of ₹ 5,000 for five years are realisable in case of issue of PP at the time of registration.

During analysis of *Vahan* database and test check of Permit Fee Registers of eight RTOs, Audit noticed that 6,173 out of 16,050 (38.46 per cent) tractor-trailer combinations were registered during 2008-13. At the time of registration, the RTOs realised only quarterly tax but did not issue Permanent Permit and realise Permanent Permit fee. This led to non-realisation of Application fee of ₹ 0.31 crore and Permanent Permit fee of ₹ 3.09 crore.

⁷ SMS: Short Messaging Service.

Government accepted (November 2014) the audit observation and stated that provision has been made in *Vahan* software facilitating deposit of PP fees and now fees are collected at the time of registration of Tractor-Trailer.

5.4.9.6 Non-renewal of Certificate of Fitness of transport vehicles

Under Section-56 of MV Act, 1988 read with Rule-62 of CMV Rules, 1989, a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness (FC) issued by prescribed authority in the prescribed form. FCs in respect of a new transport vehicle shall be valid for two years; otherwise it shall be renewed every year against payment of prescribed fees for inspection and testing of vehicles for renewal of FC under Rule 81 of the Rules *ibid*. Rule 22 (7) of OMV Rules, 1993 prescribes a penalty of ₹ 100 for non-filing of application for renewal of FC within prescribed date. Under Section 41(4) of MV Act 1988, Central Government notified Omnibus⁸ in November 2004 under the category of transport vehicle to bring it under fitness regime for its exhaustive use on road. Government of India, Ministry of Road Transport and Highways (MoRTH) instructed (June 2011) on the matters of safety of school buses to TCs of all States to undergo mandatory fitness test every year without which the permit could not be renewed in respect of educational institution bus. Government of Odisha, Commerce and Transport Department instructed (July 2012) all RTOs to take enforcement activities and proper inspection regarding fitness of school/college buses.

During analysis of *Vahan* database and cross check with taxation records and fitness records, Audit noticed in five RTOs⁹ that fitness certificates in respect of 10,541 auto-rickshaws registered under transport category had lapsed between April 2008 and March 2013. Similarly, in seven RTOs¹⁰, fitness of 164 buses of educational institutions had expired between June 1976 and March 2013. Though the RTOs collected taxes from these vehicles, they failed to ensure renewal of fitness either by vehicle owners or by the RTOs. This resulted in non-realisation of Renewal Fee of ₹ 10.94 lakh, Fitness Fee of ₹ 10.74 lakh and Penalty of ₹ 10.70 lakh.

Further, Audit noticed in test checked eight RTOs that fitness certificates of 2,843 omnibuses registered between April 2008 and March 2011 were not renewed although those were expired. Audit noticed that these vehicles were registered under private/non-transport category instead of transport category as per the Act *ibid*. Thus, provisions of the Act were not enforced and fitness and renewal fees of ₹ 8.53 lakh and penalty of ₹ 2.84 lakh could not be realised from these vehicles.

After Audit pointed this out, Government accepted the audit observation and stated that Motor Vehicle Inspectors (MVIs) have been instructed to go through the MIS reports of *Vahan* database and seize the transport vehicle which found plying without having valid Fitness Certificate. In respect of School buses Government stated that due to lack of adequate knowledge FCs were not renewed in some cases and the RTOs and MVIs are instructed to ensure that such buses ply with valid fitness.

⁸ "Omnibus" means any motor vehicle constructed or adapted to carry more than six persons excluding driver.

⁹ Angul, Bhubaneswar, Cuttack, Ganjam and Keonjhar.

¹⁰ Angul, Bhubaneswar, Cuttack, Ganjam, Kalahandi, Keonjhar and Sambalpur.

In respect of Omnibuses, Government stated (November 2014) that no Omnibus can be registered under non-transport category after issue of notification dated 5 November 2004 and cannot ply upon public road without having valid Fitness Certificate under Section 56 of MV Act, 1988 for hire or reward. Government further stated that special enforcement drive will be made to check plying of Omnibuses registered under private/non-transport category without having valid Fitness Certificate.

5.4.9.7 Non-assignment of Odisha registration marks to vehicles migrated to the State

Section 47 of MV Act, 1988 read with Rule 54 of MV Rules, 1989 prescribe that when a motor vehicle registered in one State has been kept in another State for a period exceeding twelve months, the owner of the vehicle shall, within such period and in such form containing such particulars as may be prescribed by the Government, apply for assignment of a new registration mark after paying the requisite fees to the registering authority within whose jurisdiction the vehicle is plying.

During analysis of *Vahan* database and check of Assignment Register and taxation records, Audit noticed in seven RTOs¹¹ that 4,072 transport and non-transport vehicles had migrated to Odisha from other States with NOC between April 1982 and March 2013. Though the vehicles remained in the State for more than 12 months, the RTOs had not initiated any action for assignment of Odisha registration marks to these vehicles. This resulted in non-realisation of ₹ 9.91 lakh towards re-assignment fees.

After Audit pointed this out, Government accepted (November 2014) the audit observation and stated that the RTOs have been instructed to get in touch with RTOs of other States regarding confirmation of NOC submitted by the vehicle owner for the purpose of assignment of Odisha Registration number.

5.4.9.8 Plying of vehicles without valid Pollution under Control Certificates

Under Rule-115 (7) of CMV Rules, 1989, every vehicle shall carry a valid "Pollution under Control Certificate (PUCC)" after expiry of a period of one year from the date of its registration. The validity of PUCC shall be for six months and it shall always be carried in the vehicle and produced on demand by the officers authorised to do so. As per proviso to Rule-62 of the CMV Rules, 1989, renewal of FC shall be made only after the Inspecting Officer carried the tests specified in the table under Rule 62 which, among other things, includes checking of PUCC. Rule 129-A (3) of OMV Rules, 1993, the amount of pollution testing fees shall be charged at ₹ 40 for two and three wheelers, ₹ 60 for light motor vehicles (LMVs) and ₹ 100 for Medium and Heavy Motor Vehicles. Under Section 190 (2) of MV Act, 1988, any person who drives or causes or allows to be driven in any public place a motor vehicle, which violates the standards prescribed in relation to road safety, control of noise and air-pollution shall be punishable for the first offence with a fine of ₹ 1,000 and for any second or subsequent offence with a fine of

¹¹ Angul, Bhubaneswar, Cuttack, Ganjam, Keonjhar, Mayurbhanj and Sambalpur.

₹ 2,000. Further, TC, STA instructed (February 2008) all concerned for strengthening enforcement measures and ensure that every vehicle must carry PUC while on road.

During analysis of *Vahan* database and records relating to grant of fitness to vehicles Audit noticed in six RTOs¹² that PUCs in respect of 1,20,939 vehicles to whom renewal of FCs was granted during 2008-13 were not found in records of these vehicles. In absence of PUCs the renewal of FCs by the RTOs was in contravention of the provision of the Act. No action was also initiated by the RTOs against the vehicle owners as prescribed in the MV Act. Despite this the RTOs renewed the FCs in violation of the provision of the Act. This led to plying of vehicles without confirming to pollution norms.

After Audit pointed this out, TC agreed (November 2014) and stated that *Vahan* software would be suitably modified to include PUC in the system so as to ensure proper check before issue fitness certificate.

5.4.9.9 Non disposal of vehicle check reports

Various provisions of MV Act, 1988 read with Notification dated 29 September 1995 issued by TC-cum-Chairman, STA, Odisha under Section-200 of the Act, stipulate realisation of compounding fee from the vehicle owners committing offences under different Sections of the Act by issue of Vehicle Check Reports (VCRs). Further, the TC in his letter dated 10 January 2014, instructed all RTOs to drop all VCRs upto 2010 as those were hit by the provisions contained in Section 468 of Code of Criminal Procedure (CrPC) and to dispose off VCRs pertaining to the year 2011 onwards and compound the offence on payment of prescribed fine or to send these cases to Sub-Divisional Judicial Magistrate/ Judicial Magistrate (First Class)/ Transport Magistrate for adjudication.

On scrutiny of records, Audit noticed that despite the instructions of TC, seven RTOs¹³ neither disposed off 1,399 VCRs issued between March and July 2011 nor transferred the same to the concerned authorities for adjudication. The STA also failed to dispose off 270 such cases issued during the above period for various offences. Due to failure in timely action by the RTOs, these cases subsequently became time barred as per the provisions of CrPC and compounding fee of ₹ 1.84 crore could not be realised.

