



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
on
State Revenues
for the period ended March 2024**



**Government of Punjab
Report No. 6 of 2025
(Compliance Audit – Revenue)**

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Preface

This Report of the Comptroller and Auditor General of India on Compliance Audit for the year ended 31 March 2024 has been prepared for submission to the Governor of Punjab under Article 151(2) of the Constitution of India.

The instances mentioned in this Report are those which came to notice in the course of test audit done during the period 2024-25 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

Overview

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

Chapter-I: General

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

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

(Paragraph 1.2, Page 1)

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

(Paragraph 1.4, Page 10)

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

(Paragraph 1.5, Page 10)

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

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

(Paragraph 1.5.1, Page 12)

Chapter-II: Functioning of Regional Transport Offices in Punjab

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

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

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

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

Some of the key findings are stated below:

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

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

(Paragraph 2.7.1.5, Page 21)

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

(Paragraph 2.7.1.10, Page 30)

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

(Paragraph 2.7.2.9, Page 37)

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

(Paragraph 2.7.2.10, Page 37)

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

(Paragraph 2.7.3.1, Page 39)

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

(Paragraph 2.7.3.3, Page 42)

Recommendations: The Department may ensure the following.

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

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

(Paragraph 2.1 to 2.9, Page 15)

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

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

(Paragraph 3.1, Page 50)

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

(Paragraph 3.2, Page 52)

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

(Paragraph 3.3, Page 52)

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

(Paragraph 3.4, Page 53)

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

(Paragraph 3.5, Page 55)

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

(Paragraph 3.6, Page 56)

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

(Paragraph 3.7, Page 58)

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

(Paragraph 3.8, Page 59)

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

(Paragraph 3.9, Page 60)

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

(Paragraph 3.10, Page 61)

Chapter-I

General

Chapter-I

General

1.1 Introduction

This Report covers matters arising out of the Compliance Audit of the Revenue Departments of the State Government. The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit. Findings of the audit are expected to enable the Executive to take corrective action and also to frame policies and directives that will lead to improved financial management of the organisations contributing better governance.

The Report has been organised in three chapters as mentioned below:

- **Chapter-I** contains a profile of the State with the tax and non-tax revenue raised by the Government of Punjab, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year 2023-24, the authority of audit, audit jurisdiction, planning and conduct of audit, response of the Government to various audit products namely Inspection Reports and follow-up action on Audit Reports.
- **Chapter-II** contains observations on 'Functioning of Regional Transport Offices in Punjab'.
- **Chapter-III** contains individual observations related to compliance audit of the tax revenue Departments.

1.2 Trend of revenue receipts

1.2.1 The tax and non-tax revenue raised by the Government of Punjab, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year 2023-24 and the corresponding figures for the preceding four years are depicted in **Table 1.1** and graphical presentation is shown in **Chart 1.1**.

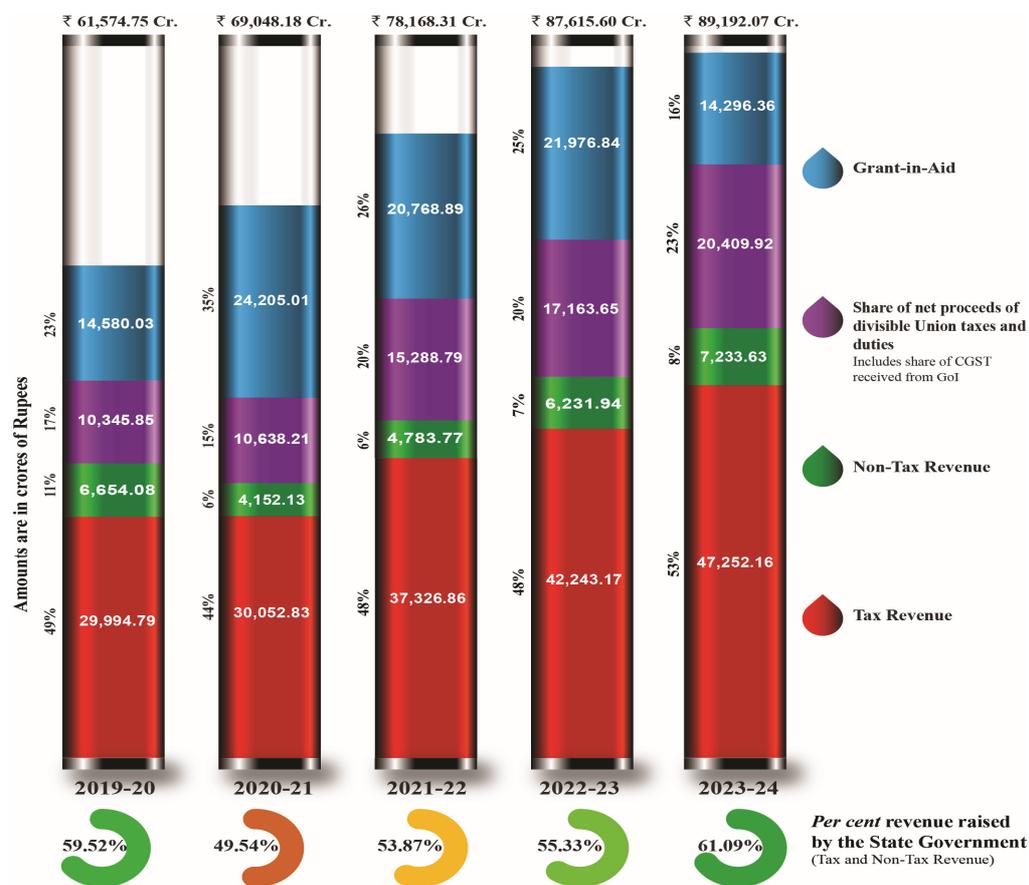
Table 1.1: Trend of revenue receipts

(₹ in crore)

Sr. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1.	Revenue raised by the State Government					
	Tax revenue	29,994.79	30,052.83	37,326.86	42,243.17	47,252.16
	Non-tax revenue	6,654.08	4,152.13	4,783.77	6,231.94	7,233.63
	Total	36,648.87	34,204.96	42,110.63	48,475.11	54,485.79
2.	Receipts from the Government of India					
	Share of net proceeds of divisible Union taxes and duties	10,345.85	10,638.21	15,288.79	17,163.65	20,409.92
	Grants-in-aid	14,580.03	24,205.01	20,768.89	21,976.84	14,296.36
	Total	24,925.88	34,843.22	36,057.68	39,140.49	34,706.28
3.	Total revenue receipts of the State Government (1 and 2)	61,574.75	69,048.18	78,168.31	87,615.60	89,192.07
Percentage of 1 to 3		59.52	49.54	53.87	55.33	61.09

Source: Finance Accounts

Chart 1.1: Trend of revenue receipts



Source : Finance Accounts

The five-year trend of revenue receipts shows that the share of State's own revenue to total receipts increased from 59.52 *per cent* in 2019-20 to 61.09 *per cent* in 2023-24. Share of net proceeds of divisible Union taxes and duties also increased from 16.80 *per cent* in 2019-20 to 22.88 *per cent* in 2023-24, while the Grants-in-aid decreased from 23.68 *per cent* in 2019-20 to 16.03 *per cent* in 2023-24.

During the year 2023-24, the State Government raised 61.09 *per cent* (₹ 54,485.79 crore) of the total revenue receipts (₹ 89,192.07 crore). Balance 38.91 *per cent* (₹ 34,706.28 crore) of the receipts was from the Government of India as share of net proceeds of divisible Union taxes and duties and Grants-in-aid. Overall, the State's own revenue has increased during the last three financial years. During the year 2023-24, Grant-in-aid decreased by 34.95 *per cent* in comparison to the preceding year. At the same time, the tax revenue increased by 11.86 *per cent* and non-tax revenue increased by 16.07 *per cent* in comparison to the preceding year, showing an increase in the State's own receipts to total receipts.

1.2.2 Details and trend of the tax revenue raised during the period from 2019-20 to 2023-24 are depicted in **Table 1.2** and graphical presentation is shown in **Chart 1.2**.