Government accepted (November 2014) the audit observation and stated that due to shortage of man power, the cases could not be disposed off and became time-barred. Government further stated that unlike earlier years where VCRs were issued manually now the enforcement officers are provided with Tough Books¹⁴, wherefrom the cases would be transferred to the computer and it can be monitored in a better way. TC stated that offences would now be recorded in the driver's digital licence as well as linked to vehicles registration. Government also agreed to dispose off serious offence cases with priority.

¹² Angul, Bhubaneswar, Cuttack, Ganjam, Kalahandi and Sambalpur.

¹³ Angul, Bhubaneswar, Cuttack, Ganjam, Kalahandi, Mayurbhanj and Sambalpur.

¹⁴ Tough Book is a gadget having a shock-mounted hard drive, moisture and dust-resistant keyboard and touchpad and a Liquid Crystal Display (LCD) panel designed specifically for visibility during daylight. It is now used by the officers of Enforcement Wing of the Department for issuing VCRs.

5.4.9.10 Non-enforcement of provisions for mandatory insurance of vehicles

Under Section 4(4) of OMVT Act, 1975, at the time of making payment of tax for any period, a valid certificate of registration and a valid certificate of insurance in respect of a motor vehicle complying with the provisions of the MV Act, shall be produced before the Taxing Officer. Under Section 130(3) of MV Act 1988, every owner or driver of a motor vehicle shall produce certificate of insurance in respect of the vehicle to the authorised officer of the MV Department on demand. Further, MoRTH (GoI) and Secretary of the Department had instructed (June and November 2012) TC, Odisha to issue orders to all the registering and renewing authorities to ensure that there should be no vehicle without valid third party insurance. Section 196 of MV Act, 1988 prescribes punishment of imprisonment up to three months or fine of ₹ 1,000 or both for driving an uninsured vehicle in a public place.

During analysis of *Vahan* database of the test checked RTOs for the period from 2008-09 to 2012-13, Audit noticed that insurance particulars of 9,96,543 motor vehicles of both transport and non-transport category were not available in the database indicating that either such vehicles were plying on road without insurance or the corresponding field in the database was not updated. These included 12,320 transport vehicles in respect of which Audit noticed that though insurances of these vehicles were lapsed between February 1988 and March 2013, the RTOs, while collecting MV tax from such vehicles, neither insisted at for third party insurance certificate nor did initiate action as prescribed in the Act.

After Audit pointed this out, Government accepted the audit observation and stated that NIC has been requested to provide facility for blocking the tax payment, if the details of valid Insurance Certificate (IC) is not uploaded. It was also stated that steps would be taken to update IC data of motor vehicles by integrating with insurance database of the Insurance Companies by holding a discussion with Insurance Regulatory and Development Authority (IRDA). Besides this, RTOs have since been instructed (November 2014) to issue notice/ SMS alert to vehicle owners not having valid Insurance Certificates on the basis of MIS report of *Vahan* database.

5.4.9.11 Delay in issue of Smart card based Certificates of Registration and Driving Licences

In pursuance of Odisha Right to Public Services Act, 2012 making various Departments of Government accountable in providing timely services to public, Government in General Administration Department in their gazette notification dated 1 January 2013, prescribed time schedules for different public services. According to the said notification, the RTOs are required to issue Registration Certificates to vehicle owners within seven days from date of registration and driving licences to applicants within five days from successful passing of driving test.

During analysis of databases of *Vahan* and *Sarathi* in eight selected RTOs, Audit noticed that although 3,343 vehicles were registered during the period from 1 January 2013 to 31 March 2013, the RTOs issued smart card based

Registration Certificates with delays ranging between one and 555 days beyond the prescribed period. Similarly, even though 1,856 applicants passed the driving test during the above period, the RTOs issued smart card based driving licence with delays ranging between one and 313 days. This defeated the objective of the Act to ensure providing of timely services to public by the Department.

After Audit pointed this out, TC-cum-Chairman, STA, Odisha stated that the RTOs would be asked to furnish reasons for delay and would be instructed for timely delivery of services as per the Right to Public Services Act, 2012.

Other Points

5.4.9.12 Non/Short-realisation of fees for reserved/ special choice numbers

Under Rule 14 of OMV Rules, 1993, a registering authority may, on an application in writing made to him by any person, reserve any registration number notified by the TC on payment of ₹ 5,000 in case of Motor cycles and ₹ 10,000 in case of Motor Vehicles other than Motor Cycles, in advance in addition to the fees prescribed under the MV Act. Further, a special choice number within thousand from the last number assigned in serial order from the date of application except the numbers reserved and notified by the TC, may also be allotted to the applicant on payment of a fee of ₹ 2,000 for Motor Cycles and ₹ 4,000 for other than the Motor Cycles in addition to the prescribed fees. The number so allotted and fees paid in respect of a vehicle will lapse, if the vehicle is not produced by the applicant near the registering authority within 45 days from the date of application. The said number will be allotted to any other person on realisation of fees required for reserved/ special choice.

During analysis of *Vahan* database and scrutiny of registration records, Audit noticed that in six RTOs¹⁵, 90 vehicles were registered with reserved/ special choice numbers after 45 days from the date of application without realising the required fees from the applicants. Further, 18 vehicles were registered with reserved/ special choice numbers by realising fees less than that prescribed. This resulted in non-realisation of fees of ₹ 5.75 lakh and short realisation of fees of ₹ 0.76 lakh.

After Audit pointed this out, Government accepted the audit observation and stated that the RTOs have been instructed to issue demand notices to the vehicle owners for realisation of reservation fees due under Rule 14 of OMV Rules, 1993.

5.4.9.13 Irregular grant of Tourist Permits

Sub-Rule 2(a) and (b) of Rule 82 of CMV Rules, 1989 prescribe that a Tourist Permit shall be deemed to be invalid from the date on which the motor vehicle covered by the permit completes nine years in case of motor cab and eight years in case of others from the date of initial registration, unless the vehicle is

¹⁵ Angul, Bhubaneswar, Cuttack, Ganjam, Kalahandi and Sambalpur.

replaced. Where a vehicle covered by a tourist permit is proposed to be replaced by another, the later vehicle shall not be more than two years old from the date of initial registration, on the date of such replacement.

During scrutiny of Tourist Permit Registers and other related records in STA, Audit noticed that five vehicles had completed eight years and nine years from the date of initial registration. However, despite completion of time limit of eight or nine years, all India Tourist Permits were issued to these vehicles between 2008-09 and 2013-14 in violation of the provisions of the Act.

After Audit pointed this out, Government accepted the audit observation and stated that notices would be issued to such permit holders for cancellation of permits.

5.4.9.14 Non realisation of annual tax from dealers of vehicles

Under Rule 35 of CMV Rules, 1989, on receipt of an application for grant or renewal of Trade Certificate, the registering authority may, if he is satisfied that the applicant is a *bona fide* dealer and requires the certificates specified in the application, issue to the applicant one or more certificates as the case may be. The validity of trade certificate granted or renewed shall be for a period of twelve months from the date of issue or renewal. Section-5 of OMVT Act, 1975 prescribes annual tax for vehicles other than motor cycles having unladen weight (ULW) not more than 3,048 kilograms at ₹ 5,000 for ten vehicles and additional ₹ 500 for each vehicle and for vehicles having ULW more than 3,048 kilograms at ₹ 10,000 for ten vehicles and additional ₹ 1,000 for each vehicle exceeding ten. As per the provisions of the Act, tax shall be paid in advance by the manufacture or dealer.

During analysis of *Vahan* databases and test check of Trade Certificate Registers, Registration records of two RTOs¹⁶, Audit noticed (between May and August 2014) that vehicles having ULW of more than 3,048 kilograms purchased by customers from five dealers were registered during 2010 to 2013. However, it was revealed from the trade certificate register that the above dealers were not issued with any certificates for trading of vehicles having ULW of more than 3,048 kilograms. The RTOs also failed to detect such cases. This resulted in non-realisation of tax as well as penalty.

Government accepted (November 2014) the audit observation and stated that RTOs have been instructed to issue notices to dealers and realise arrear dues as pointed out by audit.

5.4.10 Road Safety measures in the State

Transport Department being the nodal department is responsible for formulating plans and programmes for ensuring road safety and monitoring their implementation. With the number of vehicles on road increasing by 78 *per cent* from 23,70,432 in 2008-09 to 42,15,540 in 2012-13, road safety has assumed greater significance and has posed a bigger challenge to the State

¹⁶ Bhubaneswar and Sambalpur.

Government. Audit analysed the existence and efficacy of systems in place and found several deficiencies as discussed in succeeding paragraphs.

5.4.10.1 Allocation of inadequate funds for road safety

Transport Department planned in 2008-09 for interventions in areas called 4Es such as (i) Education or Public awareness, (ii) Engineering or Road designing, (iii) Enforcement activities and (iv) Emergency Services system. Audit noticed that during 2008-13, an amount of ₹ 5.75 crore was allocated under State Plan (Road Safety and Enforcement) and an expenditure of ₹ 5.68 crore was incurred towards purchase of road safety equipment, provision for infrastructure and carrying out other activities and an amount of ₹ 6.76 lakh was surrendered without utilisation of the same for the purpose for which allotted.

After Audit pointed this out, Government stated that a proposal for allocation of ₹ 6.00 crore in the Plan Budget 2015-16 towards road safety was under consideration.

5.4.10.2 Trend of road accidents in the State vis-à-vis causes

Increase of vehicle population and inadequate enforcement of road safety measures has posed a bigger threat for the State. The number of road accidents occurred in the State and resultant casualties during 2008 to 2012 vis-à-vis the all India statistics on road accidents are given below:

(in numbers)

| Year | State statistics | | | | National statistics | | | |
|--------------|-----------------------|------------------------|---------------|----------------|-----------------------|-----------------|---------------|----------------|
| | No. of road accidents | No. of fatal accidents | Loss of lives | People injured | No. of road accidents | Fatal accidents | Loss of lives | People injured |
| 2008 | 8181 | 2838 | 3079 | 10378 | 484704 | 106591 | 119860 | 523193 |
| 2009 | 8887 | 3043 | 3527 | 11296 | 486384 | 110993 | 125660 | 515458 |
| 2010 | 9413 | 3388 | 3837 | 11399 | 499628 | 119558 | 134513 | 527512 |
| 2011 | 9398 | 3220 | 3802 | 11248 | 497686 | 121618 | 142485 | 511394 |
| 2012 | 9285 | 3285 | 3701 | 10715 | 490383 | 123093 | 138258 | 509667 |
| Total | 45164 | 15774 | 17946 | 55036 | 2458785 | 581853 | 660776 | 2587224 |

Source: Ministry of Road Transport and Highways, GoI.

It may be seen from the above that out of total 45,164 road accidents occurred in the State, 15,774 (35 per cent) road accidents were fatal and were higher than the National average which showed fatal accidents at 27 per cent of total accidents. Further, such accidents claimed 17,946 lives in the State at an average of one death in 2.5 accidents as against the National average of one death in 3.72 accidents. The details of causes of road accidents are given in the table below:

(in numbers)

| Year | Fault of driver | Fault of cyclist | Fault of pedestrian | Defects in condition of motor vehicle | Defects in road condition | Weather condition | All other causes |
|------|-----------------|------------------|---------------------|---------------------------------------|---------------------------|-------------------|------------------|
| 2008 | 4755 | 60 | 122 | 589 | 740 | 323 | 1592 |
| 2009 | 4904 | 116 | 140 | 669 | 897 | 378 | 1783 |
| 2010 | 8800 | 170 | 188 | 105 | 32 | 0 | 118 |
| 2011 | 8899 | 141 | 107 | 81 | 7 | 0 | 163 |

| Year | Fault of driver | Fault of cyclist | Fault of pedestrian | Defects in condition of motor vehicle | Defects in road condition | Weather condition | All other causes |
|--------------|-----------------|------------------|---------------------|---------------------------------------|---------------------------|-------------------|------------------|
| 2012 | 8781 | 143 | 90 | 33 | 19 | 10 | 209 |
| Total | 36139 | 630 | 647 | 1477 | 1695 | 711 | 3865 |

Source: Ministry of Road Transport and Highways and Crime Investigation Department, Crime Branch, Odisha.

It would be seen from the above that 36,139 (80 *per cent*) out of total 45,164 cases, the road accidents were caused due to fault of drivers. But it was noticed in eight test checked RTOs that no driving license had been cancelled. Accidents occurred due to plying of unfit motor vehicles in 1,477 (3.27 *per cent*) cases. This indicated that enforcement measures taken up in the State were not adequate.

After Audit pointed this out, Government stated that the enforcement activities were weak due to large scale vacancies of enforcement staff and filling up of the vacancies is underway. In connection with accident cases, Government stated that the cases are first registered by Police Department; whenever Police Department writes to Transport Department, Transport Department initiates action against the drivers at fault.

5.4.10.3 Non-functioning of State Road Safety Council and District Road Safety Committees

As per Section 215(2) and (3) of the MV Act, 1988 a State Government may by notification in Official Gazette, constitute a Road Safety Council for the State and District Road Safety Committee for each district to advise on all matters pertaining to planning and co-ordination of policies, practices, standards of safety in road transport sector, formulate and recommend road safety programmes, suggest areas for research and development to improve road safety and oversee and monitor road safety measures undertaken in the State/ districts. Accordingly, Government in Transport Department in their Gazette Notifications (Extraordinary) of 18 June 2001 and 17 April 2002, constituted a State Road Safety Council (SRSC) for the State and District Road Safety Committees (DRSC) for each district respectively.

Audit noticed that though the SRSC and DRSCs were constituted during 2001 and 2002, those were not formed till February 2010. On the basis of decision taken in Transport Development Council meeting held on 5 February 2010 emphasising the above provisions of MV Act, TC, Odisha instructed (April 2010) all the Collectors to form DRSCs in respective districts within two months. It was noticed that though DRSCs were formed in 2010 in all districts, their activities were however confined to observing 'Road Safety Weeks' only. SRSC was not formed till the date of audit.

Government stated that the Transport Department had formulated State Road Safety Council. The District Road Safety Committees have been formed at the district level except Malkangiri. All RTOs have been requested to follow the instructions issued by the Government in this regard. Besides, Government have formulated action plan for implementation of a scheme on road safety clubs in which the District Road Safety Committees are required to play an important role.

5.4.10.4 Non-provision of funds by the Department for creating public awareness through observance of Road Safety Week

Road Safety Weeks (RSW) are observed throughout the country during the first week of January every year. In Odisha, various activities such as movement of Prajnapana Rath (Advertisement Chariot) on road safety; street plays and cycle rallies etc. and quiz competitions; debate competitions etc. among the school and college students were organised by RTOs. Audit noticed that during the period 2008-13, though programmes of the RSWs were prepared by the STA and concerned DRSCs, yet no funds for the purpose were allocated by Government. The expenditures incurred for RSW were met by Odisha Road Safety Society (ORSS), a Non-Government Body. Despite RSW being a National programme for educating people on road safety, absence of provision of funds for the same in the annual budget of State Government indicated that road safety measures were not given priority by the Department. Further, RSWs were being observed neither fixing any target for educating drivers and other road users on road safety nor evaluation of the impact of such RSWs had been made.

A comparison of number of road accidents occurred in the State in the month before and during the month of observance of such RSWs, showed that road accidents increased during the month in which RSWs were observed (except January 2012 in which 23rd RSW was held) as compared to previous months indicating that the observance of RSWs had no significant impact in creating awareness among the people on road safety. The details are given below:

| Name of Road Safety Week | Period during which observed | Number of road accidents occurred before observance | | Number of road accidents occurred during the month of observance | |
|---------------------------------|--------------------------------------|--|-----|---|-----|
| 20 th RSW | 1 st week of January 2009 | December 2008 | 710 | January 2009 | 766 |
| 21 st RSW | 1 st week of January 2010 | December 2009 | 800 | January 2010 | 841 |
| 22 nd RSW | 1 st week of January 2011 | December 2010 | 759 | January 2011 | 824 |
| 23 rd RSW | 1 st week of January 2012 | December 2011 | 811 | January 2012 | 809 |

After audit pointed this out Government stated that road safety clubs are now being formed in the Schools and Colleges situated along National Highways (NH)/State Highways (SH) and at vulnerable areas, where awareness programmes are conducted for helping road accident victims. Government further stated that they would also seek the help of Local administration and NGOs for their involvement in creating road safety awareness.

5.4.10.5 Identification of Accident Prone Areas and remedial measures taken

Transport Commissioner, Odisha instructed (May 2012) all the RTOs to submit reports on accident prone stretches on National Highways (NH)/ State Highways (SH) under their jurisdiction mentioning length of NH/SH, deployment of cranes and ambulances, reasons of occurrence of accident along with suggestions for remedial measures to be taken.