Table 1.2: Details of Tax Revenue

Sr. No.	Head of revenue	(₹ in crore)					Percentage increase (+) or decrease (-) of actual in 2023-24 over 2022-23
		2019-20 Revenue (Per cent of Total)	2020-21 Revenue (Per cent of Total)	2021-22 Revenue (Per cent of Total)	2022-23 Revenue (Per cent of Total)	2023-24 Revenue (Per cent of Total)	
1.	State Goods and Services Tax (SGST)	12,751.20 (42.51)	11,818.93 (39.33)	15,541.59 (41.64)	18,127.84 (42.91)	20,924.98 (44.28)	(+) 15.43
	Taxes on Sales, Trade etc.	5,222.58 (17.41)	5,372.02 (17.87)	6,869.31 (18.40)	5,636.87 (13.34)	6,500.54 (13.76)	(+) 15.32
2.	State Excise	4,865.01 (16.22)	6,164.32 (20.51)	6,157.28 (16.50)	8,437.18 (19.97)	9,232.81 (19.54)	(+) 9.43
3.	Stamps and Registration Fees	2,258.07 (7.53)	2,470.33 (8.22)	3,308.35 (8.86)	4,226.54 (10.01)	4,359.03 (9.22)	(+) 3.13
4.	Taxes and duties on Electricity	2,696.56 (8.99)	2,541.84 (8.46)	2,851.63 (7.64)	2,887.64 (6.84)	3,032.61 (6.42)	(+) 5.02
5.	Taxes on Vehicles	1,994.32 (6.65)	1,472.13 (4.90)	2,358.96 (6.32)	2,673.56 (6.33)	2,937.59 (6.22)	(+) 9.88
6.	Others ¹	207.05 (0.69)	213.26 (0.71)	239.74 (0.64)	253.54 (0.60)	264.60 (0.56)	(+) 4.36
Total		29,994.79	30,052.83	37,326.86	42,243.17	47,252.16	(+) 11.86

Source: Finance Accounts

¹ 'Others' includes revenue receipts of four heads of accounts, the receipts under which are less than one *per cent* of total Tax Revenue Receipts. Hence, Revenue receipts of these heads have been merged under 'Others'.

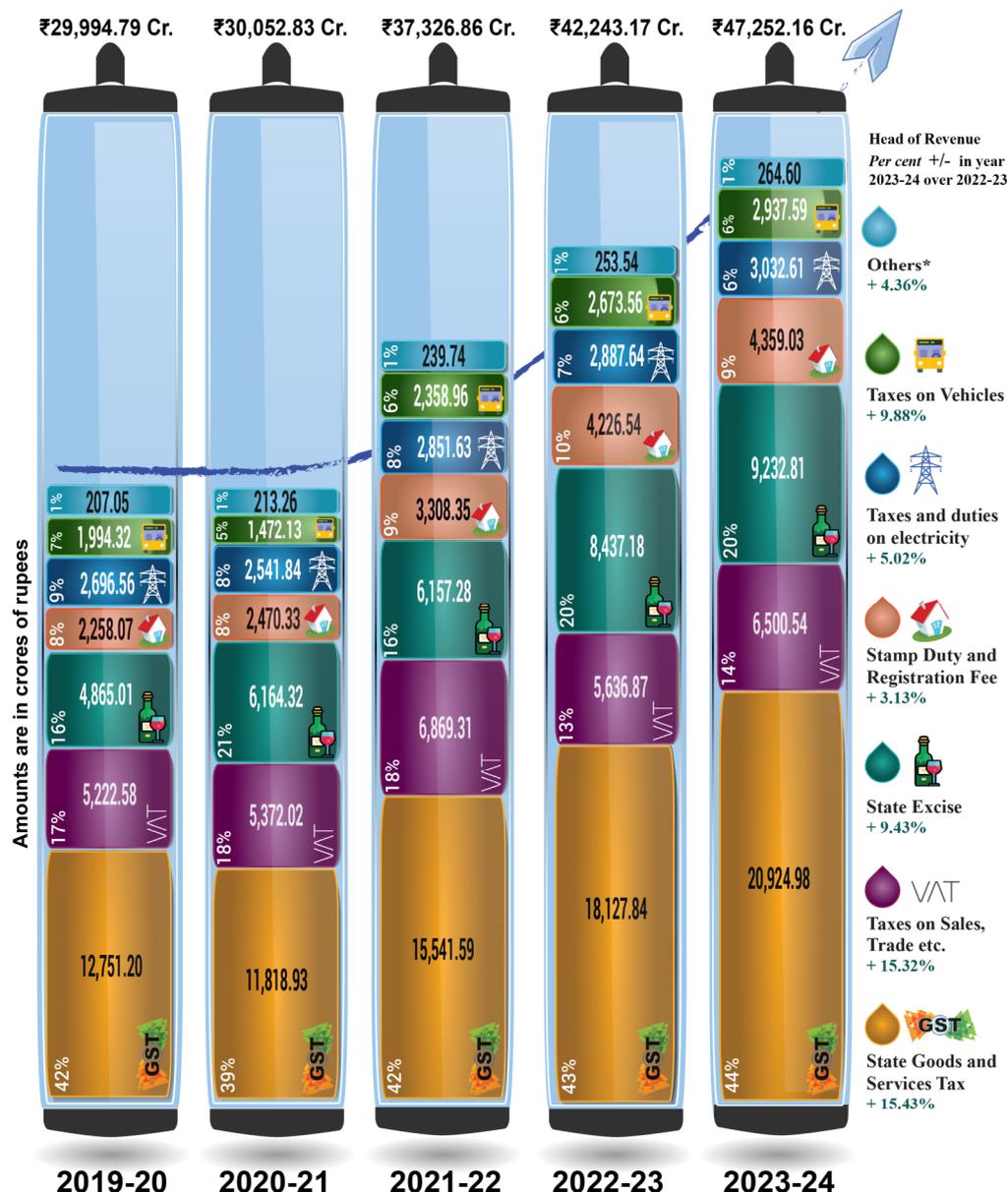
1. Other Taxes on Income and Expenditure: Receipts of ₹ 167.58 crore during 2023-24 are 5.92 *per cent* higher than previous year's receipt of ₹ 158.22 crore.

2. Land Revenue: Receipts of ₹ 96.92 crore during 2023-24 are 4.28 *per cent* higher than previous year's receipt of ₹ 92.94 crore.

3. Taxes on Goods and Passengers: Receipts of ₹ 0.08 crore during 2023-24 are 26,567 *per cent* higher than previous year's receipt of ₹ 0.0003 crore.

4. Other Taxes and Duties on Commodities and Services: Receipts of ₹ 0.02 crore during 2023-24 are 99.16 *per cent* lesser than previous year's receipt of ₹ 2.38 crore.

Chart 1.2: Trend of Tax Revenue



Source : Finance Accounts

* Others includes 'Land Revenue', 'Other Taxes and Duties on Commodities and Services', 'Other Taxes on Income and Expenditure' and 'Taxes on Goods and Passengers'

It is seen that 'State Goods and Services Tax', 'Taxes on Sales, Trade etc.' and 'State Excise' are major contributors of tax revenue. During 2023-24, these heads of revenue contributed about 77.58 per cent of total tax revenue collection. The revenue under these heads registered an increase of 15.43 per cent, 15.32 per cent and 9.43 per cent respectively in comparison to the previous year. The revenue from 'Stamps and Registration Fees', 'Taxes and duties on Electricity' and 'Taxes on Vehicles' increased by 3.13 per cent, 5.02 per cent and 9.88 per cent, respectively.

The reasons for the increase in tax revenue receipts as provided by the respective Departments and as per accounts analysis are given below.

State Goods and Services Tax: As seen from the accounts, one of the reasons for increase (15.43 *per cent*) in revenue over previous years was due to increase in apportionment of Integrated Goods and Services Tax (tax component to State GST), under which receipts increased by ₹ 2,360.82 crore in comparison to the previous year. Further, the Department attributed (October 2024) the reasons for increase in revenue to widened tax base, higher inflation, enforcement activities of the Department leading to weeding out of bogus entities, tax collections on the basis of inputs from Tax Intelligence Units and motivational scheme named ‘*Bill Layo Inaam Paayo*’.

Taxes on Sales, Trade etc.: The Department did not furnish reasons for the increase (15.32 *per cent*) in revenue. However, as seen from the accounts, the increase in receipts under this head was mainly due to increase in receipts of Central Sales Tax by ₹ 496.64 crore in comparison to the previous year.

State Excise: The Department attributed (October 2024) reasons for increase (9.43 *per cent*) in revenue to levy of new additional licence fee, increase in liquor licence fee, permit fee and licence fee of distilleries, breweries, bottling plants. However, as seen from the accounts, the overall increase of ₹ 795.63 crore under State Excise was mainly due to increase in receipts under minor head ‘Country Spirits’ and ‘Other Receipts’ under which the receipts increased by ₹ 588.29 crore and ₹ 628.87 crore, respectively, in comparison to the previous year.