During test check of records and analysis of information furnished by the Department, Audit noticed that out of eight RTOs test checked, six RTOs had submitted their reports between June 2012 and October 2013 identifying 59 stretches¹⁷ of accident prone areas and suggested some remedial measures such as erection of traffic sign boards, speed limit signals, blocking of cuts in medians, erection of iron guards etc. The remaining two RTOs¹⁸ had not identified any accident prone stretches. However, Audit noticed that the suggested remedial measures were not implemented till the date of audit (August 2014).

After Audit pointed this out, Government stated that for identification of accident prone stretches, RTOs were requested to submit information. Action is being taken to intimate related departments to take remedial measures. RTOs have been provided with funds to display awareness message boards on accident prone areas.

5.4.10.6 Non-establishment of Modernised Vehicles Fitness Inspection and Certification Centre

For ensuring proper mechanical and structural conditions of transport vehicle and compliance to emission norms from road safety and air pollution point of view, GoO decided (May 2008) to set up Modernised Vehicle Fitness Inspection and Certification Centres throughout the State. GoO decided in principle, to set up a pilot project at Bhubaneswar which was to be replicated in other regions of the State subsequently. The project was to be taken up on a Public Private Partner basis at an estimated cost of ₹ 8.00 crore. The Automotive Research Association of India (ARAI), Pune submitted (October 2008) its technical proposal for consultancy services for the project. TC, Odisha requested (May 2009) the Department for allotment of ₹ 8.00 crore under State Plan as one time capital investment for setting up the project.

From the information collected (May 2014), Audit noticed that Modernised Vehicle Fitness Inspection and Certification Centre was not been established till date as the land allotted for the project was in process of alienation and also funds were not allotted. Thus, the process of establishment of Fitness Inspection and Certification Centre at Bhubaneswar, a pilot project started in 2008 is still to be completed even after lapse of six years.

After Audit pointed this out, Government stated that the proposal submitted by ARAI during 2008 regarding establishment of Modernised Vehicle Fitness Inspection and Certification Centre could not materialise as funds allocated under modernisation head were not sufficient and land was not acquired/selected. Now that proposal to MoRTH, GoI has already been submitted for funding under their scheme for setting up the centre by ARAI and land has been selected and alienated. As soon as this is approved, the centre will come up within one year. In current year 2014-15, funds have been provided in the State plan budget for development of land and construction of compound wall on five acres of land selected for the purpose.

¹⁷ Angul: 28, Bhubaneswar: 7, Cuttack: 5, Ganjam: 6, Kalahandi: 5 and Mayurbhanj: 8.

¹⁸ Keonjhar and Sambalpur.

5.4.10.7 Shortfall in enforcement activities affecting road safety

The main duties of the officers of the Enforcement Wing are to ensure proper enforcement of the provisions of the MV Act, OMVT Act and Rules made thereunder, by check of vehicles on road. Monthly targets were set for RTOs for detection of cases of over speeding and drunken driving.

Under Section 112 of MV Act, 1988, no person shall drive a motor vehicle or allow a motor vehicle to be driven at any place at a speed exceeding the maximum speed or below the minimum speed fixed for the vehicle. The State Government or any other authority authorised in this behalf by State Government may, if satisfied that it is necessary to restrict the speed of motor vehicles in the interest of public safety or convenience or because of the nature of any road or bridge, by notification in official gazette or by causing appropriate traffic signs to be placed or erected at suitable places fix such maximum/ minimum speed limits as it thinks fit for the motor vehicles or specified class of motor vehicles.

During scrutiny of records, Audit noticed that for detection of over speeding of vehicles and drunken driving cases, interceptors with other equipment were provided (between May 2009 and April 2010) to six¹⁹ out of eight selected RTOs and monthly targets were fixed for them. However, achievements in respect of detection of over speeding and drunken driving cases by the said RTOs were only five to 25 *per cent*.

Audit further noticed the following deficiencies/ shortfalls in enforcing road safety measures:

- Keeping in view the traffic density and local requirement of the twin cities of Bhubaneswar and Cuttack, a Technical Committee under the chairmanship of TC recommended (November 2012) fixing of speed governors in auto-rickshaws with a speed limit of 50 kms per hour. But, no notification by Government has been issued in this regard till date.
- Portable weighbridges were supplied to test checked RTOs except Kalahandi between April and May 2009 for detection of over loading cases. It was noticed that while RTO, Angul achieved only one *per cent* of the target for detection of such cases, other RTOs did not conduct any test.
- Pollution Testing Equipments were supplied to RTOs between November 2009 and August 2010. Audit noticed that while RTO, Mayurbhanj achieved the target and RTO, Keonjhar achieved 32 *per cent* of the target, remaining RTOs did not conduct any test.
- In respect of fixation of Retro Reflective tapes, while achievement of RTOs, Angul, Ganjam, Keonjhar and Sambalpur ranged between four and 32 *per cent*, no initiatives were taken by the remaining test checked RTOs.

¹⁹ Angul, Bhubaneswar, Ganjam, Keonjhar, Mayurbhanj and Sambalpur.

Achievement of the STA's own enforcement wing in checking of vehicles and issuing VCRs was far below the targets set during the years 2008-13 as the shortfall was ranging between 65 and 85 *per cent*.

Audit noticed that the vehicle population in the State increased by 78 *per cent* in 2012-13 from 2008-09, the number of enforcement staff (men in position) decreased by 32 *per cent* from 122 to 84 during the same period. No steps were taken by the Department to strengthen enforcement activities for road safety.

Government expressed its helplessness due to shortage of enforcement staff and stated that as the filling up of the vacancies is underway, enforcement measures would be stringent in near future.

5.4.10.8 Deployment of Highway Interceptor

Government of India, MoRTH provided (August 2007) one highway interceptor vehicle fitted with high-tech gadgets for use in road safety activities of the State Government under a pilot scheme. The vehicle was to be used by the Department for various road safety measures such as over speeding, drunken driving, lane jumping, dangerous driving etc. As per the provisions of the scheme, 50 *per cent* of the fines collected from the deployment of interceptor shall be utilised for promotion of road safety activity in the State and cost of operation and maintenance shall be borne by the State Government.

On scrutiny of records relating to deployment of the interceptor, Audit observed that instead of operating the Interceptor it was handed over to Odisha Road Safety Society (ORSS) for use as per the direction of TC-cum-Chairman, STA, Odisha. The TC passed orders that ORSS shall meet the operating cost of the interceptor and in lieu of this, 50 *per cent* of the fees collected would be placed with ORSS to carry out road safety activities. However, Audit noticed that in violation of the GoI guidelines, fines collected from deployment of the interceptor were remitted to the Government Account without allocating 50 *per cent* of the collection for road safety measures thereby defeating the objective of the scheme.

After Audit pointed this out, Government stated that 20 *per cent* of the compounding fees are given as grants-in-aid to ORSS for road safety activities. Government further stated that separate pass book would be opened for specific purpose and earmarked amounts would be utilised accordingly.

5.4.10.9 Non utilisation of Hand held Terminals

Hand Held Terminals (HHTs) are used by Enforcement Wing of the Department to check the genuineness of the Smart cards, validity of permits, fitness and offences committed earlier etc. by reading the Machine Readable Zone (MRZ) of the smart cards through the Verification Authority (VA) Cards. It also supported writing of challans/ VCR information through Endorsement Authority (EA) Cards.

As mentioned in paragraphs 5.4.11 and 5.4.8.24 of Reports of C&AG for the years ended March 2009 and March 2011 respectively, HHTs supplied for checking of RCs, DLs, tax payment, validity of fitness etc. by the concessioner and certified by the NIC during 2009 were not utilised. Further, test check of records of eight RTOs, Audit noticed (May-August 2014) that HHTs were also found unused as password for operation of VA cards was not provided or the VA cards were not working. Thus, the objective of creation of a computerised environment for assessment and collection of MV tax etc. could not be achieved.

After Audit pointed this out, Government stated that hand held terminals supplied by Concessionaire were meant for reading vehicle data on chip affixed in the smart card and there was no provision to write in chip by the OMVD officers about offence committed. The compatible software for writing is to be developed by NIC and discussions have already been held with NIC authorities in this regard.

5.4.10.10 Discrepancies in stock of ambulances and cranes

Government of India, MoRTH supplied 19 cranes and 26 ambulances to STA, Odisha between 2000-01 and 2011-12 to extend immediate help to road accident victims and clearing road blockade on the NHs. MoRTH, GoI directed the Secretary, Transport Department, Odisha for deployment of ambulances and cranes at about 50 kms intervals on National Highways (NHs).

During scrutiny of records of STA, Odisha, Audit noticed (May 2014) that as against the receipt of 19 cranes and 26 ambulances, STA distributed 15 cranes and 20 ambulances to various organisations such as Truck/ Bus Owners' Associations, Police and NGOs between 2001-02 and 2011-12. However, no records of the remaining four cranes and six ambulances were made available to audit. The discrepancies need reconciliation.

After audit pointed this out Government stated that the matter would be reconciled with Government of India.

5.4.10.11 Ineffective ambulance service under 'Accident Helplines'

Government of Odisha as a part of road safety measure for providing first aid services to road accident victims and shifting them to nearest hospital for medical treatment, started operation of 365 × 24 hours accident helpline with ambulance services during 2011-12. The Department procured 10 air conditioned (AC) ambulances in 2011-12 at a cost of ₹ 66.75 lakh and placed the same at the disposal of State Fire Services in September 2012. As per an agreement made between TC and the Additional Director General of Police, Fire Services, Odisha, the ambulances were to be operated from the premises of road-side Fire Stations. The Operator was required to deploy one staff having adequate knowledge of First-aid in each ambulance in addition to one driver and maintain a log book, a copy of which was to be submitted to the TC within first week of the succeeding month.

Audit observed that the operator (fire service wing) did not deploy any medical or paramedical staff in the ambulances. Further, as Log books of vehicles were not submitted to TC, the same could not be made available to audit. Thus Audit could not ascertain, whether the ambulances were actually utilised for the intended purposes.

After Audit pointed this out, Government stated that as per the agreement made between State Fire Service and STA, ambulances were handed over to the selected highway-side Fire Stations. The IG of Police, Fire Service intimated that they do not have paramedical staff. They have requested to engage contractual staff and their payment will be made out of ORSS fund.

5.4.10.12 Modernisation of Luhurachati Unified Check Gate

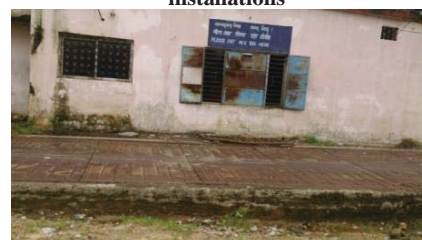
Government of Odisha in Commerce and Transport (Transport) Department entered into a tripartite agreement with the Electronics Corporation of India Ltd. (ECIL) and the Finance Department on 26 November 2010 for modernisation of Luhurachati Unified Check Gate (LUCG) by constructing separate lanes for different types of traffic, automatic data capture, installation of modern weigh bridges, improvement of processes, improvement for facilities for truckers etc. to enhance revenue, transparency and facilitating smooth flow of traffic there by reducing waiting time for the vehicles. The project was commissioned on 1st December 2012 with a total cost of ₹ 6.66 crore.

During scrutiny of the records of LUCG and joint physical verification (August 2014) of various installations, Audit noticed the following deficiencies:

- Three out of four Weigh in Motion (WIMs) were not in operation since 28 September 2013 due to damage caused by lightning. Vehicles in these lanes were being allowed to pass by verifying the required documents manually as there was no alternative arrangement for weighing of vehicles.
- Physical verification revealed that the signaling systems/ boom barriers at the entry of lanes were completely damaged.
- Installations made by ECIL at the LUCG faced frequent break downs causing congestion of traffic and creating law and order situations. The WIMs also did not exhibit correct readings sometimes.



Non-functional weighbridges with damaged installations



Abandoned mechanical weigh bridge



Damaged boom barrier in the back of defective signalling system

- No provision had been made in the computerised system to record photos and registration marks of vehicles thereby giving scope to staff of vehicles to pass the gate by showing duplicate RCs, DLs, Permits, waybills and tax particulars etc.
- Online interlinking of all check gates through network connectivity for better tracking of out to out vehicles that load/ unload goods within the boundary of Odisha without informing concerned authorities was not made.
- LUCG was not connected online with RTOs and STA, State Register, National Register or any other agency for monitoring/ sharing of data; for which all the documents of the vehicles such as Permits, RCs, Fitness, Insurance, driving licences etc. were being examined manually by the Government official deployed at the UCG. Thus, existence of such manual intervention in a computerised environment due to absence of real time network connectivity with other agencies rendered the computerised system less effective.

After Audit pointed this out, Government stated (November 2014) that after modernisation of Luhurachati check gate, it was functioning normally, but not now. As reported by the project executor, ECIL, the control units have been damaged due to lightening and parts are being imported from UK to make it functional. The Data Centre at STA is functioning and linked through MPLS connectivity to Luhurachati check gate.

However, as per clause 7.11 of Agreement dated 26 November 2010 warranty for maintenance of the infrastructure was three years. Hence the damaged Infrastructure could have been replaced/repared by ECIL since the warranty period has not lapsed.

5.4.11 Internal Control Mechanism

5.4.11.1 Internal controls are intended to provide reasonable assurance of proper enforcement of laws, rules and departmental instructions. These also help in creation of reliable financial as well as management information systems for prompt and efficient services and for adequate safeguards against evasion of taxes and duties. It is, therefore, the responsibility of the Department to ensure that a proper internal control structure is instituted, reviewed and updated from time to time to keep it effective.

Audit noticed that non-adherence to the provisions of the Acts and Rules as well as executive instructions remained unnoticed by the field offices due to ineffective control mechanism.

5.4.11.2 Internal Audit Wing (IAW) in Commerce and Transport (Transport) Department functions under the supervision of Financial Advisor-cum-Additional Secretary to the Department. The IAW scrutinised the accounts of field functionaries and submits its reports to the Department. Planning for audit of field units of the Department is chalked out on annual basis at the headquarters level. Audit noticed that although internal audit system in the department was introduced in 2010, yet no specific guidelines/

standards/ manuals had been prepared by the Department for guidance of Internal Auditors. It was noticed that as against sanctioned posts of one Audit Officer (AO), three Assistant Audit Officers (AAOs) and nine Auditors, there were one AO, two AAOs and two Auditors. The details of number of units planned for audit, number of units audited and units due for audit during the years 2010-13 are given in the table below.

| Year | Total number of units | Number of units to be audited annually | Number of units planned for audit | Number of units audited | Units not covered under audit |
|--------------|-----------------------|--|-----------------------------------|-------------------------|-------------------------------|
| 2010-11 | 36 | 36 | 06 | 06 | 30 |
| 2011-12 | 36 | 36 | 26 | 06 | 30 |
| 2012-13 | 36 | 36 | 19 | 07 | 29 |
| Total | | 108 | 51 | 19 | 89 |

It would be seen from the above that total number of units due for audit could not be planned annually. As against 108 units required to be audited, only 51 units (47 *per cent*) were planned for audit during 2010-13. Further, only 19 units were audited against 51 units planned for audit. In the last three years (2010-13), 89 units remained unaudited.

Further it was noticed that 113 paras involving an objected amount of ₹ 24.88 lakh for the year 2010-11 to 2012-13 was pending as outstanding till date of audit.

After audit pointed out the shortfalls in audit planning and coverage, Government stated that Internal Audit Wing would cover most of the auditable units in future.

5.4.12 Conclusion

The Performance Audit brought out several deficiencies in classification, assessment and collection of motor vehicle tax as well as road safety measures taken by the Department. There were non/short-realisation of tax due to non-compliance to the provisions of Acts and Rules. The State Road Safety Council constituted as early as in 2001 could not be formed and made functional for effective monitoring of road safety activities. The Department did not have any operational manual and several internal controls in monitoring the system of raising demand and collection of arrear revenue were ineffective.

5.4.13 Recommendations

Government may consider-

- (i) evolving a mechanism to ensure compliance to instructions for scrupulous collection of motor vehicle tax and fees according to the provisions of the Act and Rules made thereunder;
- (ii) making the registering authorities accountable for ensuring compulsory third party insurance of all vehicles by establishing link with database of all registered vehicles on the National Register;

- (iii) enforcing the provisions of the Central Motor Vehicle Rules, 1989 in regard to Pollution under Control Certificates while issuing certificates of fitness in all cases; and
- (iv) taking steps for early formation of State Road Safety Council by an enactment and strict monitoring of fitness of school buses; and evolving a mechanism to ensure that no offenders go unpunished.

5.5 Other Audit observations

Audit scrutinised records relating to assessment and collection of Motor Vehicles Tax (MVT) in the offices of the TC-cum-Chairman, STA and the Regional Transport Offices (RTOs) and found several cases of non-observance of provisions of the Acts/Rules and other cases as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by Audit. Such omissions are pointed out in audit every year, but not only do the irregularities persist they remain undetected till an audit is conducted. This indicates that the internal control system in the Department is not effective.