Stamps and Registration Fees: The Department attributed (October 2024) reasons for increase (3.13 *per cent*) in revenue to increase in collector rates and number of deeds.

Taxes and Duties on Electricity: The Department attributed (October 2024) reasons for increase (5.02 *per cent*) in revenue to receipt of arrear of electricity duty for the previous year 2022-23.

Taxes on Vehicles: The Department attributed (October 2024) reasons for increase (9.88 *per cent*) in revenue to increased number of registrations of vehicles in comparison to the previous year.

Others: It covers four heads of tax revenue viz. ‘Other Taxes on Income and Expenditure’, ‘Land Revenue’, ‘Taxes on Goods and Passengers’ and ‘Other Taxes and Duties on Commodities and Services’.

- **Land Revenue:** The Department did not furnish reasons for increase (4.28 *per cent*) in revenue. However, as seen from the accounts, the increase in receipts was due to higher receipts under the minor head ‘Other Receipts’, under which the receipts increased by ₹ 4.08 crore in comparison to the previous year.
- **Other Taxes and Duties on Commodities and Services:** The Department did not furnish reasons for decrease (99.16 *per cent*) in revenue. However, as seen from the accounts, the overall decrease of ₹ 2.36 crore

under this head was mainly due to decrease in receipts under minor head 'Entertainment Tax', under which receipts decreased by ₹ 2.30 crore in comparison to the previous year.

- **Other Taxes on Income and Expenditure:** The Department did not furnish reasons for increase (5.92 per cent) in revenue. However, as seen from the accounts, the increase was due to higher receipts of profession tax² in comparison to the previous year.
- **Taxes on Goods and Passengers:** The Department did not furnish reasons for increase in revenue. However, as seen from the accounts, the overall increase of ₹ 7.55 lakh under this head was due to higher receipts under 'Tolls on Roads' in comparison to the previous year.

1.2.3 The details and trend of the non-tax revenue raised during the period 2019-20 to 2023-24 are depicted in **Table 1.3** and graphical presentation is shown in **Chart 1.3**.

Table 1.3: Details of Non-Tax Revenue

							(₹ in crore)	
Sr. No.	Head of Revenue	2019-20 Revenue (Per cent of Total)	2020-21 Revenue (Per cent of Total)	2021-22 Revenue (Per cent of Total)	2022-23 Revenue (Per cent of Total)	2023-24 Revenue (Per cent of Total)	Percentage increase (+) decrease (-) of actual in 2023-24 over 2022-23	
1.	Miscellaneous General Services ³	2,743.87 (41.24)	2,208.41 (53.19)	2,375.91 (49.67)	2,827.63 (45.37)	4,059.96 (56.13)	+ 43.58	
2.	Interest receipts	2,105.51 (31.64)	144.38 (3.48)	181.08 (3.78)	242.76 (3.90)	277.53 (3.84)	+ 14.32	
3.	Other Administrative Services ⁴	145.23 (2.18)	233.92 (5.63)	69.70 (1.46)	116.65 (1.87)	149.86 (2.07)	+ 28.47	
4.	Police	60.93 (0.92)	89.76 (2.16)	142.34 (2.98)	130.54 (2.09)	105.94 (1.46)	- 18.84	
5.	Medical and Public Health	250.57 (3.76)	287.61 (6.93)	406.81 (8.50)	396.33 (6.36)	450.04 (6.22)	+ 13.55	
6.	Irrigation ⁵	94.32 (1.42)	94.35 (2.27)	134.73 (2.82)	135.94 (2.18)	265.10 (3.67)	+ 95.01	
7.	Non-ferrous Mining and Metallurgical Industries	90.88 (1.36)	120.56 (2.90)	136.53 (2.85)	248.80 (3.99)	289.10 (4.00)	+ 16.20	
8.	Public Works	21.71 (0.33)	14.26 (0.34)	11.34 (0.24)	18.87 (0.30)	10.29 (0.14)	- 45.47	
9.	Forestry and Wildlife	19.53 (0.29)	30.88 (0.75)	19.13 (0.40)	186.66 (3.00)	268.32 (3.71)	+ 43.75	
10.	Co-operation	7.09 (0.11)	7.47 (0.18)	6.57 (0.14)	9.88 (0.16)	8.02 (0.11)	- 18.83	
11.	Education, Sports, Art and Culture	196.22 (2.95)	137.70 (3.32)	155.19 (3.24)	326.94 (5.25)	309.88 (4.28)	- 5.22	
12.	Others ⁶	918.22 (13.80)	782.83 (18.85)	1,144.44 (23.92)	1,590.94 (25.53)	1,039.59 (14.37)	- 34.66	
Total		6,654.08	4,152.13	4,783.77	6,231.94	7,233.63	+ 16.07	

Source: Finance Accounts

² Every person who is an income tax payee and is engaged in any profession, trade or employment and whose taxable income is more than zero, is liable to pay tax under the Punjab State Development Tax Act, 2018.

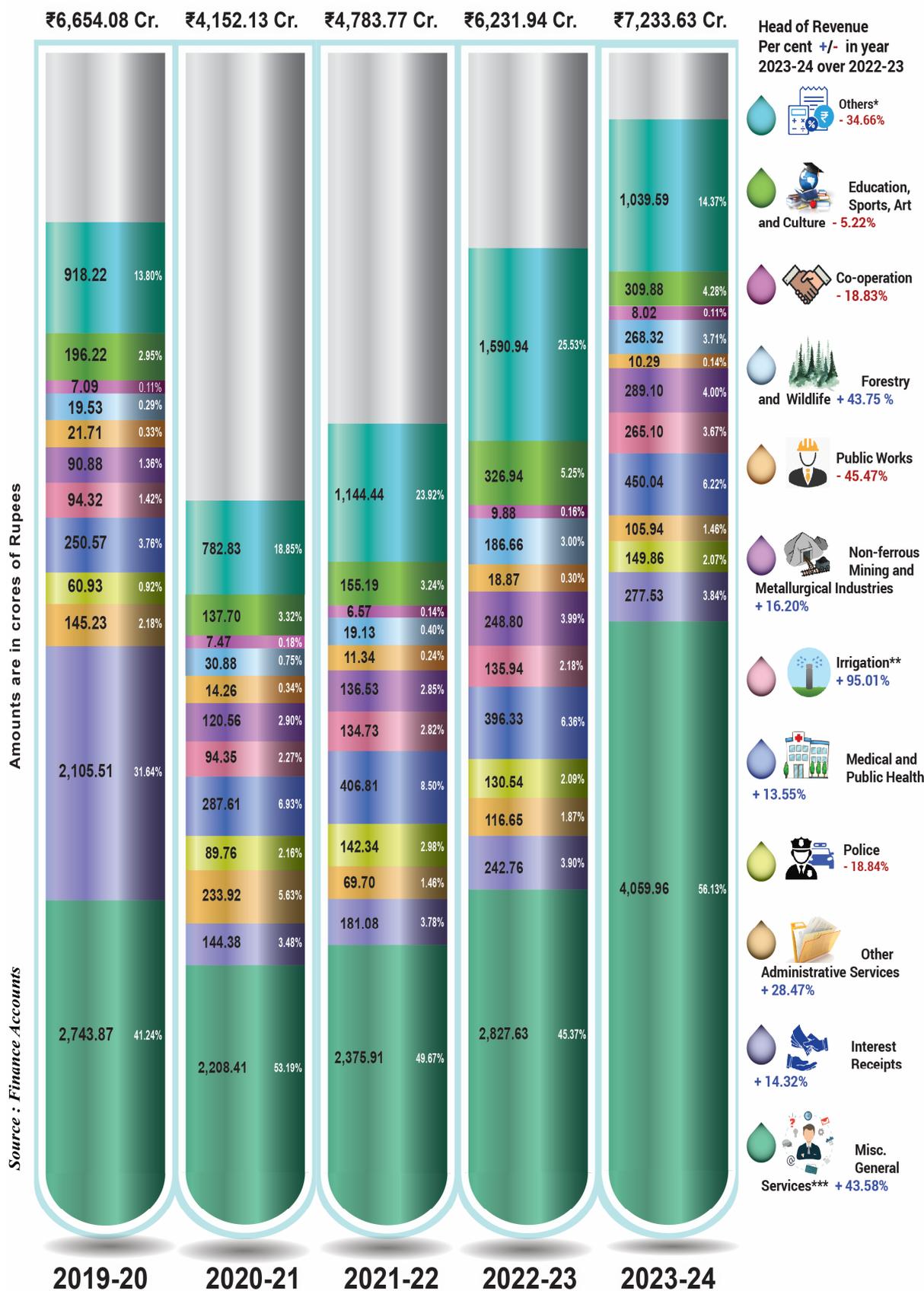
³ This head includes receipts from 'Pre-Partition Receipts', 'Unclaimed Deposits', 'State Lotteries', 'Guarantee Fee' and 'Other Receipts'.