5.6 Non-compliance of the provisions of the Acts/Rules

The provisions of the Motor Vehicles (MV) Act 1988, Odisha Motor Vehicles Taxation (OMVT) Act, 1975 and Rules made thereunder provide for levy and collection of:

- (i) *motor vehicles tax/additional tax by the vehicle owner at the prescribed rate in advance and within the grace period so provided;*
- (ii) *compounding fee from the goods vehicles carrying excess load;*
- (iii) *penalty up to double the tax for belated payment of tax, if the tax is not paid on time within two months after the expiry of the grace period of 15 days;*
- (iv) *One Time Tax (OTT) from goods vehicles of Gross Vehicle Weight (GVW) not exceeding 3000 kgs;*
- (v) *differential tax when a stage carriage is used as a contract carriage;*
- (vi) *additional tax at specified rates from the stage carriages plying on inter State routes;*
- (vii) *tax/additional tax at the highest rate of the slab of the stage carriages if the stage carriage was found plying without permit;*
- (viii) *fitness/ renewal fee and penalty for late application for renewal of goods vehicles;*
- (ix) *composite tax for goods vehicles under reciprocal agreement; and*
- (x) *motor vehicles tax/additional tax for violation of off road declaration.*

Non-compliance of the provisions of the Act/ Rules in some cases are mentioned in the following paragraphs.

5.6.1 Non/short realisation of motor vehicle tax and additional tax

5.6.1.1 Non-realisation of tax in respect of Goods carriages, Contract carriages, Tractor-trailer combinations and Stage carriages

Under Section 3, 3A and 4 (1) of the OMVT Act, 1975, Motor Vehicle tax and additional tax due on a motor vehicle should be paid in advance at the rates prescribed in the Act, unless exemption from payment of such tax is allowed for the period covered by off road undertaking. The rates of tax and additional tax for different class of vehicles are prescribed in the Taxation Schedule-I of the Act. As per Section 13(1) of the Act read with Rule 9(2) of the OMVT Rules, if the tax due in respect of any motor vehicle has not been paid within the grace period of 15 days from the due date of payment, the registered owner or the person having possession or control thereof shall, in addition to payment of tax due, be liable to pay penalty which may extend to twice the tax due in respect of that vehicle. Further, as per the executive instruction (February 1966) of the TC, the RTOs are required to issue demand notices within 30 days from expiry of the grace period for payment of tax.

During analysis of *Vahan* database pertaining to payment of tax and further cross check of records like Permit Registers (PRs) and Off Road Registers (ORRs) of 26 RTOs, Audit noticed (between May 2013 and March 2014) that registered owners of 45,242 vehicles not covered under off-road declarations, did not pay MV tax and additional tax for different periods between April 2012 and March 2013. The RTOs neither issued demand notice nor took any action against the vehicle owners for realisation of tax and imposition of penalty thereon. This resulted in non-realisation of motor vehicle tax and additional tax of ₹ 33.86 crore and penalty of ₹ 67.71 crore. The details are given in the table below:

(₹ in crore)

| Sl. No. | Number of RTOs Type of vehicles | Number of vehicles | Amount of tax/additional tax not realised | Penalty leviable | Total |
|--------------|---|--------------------|---|------------------|---------------|
| 1. | ²⁵ ₂₀ Goods carriages | 23,104 | 24.51 | 49.02 | 73.53 |
| 2. | ²⁶ ₂₁ Contract carriages | 9,234 | 5.59 | 11.17 | 16.76 |
| 3. | ²⁶ ₂₂ Tractor-trailer combinations | 12,832 | 3.50 ²³ | 7.00 | 10.50 |
| 4. | ²¹ ₂₄ Stage carriages | 72 | 0.26 | 0.52 | 0.78 |
| Total | | 45,242 | 33.86 | 67.71 | 101.57 |

Source: *Vahan* database.

The RTOs did not monitor this by generating reports from Management Information System (MIS) in *Vahan* database in respect of vehicles which had

²⁰ Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar, Bolangir, Boudh, Chandikhol, Cuttack, Dhenkanal, Ganjam, Jharsuguda, Kalahandi, Kendrapara, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nayagarh, Puri, Rayagada, Rourkela, Sambalpur, Subarnapur and Sundargarh.

²¹ List of all RTOs at Sl. No. 1 of the table and RTO, Deogarh.

²² List of all RTOs at Sl. No. 1 of the table and RTO, Deogarh.

²³ Motor vehicle tax only.

²⁴ List of all RTOs at Sl. No. 1 of the table except RTOs, Boudh, Kendrapara, Malkangiri and Subarnapur.

defaulted in payment of tax and issuing demand notices to owners of such vehicles for payment of the same.

After Audit pointed out these cases, RTOs concerned assured (between May 2013 and March 2014) they would issue demand notices for realisation of the dues.

Audit brought the matter to the notice of TC-cum-Chairman, STA, Odisha and Government in April and June 2014 respectively. Further replies are awaited (November 2014).

5.6.1.2 Short-realisation of tax due to non-adoption of the prescribed rates of tax

Motor Vehicle (MV) Tax and additional tax in respect of stage carriages are prescribed in item 4 A of the Taxation Schedule-I of the OMVT Act, 1975 and are levied on every motor vehicle at specific rate applicable to the description of motor vehicles and particulars such as distance covered by the vehicle in a day and nature of permit (Express/Ordinary).

During analysis of *Vahan* database pertaining to payment of tax and further test check of PRs, ORRs, permit case records of 19 RTOs²⁵, Audit noticed (between May 2013 and March 2014) that though permit parameters like distance covered in a day, nature of permit (express/ ordinary) were changed in respect of 93 stage carriages during the period from April 2012 to March 2013, registered owners of vehicles did not pay MV tax and additional tax at the rates applicable to the changed permit particulars. Audit noticed that the above lapses occurred due to non-integration of taxation particulars of stage carriages with their permit particulars in the computerised system as the permit module of *Vahan* was not made operational and consequently permit details of stage carriages were not captured in *Vahan*. Thus, MV Tax and additional tax of ₹ 7.47 lakh was short realised. Besides, penalty of ₹ 14.94 lakh was also leviable.

After Audit pointed out the cases, all the RTOs concerned assured (between May 2013 and March 2014) issue of demand notices for realisation of the dues.

Audit brought the matter to the notice of TC-cum-Chairman, STA, Odisha in April 2014 and the Government in June 2014. Further replies are awaited (November 2014).

5.6.2 Non/Short levy/realisation of motor vehicle tax from Private Service Vehicles

Under Section 3, 3A and 4 (1) of OMVT Act, 1975, MV tax and additional tax shall be levied on every motor vehicle kept for use and shall be realised at the rates specified in item 5-A of the Taxation Schedule-I of the Act, on the basis of the seating capacity of a Private Service Vehicle (PSV) excluding the driver's seat, unless exemption from payment of such tax is allowed for the period covered by off road undertaking. The tax rate in respect of PSV was

²⁵ Angul, Bhadrak, Bhubaneswar, Bolangir, Chandikhol, Cuttack, Dhenkanal, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Nayagarh, Puri, Rayagada, Rourkela, Sambalpur and Sundargarh.

raised by Government from ₹ 270 to ₹ 800 per seat per annum with effect from 14 May 2010. Further, in the event of non-payment of tax within the specified period, the vehicle owner/possessor shall be liable to pay penalty ranging from 25 to 200 *per cent* of the tax due, depending upon the period of delay.

During analysis of *Vahan* database pertaining to payment of tax with cross check of taxation records of 19 RTOs²⁶, Audit noticed (between June 2013 and March 2014) that the revised rate of ₹ 800 per seat per annum effective from 14 May 2010 was not adopted by the RTOs for levy and realisation of tax from PSVs. Thus, tax of ₹ 13.51 lakh was not realised from 115 PSVs though these vehicles were not covered by off road undertakings. Audit further noticed that the RTOs collected tax at pre-revised rate of ₹ 270 in respect of 63 PSVs which led to short realisation of tax amounting to ₹ 6.50 lakh. Thus, there was non/short realisation of ₹ 20.01 lakh. Since the period of delay involved in these cases were more than two months, penalty of ₹ 40.02 lakh at the maximum rate was also leviable.

After Audit pointed out, all the RTOs concerned stated (between June 2013 and March 2014) that action would be taken to realise the amount.

Audit brought the matter to the notice of TC-cum-Chairman, STA, Odisha in April 2014 and the Government in June 2014. Their replies are awaited (November 2014).

5.6.3 Non disposal of Vehicle Check Reports

Under Section 194 (1) of MV Act, 1988 read with Government notification of 29 September 1995, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven exceeding the permissible weight shall be punishable with minimum fine of ₹ 2,000 and an additional amount of ₹ 1,000 per tonne of excess load for such offences. The TC, Odisha in July 2005 instructed the RTOs for expeditious disposal of Vehicle Check Reports (VCRs) by issue of notices to the owners or persons having possession or control over the vehicles for compounding the offence, failing which the Certificate of Registration (RC) of the vehicle shall be suspended/ cancelled.

During scrutiny of records such as Miscellaneous Proceeding Registers²⁷ (MPRs), VCRs and Management Information System (MIS) Reports of *Vahan* of 12 RTOs²⁸, Audit noticed (between May 2013 and March 2014) that the Enforcement Wing (EW) of the RTOs issued (between January 1998 and March 2013) VCRs involving fines of ₹ 26.08 lakh in respect of 427 goods carriages for carrying excess loads ranging from 140 kgs to 31,230 kgs beyond the permissible limit. Even after lapse of one to 15 years from the dates of issue of these VCRs, the same were not disposed till the date of audit.

After Audit pointed out these cases, RTOs stated (between June 2013 and March 2014) that steps would be taken to dispose of the pending VCRs.

²⁶ Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar, Bolangir, Chandikhol, Cuttack, Dhenkanal, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Rayagada, Rourkela, Sambalpur and Sundargarh.

²⁷ Miscellaneous Proceedings Register is a register containing details of VCRs issued by the Enforcement Wing (EW) of RTOs and STA and watching its disposal through realisation of fines.

²⁸ Angul, Balasore, Bhubaneswar, Chandikhol, Cuttack, Jharsuguda, Kalahandi, Keonjhar, Mayurbhanj, Rayagada, Rourkela and Sambalpur.

Audit brought the matter to the notice of TC-cum-Chairman, STA, Odisha in April 2014 and the Government in June 2014. Their replies are awaited (November 2014).

5.6.4 Non/short levy of penalty on belated payment of motor vehicles tax and additional tax

Under Rule 9 (1) of the OMVT Rules, 1976, due date of payment of tax and additional tax of a vehicle shall be the date of expiry of the period for which tax had been last paid. Under Section 13(1) of OMVT Act, 1975 read with Rule 9(2) of the OMVT Rules, 1976, if the tax is not paid within the grace period of 15 days from the due date, the vehicle owner shall be liable to pay penalty ranging from 25 to 200 *per cent* of the tax due depending upon the period of delay.

During analysis of *Vahan* database pertaining to payment of tax and test check of records of 20 RTOs²⁹, Audit noticed, (between May 2013 and March 2014) that tax and additional tax amounting to ₹ 24.94 lakh for different periods between April 1999 and March 2013 was paid between April 2011 and March 2013 in respect of 148 vehicles with delays ranging between one day and 13 years (excluding the grace period of 15 days) from the due date. However, in 110 cases, the RTOs levied penalty of ₹ 10.97 lakh instead of ₹ 36.76 lakh leviable as per applicable rate. This resulted in short levy of penalty of ₹ 25.79 lakh. In the remaining 38 cases, the RTOs did not levy penalty of ₹ 11.35 lakh as per applicable rate.

After Audit pointed out the cases, all the RTOs stated, (between May and December 2013) that demand notices would be issued to realise the dues.

Audit brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in April 2014 and the Government in June 2014. Their replies are awaited (November 2014).

5.6.5 Short realisation of one-time tax on vehicles having gross vehicle weight below 3,000 kgs

Under Section 4 B of the OMVT Act, 1975, every goods carriage, the Gross Vehicle Weight (GVW) of which does not exceed 3,000 kgs, is liable to pay One Time Tax (OTT) at the time of registration with effect from 14 May 2010, at the rate equal to ten times of the annual tax specified in the Taxation Schedule-I of the Act or five *per cent* of the cost of such vehicle, whichever is higher.

During analysis of *Vahan* database pertaining to payment of tax and test check of taxation records of nine RTOs³⁰, Audit noticed (between July 2013 and January 2014) that in respect of 25 vehicles registered after 14 May 2010 and whose GVW did not exceed 3,000 kgs, the RTOs levied and realised tax of ₹ 3.96 lakh only at the annual tax rate instead of OTT of ₹ 6.05 lakh. This resulted in short realisation of tax of ₹ 2.09 lakh.

²⁹ Angul, Balasore, Bhubaneswar, Bolangir, Boudh, Chandikhol, Cuttack, Dhenkanal, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Nayagarh, Puri, Rayagada, Rourkela, Sambalpur and Sundargarh.

³⁰ Angul, Bhadrak, Bhubaneswar, Bolangir, Kalahandi, Koraput, Malkangiri, Rourkela and Sambalpur.

After Audit pointed out the cases, RTOs concerned stated (between July 2013 and January 2014) that action would be taken to realise the amount.

Audit brought the matter to the notice of TC-cum-Chairman, STA Odisha in April 2014 and the Government in June 2014. Their replies are awaited (November 2014).

5.6.6 Non-realisation of differential tax from stage carriages

Under Section 6 of OMVT Act, 1975 and Rules made thereunder, when a vehicle, in respect of which tax and additional tax for any period has been paid, is altered during such period or proposed to be used during such period in such manner as to cause the vehicle to become a vehicle in respect of which a higher rate of tax is payable, the registered owner or the person having possession or control of the vehicle shall pay to the Taxing Officer, differential tax of a sum which is equal to the difference between the tax already paid and the tax which is payable in respect of such vehicle for the period for which the higher rate of tax is payable in consequence of the alteration or proposed use, as the case may be. The payment of differential tax shall be made on the date of alteration of use or within a period of 15 days from the due date. Under Section 13(1) of the Act, if such tax is not paid within two months after the expiry of the grace period of 15 days, penalty equal to twice the tax due shall be charged. Stage carriages permitted to ply temporarily as Special Contract carriages are liable to pay tax at the higher rate of ₹ 150 per seat per month.

During analysis of *Vahan* database pertaining to payment of tax and further test check of General Registration Records (GRRs) and Special Permit Registers (SPRs) of 16 RTOs³¹, Audit noticed (between May 2013 and March 2014) that 130 stage carriages were permitted to ply temporarily as Special Contract carriages during different periods (between September 2011 and March 2013) for which higher rate of tax was leviable. Audit further noticed that as against tax of ₹ 10.63 lakh payable in respect of special contract carriage, tax of ₹ 7.43 lakh was paid by the owners of vehicles. The RTOs did not levy the differential tax of ₹ 3.20 lakh on the date of alteration of use of such vehicles by the RTOs. Besides, penalty of ₹ 6.40 lakh was also leviable.

After Audit pointed out the cases, RTOs concerned stated (between May 2013 and March 2014) that demand notices would be issued to realise the Government dues.

Audit brought the matter to the notice of TC-cum-Chairman, STA, Odisha in April 2014 and the Government in June 2014. Their replies are awaited (November 2014).

5.6.7 Non/short realisation of motor vehicle tax and additional tax from Stage carriages plying on inter State routes

Under item 4 (v) and (vi) of the Taxation Schedule-I of OMVT Act, 1975, where a stage carriage plies on a route partly within the State of Odisha and

³¹ Bhubaneswar, Bolangir, Boudh, Chandikhol, Cuttack, Deogarh, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Mayurbhanj, Nayagarh, Puri, Rourkela, Sambalpur and Sundargarh.

partly within other State in pursuance of any agreement between the Government of Odisha (GoO) and Government of any other State, such stage carriage is liable to pay tax and additional tax calculated on the total distance covered by it on the approved route in the State of Odisha at the rates specified in the above mentioned Schedule. If the payment is not made within two months after the grace period of 15 days, twice the amount of tax and additional tax shall be levied as penalty.

During test check of records of STA, Odisha and RTO, Cuttack, Audit noticed (November 2013) that due to non-adoption of prescribed tax rates, tax and additional tax of ₹ 0.90 lakh was not realised from three stage carriages and ₹ 0.15 lakh was short realised from one stage carriage though these were authorised to ply on inter-state routes with valid permits for different periods between April 2012 and March 2013. Besides, penalty of ₹ 2.10 lakh was also leviable on the above four stage carriages.