⁴ This head includes receipts from 'Administration of Justice', 'Elections' and 'Other Services' (Home Guards, Marriage Fees, Fees for Government Audit, Receipts from Guest Houses, etc.).

⁵ This head includes Major Irrigation, Medium Irrigation and Minor Irrigation. The receipts during 2023-24 under Major Irrigation, Medium Irrigation and Minor Irrigation were ₹ 231.53 crore, ₹ 30.00 crore and ₹ 3.57 crore respectively.

⁶ This includes 30 Heads of revenue, which are not covered under the Heads of revenue mentioned at Serial No. 1 to 11 of the table. The details of receipts for the year 2023-24 under Heads of revenue included in 'Others' are available at Appendix 1.1 to this Report.

Chart 1.3: Trend of Non-Tax Revenue



* 'Others' includes 30 heads of revenue, details of which is available at Appendix 1.1 to this report.

** 'Irrigation' includes Major Irrigation, Medium Irrigation and Minor Irrigation.

*** 'Miscellaneous General Services' includes 'Pre-Partition Receipts', 'Unclaimed Deposit', 'State Lotteries', 'Guarantee Fee' and 'Other Receipts'

Overall non-tax revenue in 2023-24 increased by 16.07 *per cent* in comparison to the previous year. Significant increase was seen under ‘Irrigation’ (95.01 *per cent*), ‘Forestry and Wildlife’ (43.75 *per cent*), ‘Miscellaneous General Services’ (43.58 *per cent*) and ‘Other Administrative Services’ (28.47 *per cent*) as compared to previous year, while Public Works’ and ‘Police’ registered decrease by 45.47 *per cent* and 18.84 *per cent*, respectively.

The reasons for variations in non-tax revenue receipts as provided by the respective Departments and as per accounts analysis are given below.

Miscellaneous General Services: The Department did not furnish reasons for the increase (43.58 *per cent*) in receipts. However, as seen from the accounts, the overall increase of ₹ 1,232.33 crore under this head was mainly due to increase in receipts under minor head ‘Other Receipts’, under which receipts increased by ₹ 1,519.79 crore in comparison to the previous year. At the sub-head level, this increase was seen under ‘Recovery of Overpayments’ and ‘Miscellaneous Receipts’.

Interest Receipts: The Department did not furnish reasons for the increase (14.32 *per cent*) in interest receipts. However, as seen from the accounts, the overall increase of ₹ 34.77 crore under this head was mainly due to receipts under minor head ‘Interest or other earnings on CSS Funds from Grantee on unspent balances’, under which interest of ₹ 47.66 crore was received in the current year, while there were no receipt under this minor head in the previous year.

Other Administrative Services: The Department did not furnish reasons for the increase (28.47 *per cent*) in receipts. However, as seen from the accounts, overall increase of ₹ 33.21 crore under this head was mainly due to increase under minor heads ‘Fines and Forfeitures’ and ‘Other Receipts’, under which receipts increased by ₹ 30.12 crore⁷ in comparison to the previous year.

Police: The Department attributed (September 2024) decrease (18.84 *per cent*) in receipts to lesser receipts of arms license fees and miscellaneous receipts in comparison to the previous year. In addition to this, there was lesser receipt under minor head ‘Receipts of State-Headquarters Police’ as seen from the accounts.

Medical and Public Health: The Department attributed (November 2024) increase (13.55 *per cent*) in receipts to recoveries of arrears of 2020-21 from the ESI Corporation, New Delhi. In addition to this, increase was also seen in accounts under minor head ‘Other Receipts’ in urban health services, under which receipts increased by ₹ 12.47 crore in comparison to the previous year.

Irrigation: The Department attributed (September 2024) increase (95.01 *per cent*) in receipts to recovery of outstanding amounts from different

⁷ Fines and Forfeitures: ₹ 15.55 crore and Other Receipts under Other Services: ₹ 14.57 crore.

agencies, increased supply of canal water to different sectors including industrial purpose, and sale of obsolete material.

Non-ferrous Mining and Metallurgical Industries: The Department attributed (September 2024) increase (16.20 *per cent*) in receipts to increased operations of mining sites and vigilance activities leading to imposition of penalties on illegal mining.

Public Works: The Department did not furnish reasons for the decrease (45.47 *per cent*) in receipts. However, as seen from the accounts, the overall decrease of ₹ 8.58 crore under this head was mainly due to less receipts under minor heads⁸ ‘Other Receipts’ and ‘Recovery of Percentage Charges’, under which less receipts of ₹ 8.40 crore were received in comparison to the previous year.

Forestry and Wildlife: The Department attributed (September 2024) increase (43.75 *per cent*) in receipts to higher receipts from social and farm forestry but audit analysis of accounts showed that receipts from social and farm forestry were rather lesser in comparison to the previous year. As per accounts, the overall increase of ₹ 81.66 crore under this head was mainly due to higher receipts against recoupment of expenditure incurred for compensatory afforestation from the State Compensatory Afforestation Fund.

Co-operation: The Department did not furnish reasons for decrease (18.83 *per cent*) in receipts. However, as seen from the accounts, overall decrease of ₹ 1.86 crore under this head was mainly due to lesser receipts of ₹ 1.98 crore under minor head ‘Other Receipts’ in comparison to the previous year.

Education, Sports, Art and Culture: The Department did not furnish reasons for the decrease (5.22 *per cent*) in receipts. However, as seen from the accounts, the overall decrease of ₹ 17.06 crore under this head was mainly due to lesser receipts under minor heads ‘Secondary Education’ and ‘University and Higher Education’, under which there was less receipt of ₹ 32.03 crore⁹ in comparison to the previous year.

Others: ‘Others’ category covers 30 heads of non-tax revenue, other than those included in Table 1.3 at Sr. No. 1 to 11. Under this category, there was an overall decrease of 34.66 *per cent* in comparison to the previous year. While increase between ₹ 0.0004 crore and ₹ 90.66 crore was seen under 15 heads in terms of money value, the decrease between ₹ 0.03 crore and ₹ 338.68 crore was seen under the remaining 15 heads in terms of money value (Appendix 1.1).

⁸ Below sub-Major Head-80-General

⁹ Secondary Education: ₹ 11.07 crore, University and Higher Education: ₹ 20.96 crore

1.3 Authority for audit

Authority for audit by the Comptroller and Auditor General of India (CAG) is derived from Articles 149 and 151 of the Constitution of India and the CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971. The CAG conducts audit of expenditure of State Government Departments under Section 13¹⁰ of the CAG's DPC Act. In addition, CAG also conducts audit of other Autonomous Bodies which are substantially financed by the Government under Section 14¹¹ of the DPC Act. Section 16 of the CAG's DPC Act authorises CAG to audit all receipts (both revenue and capital) of the Government of India and of Government of each State and of each Union Territory having a legislative assembly and to satisfy himself that the Rules and procedures are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are being duly observed. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts (Amendments), 2020 and Auditing Standards issued by the Indian Audit and Accounts Department.

1.4 Planning and conduct of audit

In Compliance Audit, the audit process commences with a risk assessment of the Departments and schemes, considering the criticality/complexity of activities, level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. Based on this risk assessment, the scope of audit is decided and an Annual Audit Plan is formulated.

During the year 2023-24, there were 423 auditable units¹² related to tax revenue, of which 159 units¹³ (37.59 *per cent*) were planned on the basis of risk analysis and were audited. Test check of audited units brought out issues of under assessment, short or non-levy of taxes and duties involving revenue aggregating ₹ 149.30 crore in 1,49,763 cases. The Departments recovered ₹ 9.25 crore in 2,404 cases during 2023-24, which were pointed out in the audits conducted prior to 2023-24.

1.5 Lack of response of Government to Audit

The Principal Accountant General (Audit), Punjab, conducts periodic inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the Rules and procedures. These inspections are followed up through Inspection Reports incorporating irregularities detected during the inspection and not settled on the

¹⁰ Audit of (i) all expenditure from the Consolidated Fund of State; (ii) all transactions relating to Contingency Funds and Public Accounts; and (iii) all trading, manufacturing, profit and loss accounts, balance-sheets and other subsidiary accounts.

¹¹ Several non-Commercial Autonomous/Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, etc., and substantially financed by the Government, are audited under Section 14.