After Audit pointed out the cases, TC-cum-Chairman, STA, Odisha issued (November 2013) demand notices in respect of two vehicles and stated (November 2013) that in respect of the other one, action was being taken to issue notices for realisation of the dues. RTO, Cuttack stated (November 2013) that demand notices would be issued for realisation of Government dues.

Audit brought the matter to the notice of TC-cum-Chairman, STA, Odisha (April 2014) and the Government (June 2014). Their replies are awaited (November 2014).

5.6.8 Non/short realisation of tax from stage carriages plying without route permits

As per Section 3 (1) and 3A (1) of OMVT Act, 1975 as amended, MV tax and additional tax in respect of a stage carriage is leviable at the rates prescribed in Schedule-1 of the Act. As per clause-4 of the said schedule and the explanation (ii)(b) thereunder, if a vehicle is detected plying without a route permit granted under the said Act, tax and additional tax payable is to be determined on the basis of the maximum number of passengers which the vehicle is permitted to carry reckoning the total distance covered each day as exceeding 320 kilometres (Express). Further, as per Section 13(1) of the Act read with Rule 9(2) of the OMVT Rules, 1976, if such tax is not paid within two months after expiry of the grace period of 15 days, penalty is to be charged at double the tax due.

During analysis of *Vahan* database relating to issue of permits and payment of tax and further test check of Permit particulars, Enforcement records and ORR of 10 RTOs³², Audit noticed (between June 2013 and February 2014) that 37 stage carriages were detected by the enforcement staff of the Department while plying (between April 2012 and March 2013) without route permit. However, Audit noticed that the RTOs did not realise the differential MV tax and additional tax from these vehicles. This resulted in non realisation of MV

³² Angul, Bargarh, Chandikhol, Ganjam, Cuttack, Dhenkanal, Kalahandi, Keonjhar, Nayagarh and Sambalpur.

tax and additional tax of ₹ 5.40 lakh. Besides, penalty of ₹ 10.80 lakh was also leviable.

After audit pointed this out, RTOs stated (between June 2013 and February 2014) that demand notices would be issued for realisation of the dues.

Audit brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in April 2014 and the Government in June 2014. Their replies are awaited (November 2014).

5.6.9 Plying of Goods vehicles with expired fitness

Under Section 56 of MV Act, 1988 read with Rule 62 of the Central Motor Vehicles (CMV) Rules, 1989, a transport vehicle shall not be deemed to be validly registered, unless it carries a Certificate of Fitness (FC) issued by the prescribed authority in the prescribed form. The FC in respect of a new transport vehicle shall be valid for two years; otherwise it shall be renewed every year against receipt of prescribed fees for inspection and testing of the vehicles and grant or renewal of FC under Rule 81 of the CMV Rules, 1989. The fee for conducting test of fitness of the vehicles was ranging from ₹ 200 to ₹ 400 per motor vehicle in addition to a fee of ₹ 100 towards grant or renewal of FC. Further, Rule 22(7) of Odisha Motor Vehicles (OMV) Rules, 1993 prescribes a penalty of ₹ 100 for non-filing of application for renewal of FC within the prescribed date.

During analysis of MIS reports in *Vahan* database and further test check of taxation records of 24 RTOs³³, Audit noticed, (between July 2013 and March 2014) that Certificates of Fitness (FCs) of 7,010 goods vehicles were expired between June 1990 and February 2013. Although the RTOs realised taxes from these vehicles, no steps were taken for renewal of their FCs either by the vehicle owners or any action was initiated by the RTOs. This resulted in loss of Government revenue of ₹ 30.13 lakh towards fitness fee. Besides, penalty of ₹ 7.01 lakh was also leviable.

After Audit pointed out the cases, concerned RTOs stated (between July 2013 and March 2014) that action would be taken to realise the amounts by issuing demand notices.

Audit brought the matter to the notice of TC-cum-Chairman, STA, Odisha in April 2014 and the Government in June 2014. Their replies are awaited (November 2014).

5.6.10 Non-realisation of composite tax for goods vehicles under reciprocal agreement

As per the notification of GoO issued in November 2008 in pursuance of the reciprocal agreement between GoO and Government of Andhra Pradesh (AP) under Section 88(5) of the MV Act, 1988, goods vehicles belonging to AP and

³³ Angul, Balasore, Bargarh, Bhubaneswar, Bhadrak, Bolangir, Boudh, Chandikhol, Ganjam, Cuttack, Deogarh, Dhenkanal, Jharsuguda, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Nayagarh, Puri, Rayagada, Rourkela, Sambalpur, Subarnapur and Sundargarh.

authorised to ply in Odisha were required to pay composite tax of ₹ 5,000 per vehicle annually for entry into the State. The tax was payable in advance on or before the 15th April each year to the STA, Odisha through STA, AP.

During test check of PR and Tax Payment Register of STA, Odisha, Audit noticed (November 2013) that composite tax amounting to ₹ 29.20 lakh in respect of 584 goods vehicles of AP authorised to ply in Odisha on the strength of valid permits under the reciprocal agreement during 2012-13, was not realised even though the same was required to be realised by 15 April 2012.

After Audit pointed this out, STA, Odisha stated in November 2013 that the STA, AP would be requested to transmit the Bank Drafts relating to the goods vehicles.

Audit brought the matter to the notice of TC-cum-Chairman, STA, Odisha in February 2014 and the Government in June 2014. Their replies are awaited (November 2014).

5.6.11 Non-realisation of motor vehicles tax and additional tax for violation of off road declaration

Under Section 3, 3A and 10 of the OMVT Act, 1975, motor vehicles tax and additional tax is to be levied on every motor vehicle used or kept for use in the State of Odisha unless prior intimation of non-use of the vehicle is given to the Taxing Officer (TO). If, at any time, during the period covered by off road declaration, the vehicle is found to be plying on the road or not found at the declared place, it shall be deemed to have been used throughout the said period without payment of tax. In such a case, the owner of the vehicle is liable to pay MV tax and additional tax and penalty as applicable for the entire period for which it was declared off road.

During test check (between June 2012 and February 2014) of records of six RTOs³⁴, Audit noticed that the enforcement staff of the Department detected (between January 2012 and March 2013) 16 vehicles which have violated their off-road declarations. While three vehicles were plying on road, 13 vehicles were not found at the declared places during off-road period. However, the RTOs did not take any action for realisation of MV tax and additional tax along with penalty thereon for violation of off road declaration. This resulted in non-realisation of MV tax and additional tax of ₹ 4.22 lakh and penalty of ₹ 8.44 lakh.

After Audit pointed this out, RTOs concerned stated (between June 2013 and February 2014) that demand notices would be issued to realise the dues.

Audit brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in April 2014 and the Government in June 2014. Their replies are awaited (November 2014).

³⁴ Bhubaneswar, Dhenkanal, Ganjam, Koraput, Mayurbhanj and Rayagada.

5.7 Non-compliance of Government notification/decision

Government decisions notified on 24 January 2003 prescribe payment of process fee at the prescribed rate. Non-compliance of the above decisions in the following cases as mentioned in the following paragraph resulted in non-realisation of process fee.

5.7.1 Non-realisation of process fees

As per Motor Vehicle (MV) Act, 1988 read with clause (xvi) of the amended sub-Rule (2) of Rule 48 of the OMV Rules and Government notification dated 24 January 2003, process fee of ₹ 100 is realisable on every application/objection filed with effect from 28 January 2003. The Department, by an order of March 2003, however, postponed the collection of fees at the rates prescribed in the notification.

During test check of PRs and other connected records of the STA, Odisha and 24 RTOs³⁵, Audit noticed (between June 2013 and March 2014) that process fees of ₹ 1.05 crore were not realised in 1,05,448 cases of application/objection processed between April 2012 and March 2013.

After Audit pointed this out, STA, Odisha, and the RTOs stated (between May 2013 and March 2014) that collection of fees was postponed in view of the Government letter dated 7 March 2003. The reply is not tenable as executive orders cannot overrule the statutory provisions. Despite repeated observations in earlier Audit Reports, the Government neither implemented the provisions of the notification of January 2003 for realisation of the fees nor took steps to amend the Orissa Motor Vehicle Rules, 1993 as envisaged in the order of March 2003.

Audit brought the matter to the notice of TC-cum-Chairman, STA, Odisha in April 2014 and the Government in June 2014. Their replies are awaited (November 2014).

³⁵ Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar, Bolangir, Boudh, Chandikhol, Cuttack, Dhenkanal, Deogarh, Ganjam, Jharsuguda, Kalahandi, Kendrapara, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nayagarh, Puri, Rourkela, Sambalpur and Sundargarh.