¹² Land Revenue: 108 units, Stamp Duty: 176 units, State Excise: 67 units, Value Added Tax/GST: 56 units and Motor Vehicle Tax: 16 units

¹³ Stamp Duty: 85 units, State Excise: 25 units, Value Added Tax/GST: 35 units and Motor Vehicle Tax: 14 units

spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action.

The heads of the offices are required to comply with the observations contained in the Inspection Reports within four weeks from the date of receipt of the Inspection Reports. Serious financial irregularities are reported to the heads of the Department and the Government.

In the tax revenue Departments, 158 Inspection Reports¹⁴ were issued to Heads of Departments against the 159 units¹⁵ audited during 2023-24, out of those, Audit did not receive reply for 156 Inspection Reports¹⁶ within the stipulated time of four weeks. Further, the Inspection Reports issued for the years up to March 2024 revealed that 11,821 observations¹⁷ involving ₹ 4,436.04 crore¹⁸ relating to 2,562 Inspection Reports¹⁹ remained outstanding at the end of June 2024.

The year-wise position of outstanding Inspection Reports/observations along with their money value is given in **Table 1.4**:

Table 1.4: Outstanding Inspection Reports/Observations

Particulars	Prior to April 2019	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Inspection Reports	1,893	164	110	104	133	158	2,562
Observations	7,234	878	615	744	1,042	1,308	11,821
Money value (₹ in crore)	3,349.41	291.29	186.99	192.47	266.58	149.30	4,436.04

Source: Office records

The purpose of audit is to check whether prescribed rules, laws and procedures are being adhered to, and to highlight cases of non-compliance, systemic weaknesses and failures. The large number of pending Inspection Reports and audit observations pending settlement indicate inadequate response to audit observations. The lack of action on these audit observations weakens accountability and raises the risk of loss of revenue. Increasing pendency of audit paragraphs merits urgent attention from the Government for addressing the issues consistently raised by Audit. The Departmental officers failed to take action on observations contained in Inspection Reports within the prescribed time frame, resulting in erosion of accountability. It is recommended that the Government should ensure prompt and proper response to audit observations.

¹⁴ Stamp Duty: 85 units, State Excise: 24 units, Value Added Tax/GST: 35 units and Motor Vehicle Tax: 14 units

¹⁵ The audit in one unit i.e. Additional Chief Secretary-Cum-Financial Commissioner, Excise and Taxation Department was restricted to obtaining of information and understanding of policies/decisions. Hence, no Inspection Report was issued for this unit.

¹⁶ Stamp Duty: 85 units, State Excise: 22 units, Value Added Tax/GST: 35 units, Motor Vehicle Tax: 14 units

¹⁷ **Observations:** Entertainment and Luxury Tax (215), Land Revenue (997), Transport (2,240), State Excise (488), Stamp Duty (5,604) and VAT/GST (2,277).

¹⁸ **Money Value:** Entertainment and Luxury Tax (₹ 16.54 crore), Land Revenue (₹ 1,957.57 crore), Transport (₹ 419.97 crore), State Excise (₹ 497.84 crore), Stamp Duty (₹ 657.38 crore) and VAT/GST (₹ 886.74 crore).

¹⁹ **Inspection Reports:** Entertainment and Luxury Tax (95), Land Revenue (275), Motor Vehicle Tax (237), State Excise (313), Stamp Duty (1,256) and VAT/GST (386).

1.5.1 Departmental Audit Committee Meetings

The Government has set up Departmental Audit Committees to monitor and expedite progress of the settlement of the audit observations contained in the Inspection Reports.

During the year 2023-24, seven audit committee meetings were held with the Department of Revenue, Rehabilitation and Disaster Management and the Department of Excise and Taxation. As a result, 215 observations involving money value of ₹ 5.16 crore were settled²⁰.

The Government may ensure that audit committee meetings are held at regular intervals for all Revenue Departments.

1.6 Response of the Departments to Draft Audit Observations and Detailed Compliance Audit Observations

Regulations on Audit and Accounts (Amendments), 2020 stipulate that responses to draft audit observations proposed for inclusion in the Report of the Comptroller and Auditor General of India should be sent within specified period.

In the last few years, Audit has reported on several significant deficiencies in revenue realisations, tax assessments as well as on the quality of internal controls that adversely impact the efficiency and functioning of the Departments. The audit offered suitable recommendations to the Executive for taking corrective action and improving revenue realisations.

The draft audit observations proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/Secretaries of the Departments concerned drawing their attention to the audit findings and requesting them to send their response within period of six weeks. The fact of non-receipt of replies from the Departments/Government is invariably indicated at the end of such observations included in the Audit Report.

1.7 Follow-up on Audit Reports

The follow-up on Audit Reports have been found to be inadequate as given below:

1.7.1 Non-submission of Action Taken Notes

According to the Rules and procedure for the Public Accounts Committee (PAC), all administrative Departments are to initiate *suo-motu* action on all Compliance Audit observations and Performance Audits featuring in the Audit Reports of the Comptroller and Auditor General of India, regardless of whether these are taken up for examination by the PAC or not. They are also to furnish detailed notes, duly vetted by audit, indicating the remedial action taken or

²⁰ Out of 215 observations, the settlement of 50 observations involving money value of ₹ 0.68 crore was finalised in October and December 2024

proposed to be taken by them within three months of the presentation of the Audit Reports to the State Legislature.

In spite of these provisions, the explanatory notes on audit observations of the Reports were delayed inordinately. A total of 103 paragraphs (including Performance Audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Punjab for the years ended 31 March 2017 to 2022 were placed before the State Legislative Assembly between 22 March 2018 and 4 September 2024.

Out of 103 paragraphs, the Action Taken Notes (ATNs) in respect of 49 paragraphs were received with delay between 3 and 72 months, whereas ATNs against 54 paragraphs were not received up to the end of January 2025. The details of ATNs received with delays and those not received are depicted in **Table 1.5** and **Table 1.6** respectively.

Table 1.5: Delay in receipt of Action Taken Notes as on 31 January 2025

Sr. No.	Year of Audit Report	No. of paragraphs (including Performance Audit)	ATNs received	Date of laying of Audit Report in legislature	ATNs received during the period	Delay in Receipt of ATN
1.	2016-17	23	20	22.03.2018	2018 to 2024	03 to 72 Months
2.	2017-18	18	13	27.02.2020	2021 to 2024	09 to 50 Months
3.	2018-19	19	7	29.06.2022	2023 to 2024	03 to 26 Months
4.	2019-20	13	5	29.06.2022	2023	03 to 11 Months
5.	2020-21	13	4	07.03.2023	2024	13 Months
Total			49			

Source: Office records

Table 1.6: Non-receipt of Action Taken Notes as on 31 January 2025

Sr. No.	Year of Audit Report	Department	ATNs not received		Date of presentation of Audit Report in the State Legislature
			Para No.	Para Count	
1.	2016-17	Department of Excise and Taxation	2.9, 2.15, 6.4	03	22.03.2018
2.	2017-18	Department of Excise and Taxation	2.6, 2.7, 2.9, 2.10, 2.12	05	27.02.2020
3.	2018-19	Department of Excise and Taxation	2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 3.3, 3.4, 3.5, 7.3	12	29.06.2022
4.	2019-20	Department of Excise and Taxation	2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 3.3	08	29.06.2022
5.	2020-21	Department of Excise and Taxation	3.1, 4.1, 7.9, 7.10, 7.11, 7.12, 7.13, 7.14, 7.15	09	07.03.2023
6.	2021-22	Department of Excise and Taxation	2, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8	09	04.09.2024
		Finance	3	01	
		Revenue Rehabilitation and Disaster Management (Stamp Duty)	4.9, 4.10, 4.11, 4.12	04	
		Transport	4.13, 4.14, 4.15	03	
Total				54	

Source: Office records

By 31 January 2025, PAC discussed 36 selected paragraphs pertaining to the CAG's Audit Reports for the years from 2016-17 to 2020-21. PAC had given 34 recommendations²¹ in respect of CAG's Audit Reports for the years from 2012-13 to 2016-17 and these recommendations were incorporated in three PAC Reports²². However, ATNs against 21 recommendations were not received from the Department of Revenue, Rehabilitation and Disaster Management up to 31 January 2025.

²¹ Department of Revenue, Rehabilitation and Disaster Management (21) and Department of Transport (13)

²² PAC Report 209 of 2019-20, PAC Report 212 of 2020-21 and PAC Report 214 of 2022-23

Chapter-II

Functioning of Regional Transport Offices in Punjab

Chapter-II

Functioning of Regional Transport Offices in Punjab

2.1 Introduction

The Regional Transport Office (RTO) serves as a key governmental body responsible for the regulation, management, and enforcement of road transport laws in India. The law confers several responsibilities and powers to the RTO, including the issuance of driver licenses, vehicle registration, granting permit for commercial vehicles, enforcement of road safety measures, and the collection of motor vehicle taxes. It also empowers the RTO to enforce environmental regulations, including vehicle fitness standards and pollution control measures.

The legal position empowers the RTO to act as a law-enforcing authority tasked with ensuring public safety on the roads. This includes enforcing traffic rules, preventing overloading, ensuring vehicle fitness, and combating illegal activities such as operating unregistered vehicles and unauthorised transport services. The RTO has the power to impose penalties, suspend or revoke licenses, and take corrective actions against violations of the law.

To enhance the efficiency and transparency of its operations, the RTO utilises digital platforms such as VAHAN and SARATHI, which are part of the Government of India's initiative to digitise transport services across the country. These platforms significantly streamline various RTO functions, enabling easier enforcement of legal requirements by digitizing records and tracking violations. By automating tasks such as vehicle registration, license issuance, tax collection, and enforcement of road safety laws, these portals contribute to reducing human errors, improving service efficiency, and promoting accountability in the functioning of the RTO.

2.2 Organisational set up

The Transport Department of Punjab is headed by the Principal Secretary of the Transport Department, who oversees the formulation of policies and acts as a liaison with the State Government. The State Transport Commissioner heads the Department's operations, ensuring adherence to national and state transport laws. He is assisted by two Additional State Transport Commissioners, one Joint State Transport Commissioner, Deputy Controller (Finance and Accounts), Deputy State Transport Commissioner, Service Engineer, Automobile Engineer, and Assistant Transport Commissioner (Technical) in the Head Office. The Regional Transport Officers operate at the district level, executing the day-to-day functions of vehicle registration, issue of permits and licenses.

The State of Punjab was divided in 11 regions during the period from 1 April 2019 to 5 July 2023, and for each region, a Regional Transport Authority

performed the functions of RTO. However, with effect from 6 July 2023¹, the Department of Transport was restructured into four regions², each headed by a Secretary, Regional Transport Authority controlling 23 Regional Transport Offices in the districts. While the Regional Transport Authorities regulate transport through the issuance of permits, the RTOs are responsible for key administrative functions, including vehicle registration, issuing and renewing driving licenses, and collecting motor vehicle taxes. They also oversee the issuance and renewal of fitness certificates for commercial vehicles, ensuring compliance with safety and environmental standards

2.3 Audit objectives

We conducted audit on functioning of Regional Transport Offices to ascertain whether:

- RTOs managed the issue, renewal and cancellation of licences effectively;
- Regulation and control over registration and use of vehicles through registration, issuing permits and fitness certificates was implemented by RTOs; and
- RTOs efficiently assessed, levied, collected and remitted revenue (motor vehicle taxes, fines, penalties, cess, etc.) and took effective action on arrears;

2.4 Audit criteria

The audit on functioning of Regional Transport Offices was evaluated against the following audit criteria.

- Motor Vehicles Act, 1988; Central Motor Vehicles Rules, 1989;
- Punjab Motor Vehicles Taxation Act, 1924; Punjab Motor Vehicles Taxation Rules, 1925; Punjab Motor Vehicles Rules, 1989; Punjab Financial Rules; and
- Circulars and notifications issued by the Government and the Department from time to time.

2.5 Audit scope and methodology

The Subject Specific Compliance Audit (SSCA) covered offices of the Principal Secretary, State Transport Commissioner, State Transport Authority, two Regional Transport Authorities located at Jalandhar and Patiala, and four Regional Transport Offices located at Jalandhar, Patiala, Pathankot and Ropar for the period from 1 April 2019 to 31 March 2024.

With most activities of the Transport Department becoming digital through the implementation of the VAHAN and SARATHI web portals, the audit analysed the front-end data of these applications through data analytic techniques,

¹ Notification no. S.O 53/C.A.59/1988/S.68/2023 dated 5 July 2023

² Bathinda, Ferozepur, Jalandhar and Patiala

particularly related to service delivery functions such as licensing, vehicle registration, permit issuance and tax collection. In addition, the audit also reviewed manual records maintained at the selected Regional Transport Authorities and Regional Transport Offices to provide a comprehensive assessment of the Department's performance and compliance during the audited period.

An entry conference was held on 8 July 2024 with the Additional State Transport Commissioner to explain the audit objectives, audit criteria, audit scope and audit methodology. During the audit, the findings and observations were issued to the Department for inviting their responses. Further, an exit conference was held on 27 February 2025 with the Additional Chief Secretary, Department of Transport, Government of Punjab. The responses of the Government and the Department have been incorporated under the respective paragraphs in this report.

2.6 Trends of motor vehicle tax revenue

The position of motor vehicles tax receipts collected during the last five years from April 2019 to March 2024 is given in the **Table 2.1**.

Table 2.1: Position of motor vehicle tax receipts

(₹ in crore)

Year	Budget Estimates	Revised Estimates	Actual Receipts	Per cent variation of actual receipts to revised estimates	State's own tax revenue	percentage of actual MVT receipts to State's own tax revenue
2019-20	2,460.00	2,115.00	1,994.32	(-) 5.71	29,994.79	6.65
2020-21	2,370.00	1,567.94	1,472.13	(-) 6.11	30,052.83	4.90
2021-22	2,200.00	2,155.11	2,358.96	(+) 9.46	37,326.86	6.32
2022-23	2,575.00	2,650.00	2,673.56	(+) 0.89	42,243.17	6.33
2023-24	3,450.00	3,300.00	2,937.59	(-) 10.98	47,252.16	6.22

(Source: Annual Financial Statements and Finance Accounts of the Government of Punjab)

The budget estimates and actual receipts for the years 2019-20 to 2023-24 reflect the State's efforts to manage its transport revenue system. For instance, in 2020-21, the actual motor vehicle tax receipts were ₹ 1,472.13 crore, which was lower than the revised estimate of ₹ 1,567.94 crore, partly due to the impact of Covid-19 on vehicle registrations and renewals. However, the receipts increased significantly in the subsequent years, with 2021-22 recording ₹ 2,358.96 crore and 2022-23 reaching ₹ 2,673.56 crore surpassing the revised estimates of these years. In 2023-24, the receipts further increased to ₹ 2,937.59 crore. The *per cent* share of motor vehicle receipts to the state's own tax revenue has remained above six *per cent* during these years, barring the year 2020-21 where it dropped to 4.90 *per cent* due to Covid-19 pandemic.

2.7 Audit findings

2.7.1 Registrations, fitness certificates and permits of vehicles

The registration of vehicles is mandatory requirement, and no motor vehicle shall be driven in any public place or any other place without having valid registration. A transport vehicle is required to obtain permit and fitness certificate in addition to a registration certificate.

The audit observations related to registrations, permits and fitness certificates have been discussed in the succeeding sub-paragraphs.

2.7.1.1 Failure to obtain permanent vehicle registration after expiry of temporary registration

Section 43 of the Motor Vehicles Act, 1988 provides that a certificate of temporary registration with validity of one month may be issued to owner of the vehicle on application. In March 2021, Rule 53B(2) was inserted under the Central Motor Vehicles Rules, 1989 providing the validity of temporary registration for six months effective from 1 April 2021. In case of chassis vehicles, the temporary registration was further extendable by 30 days at one or more times, if vehicle remains detained in the workshop beyond six months for the fitting of a body due to any circumstances beyond the control of owner. In April 2023, a proviso was inserted below this rule making the temporary registrations valid only for forty-five days for fully built vehicles subject to alteration or subject to being registered in other State.

As per provisions made under Rule 47(2) of Central Motor Vehicles Rules, 1989, an application for permanent registration of a motor vehicle shall be made before the temporary registration expires.

The VAHAN portal offers real-time insights through a MIS report titled 'Temporary Received Report', which captures the data of temporary registrations. This report serves as a valuable tool for proactive monitoring by the Transport Department. As per this report downloaded by Audit, 60,986 temporary registrations³ were issued between 2019-20 and 2023-24 for obtaining permanent registration marks in selected four Regional Transport Offices and State Transport Authority. Scrutiny of this data (July to December 2024) revealed that 3,404 vehicle owners⁴ (5.58 per cent) did not apply for permanent registrations after expiry of the validity period⁵ of temporary registrations till the dates of audit. The average delay since expiry of validity of temporary registrations in these cases was 927 days, with a maximum delay of 2,365 days. A graphical presentation showing delay in applying for

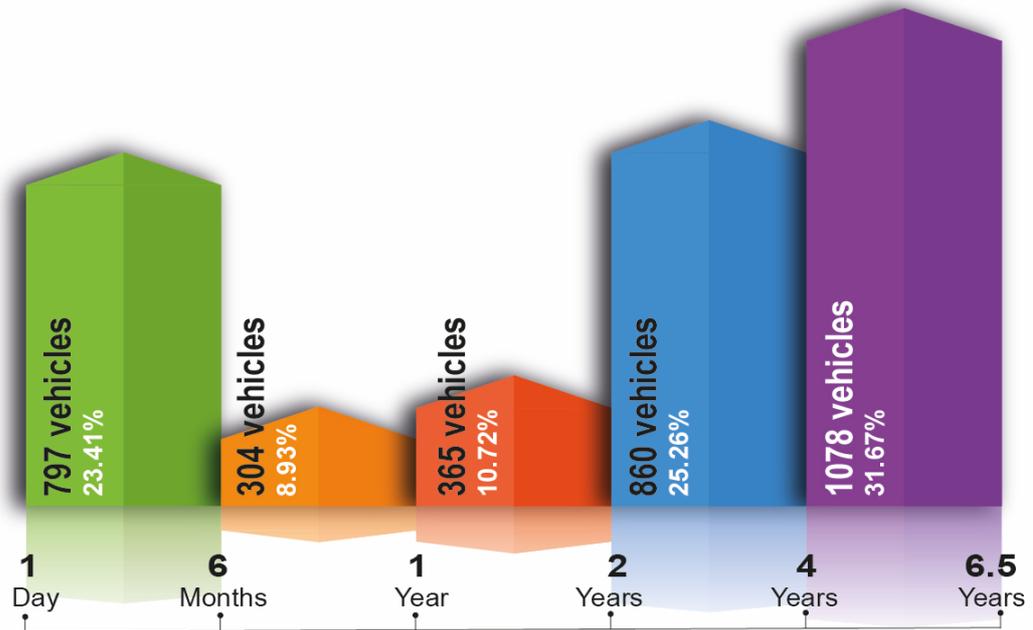
³ Jalandhar: 15,657, Patiala: 18,972, Pathankot: 2,327, Ropar: 1,582 and STA: 22,448

⁴ Jalandhar: 809, Patiala: 1,234, Pathankot: 490, Ropar: 235 and STA: 636

⁵ As the data did not contain information to ascertain its validity of forty-five days applicable for fully built vehicles, audit adopted a conservative audit approach and treated validity of six months in all the cases.

permanent registrations after expiry of temporary registrations is shown in Chart 2.1.

Chart 2.1: Delay in applying for permanent registrations after expiry of temporary registrations



Despite having access to real-time information available through MIS report on VAHAN, the Department failed to leverage it to take proactive action. This underscores a critical gap in utilising advanced digital tools for efficient monitoring and enforcement.

On being pointed out, the Department stated (April 2025) that instructions have been issued to all the RTOs to get the vehicles registered keeping in view the statutory provision and ensure strict compliance. The Department further stated that SMS is also sent by the VAHAN portal to the concerned for timely registration of vehicle.

2.7.1.2 Discrepancies in the registration of motor vehicles

Rule 122 of Central Motor Vehicles Rules, 1989 provides for assigning unique chassis number and engine number to the manufactured motor vehicles. These unique numbers are crucial for identification of vehicles.

Audit analysed the data of 'Registered Vehicles Report' downloaded from VAHAN in respect of selected four Regional Transport Offices for the period 2019-20 to 2023-24 and noticed (August 2024) that five unique engine numbers were used against 10 vehicles registered under the RTO Patiala. Out of these, in one case, engine number as well as chassis number was used for two vehicles. The case is explained below.

A two wheeler was registered in July 2019 with RTO Patiala with registration number PB11****72 having engine number H*1*E*J*M*7*4* and chassis number M*L*A*0*2*H*0*9*5. In the month of February 2020, RTO Patiala

registered another two wheeler with registration number PB11****49 having the same engine and chassis number.

These discrepancies highlight serious lapses in the registration process as well as raising concerns about the accuracy and reliability of the system itself as required validation checks in the VAHAN system appear to be missing which are necessary to avoid capturing duplicate data of engine and chassis number during registration of vehicles.

On being pointed out, the Department stated (April 2025) that presently duplication of data is not possible in VAHAN but data in pointed out case was entered in 2019 at the dealer's end. The matter will be enquired into to fix the responsibility.

2.7.1.3 Not renewing of certificates of fitness

Section 56(1) of the Motor Vehicles Act, 1988 states that a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness. As per Rule 62(1) of Central Motor Vehicles Rules, 1989, transport vehicles are required to undergo fitness test once every two years in case of vehicles up to eight years old and annually for vehicles older than eight years for renewal of certificate of fitness. In case of e-rickshaw and e-cart, the renewal period for certificates of fitness is three years.

Audit analysed the 'Fitness Expired Report' downloaded from the VAHAN in respect of selected four Regional Transport Offices and State Transport Authority for the period 2019-20 to 2023-24, and noticed that 6,665 vehicles⁶ with expired certificates of fitness had obtained 'Pollution Under Control Certificate' (PUC). Out of these, Audit test checked 90 vehicles⁷ and observed that PUCs in 40 cases⁸ were obtained by the vehicle owners after the dates of expiry of certificates of fitness leaving the impression that these vehicles may have plied on roads without renewing certificates of fitness. Movement of vehicles without obtaining certificates of fitness pose significant risks to public safety and environment and highlight lapses in monitoring by transport authorities.

Besides this, to ascertain the efficacy of enforcement mechanism, Audit analysed the records of 4,431 challans⁹ issued during the period 2019-20 to 2023-24 by one RTO and two RTAs for various violations and noticed that none out of objected vehicles was issued challans on this aspect.

On being pointed out, the Department stated (April 2025) that directions have been issued to RTOs and State Transport Authority to ensure compliance in the matter.

⁶ Jalandhar: 3,330, Patiala: 1,877 and STA: 1,458

⁷ 30 each in Jalandhar, Patiala and STA

⁸ Jalandhar: 14, Patiala: 13 and STA: 13

⁹ RTA Jalandhar: 1,866, RTA Patiala: 2,531 and RTO Jalandhar: 34

2.7.1.4 Certificates of fitness issued without clearance of motor vehicle tax

Rule 73 of the Central Motor Vehicles Rules, 1989 provides that an application for the grant or renewal of a certificate of fitness shall not be accepted unless the same is accompanied by a tax clearance certificate from the Regional Transport Officer or motor vehicle inspector having jurisdiction in the area to the effect that the vehicle is not in arrears of motor vehicle tax or any compounding fee.

Audit analysed the 'Fitness Issued Report' and 'Tax Defaulter Report' downloaded from the VAHAN in respect of selected four Regional Transport Offices and State Transport Authority for the period 2019-20 to 2023-24 and noticed that 209 instances¹⁰ involving 105 vehicles were in tax defaulters list where fitness certificates were issued. Out of these, Audit examined the vehicle history of 39 vehicles and found that fitness certificates in three vehicles under RTO Patiala were applied and issued without clearing the tax arrears.

On being pointed out, the Department stated (April 2025) that presently VAHAN system have validation checks to ensure tax clearance before issue of fitness certificate and renewal is not possible without tax clearance. However, an enquiry had been marked, and disciplinary action would be taken against the delinquent officials.

2.7.1.5 Pendency and delay in issue of certificates of vehicle registrations

Section 40 of the Motor Vehicles Act, 1988 provides that every owner of a motor vehicle shall cause the vehicle to be registered by any registering authority in the State in whose jurisdiction he has the residence or place of business where the vehicle is normally kept. At the same time, Section 41(3) of the Act provides that the registering authority shall issue a certificate of registration in the name of the owner in the prescribed form. The time limit for issue of certificate of registration is 21 working days as notified¹¹ by the Department of Governance Reforms, Government of Punjab in February 2019.

[A] ***Delay in issue of certificate of vehicle registration:*** Audit analysed the 'Approve Transaction Report' downloaded from the VAHAN in respect of selected four Regional Transport Offices and State Transport Authority for the period 2019-20 to 2023-24 and noticed that registration against 24,622 new vehicles was approved with delays after the stipulated timeline of 21 working days¹² from date of payment of fee/tax.

Audit test checked transaction history of 150 vehicles and noticed an average delay of 72 days, with a maximum delay of 543 days in issue of certificate of

¹⁰ Jalandhar: 4, Patiala: 7 and STA: 198

¹¹ Notification No. 5/7/2018-2GR/152 dated 5 February 2019

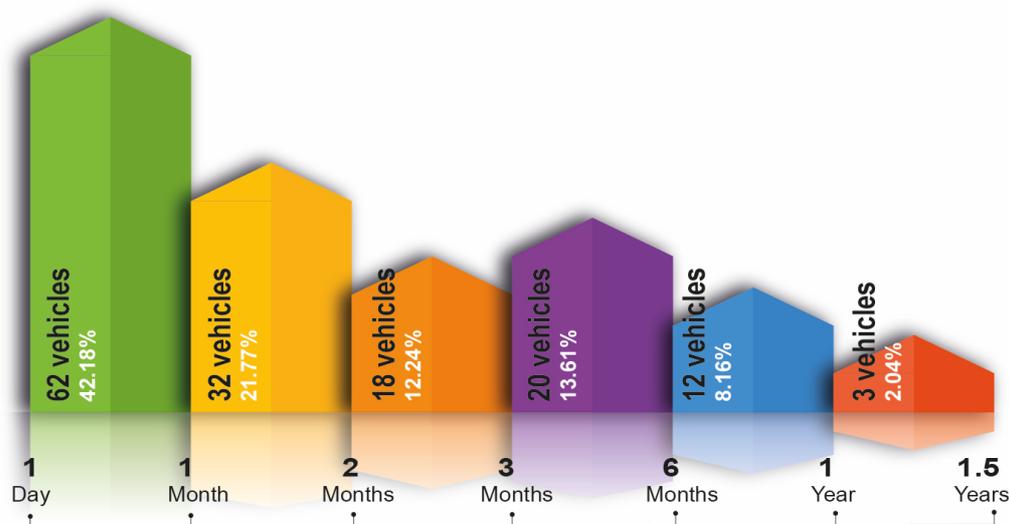
¹² Delay has been worked out by allowing 30 days on account of holidays/weekend

registration against 147 vehicles¹³. The delays are detailed in **Table 2.2** and graphical presentation is shown in **Chart 2.2** below.

Table 2.2: Regional Transport Office wise delay in issue of vehicle registrations

Delay	Jalandhar	Patiala	Pathankot	Ropar	State Transport Authority	Total
1 to 30 days	10	0	18	13	21	62
31 to 60 days	7	11	5	4	5	32
61 to 90 days	5	5	1	5	2	18
91 to 180 days	5	7	2	5	1	20
181 to 365 days	2	4	3	3	0	12
More than 365 days	1	2	0	0	0	3

Chart 2.2: Delay in issue of vehicle registrations



[B] Pendency in issue of certificate of vehicle registration: Audit analysed the ‘Registered Vehicles Report’ downloaded from the VAHAN in respect of selected four Regional Transport Offices and State Transport Authority for the period 2019-20 to 2023-24 and noticed that status of registration in 3,089 cases was shown as ‘Registration number generated, approval in progress’, implying that the approval of these registration certificates was pending.

Of these, the Audit test checked vehicle history of 150 vehicles¹⁴ and found that registration certificates for 96 vehicles¹⁵ were pending for approval for an average of 739 days, with a maximum of 4,966 days. The registration certificates against remaining 54 vehicles¹⁶ had been approved by the time audit examination of vehicle history was completed. The time range for pendency as on dates of Audit is shown in **Chart 2.3**.

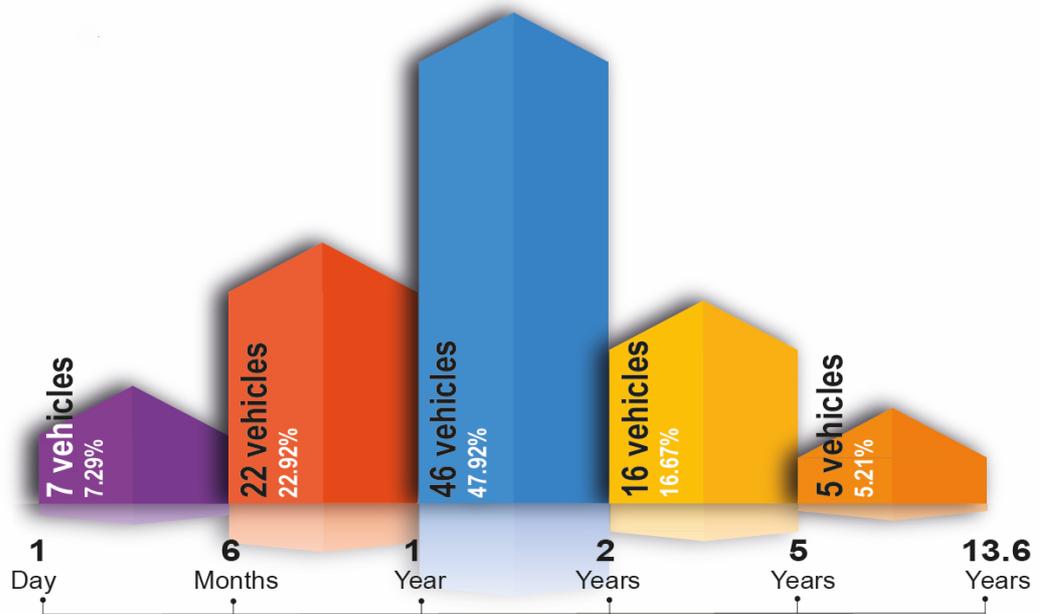
¹³ Jalandhar: 30, Pathankot: 29, Patiala: 29, Ropar: 30 and STA: 29

¹⁴ 30 each in four RTOs and STA

¹⁵ Jalandhar: 22, Patiala: 19, Pathankot: 23, Ropar 19 and STA: 13

¹⁶ Jalandhar: 8, Patiala: 11, Pathankot: 7, Ropar: 11 and STA: 17

Chart 2.3: Pendency in issue of certificate of vehicle registration



On being pointed out, the Department replied (April 2025) that the modalities of deemed approval were being worked out besides regular monitoring in order to facilitate citizens.

2.7.1.6 Grant of permits beyond permissible period

Rule 88(1) of the Central Motor Vehicles Rules, 1989 provides that no national permit shall be granted in respect of a goods carriage, other than multi-axle vehicle, which is more than twelve years old at any point of time. Further as per Rule 88(2), national permit in case of multi-axle goods carriage cannot be granted for vehicle more than fifteen years old at any point of time.

Rule 88(3) provides that a national permit shall be deemed to be invalid from the date on which a goods carriage covered by the permit completes fifteen years in case of a multi-axle goods carriage and twelve years where the vehicle is other than a multi-axle goods carriage, unless such goods carriage is replaced.

[A] **Multi-axle Goods Carriages:** Audit analysed the 'Main Permit Valid Report' generated from VAHAN in respect of selected Regional Transport Offices and noticed that validity period of national permits in respect of 1,549 multi-axle goods carriage¹⁷ vehicles exceeded the period of fifteen years from the date of vehicle registration.

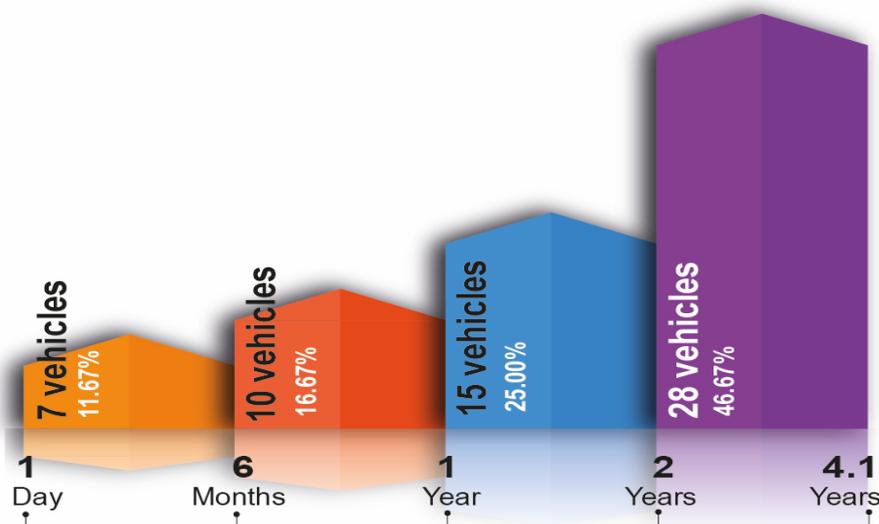
Audit test checked a sample of 60 vehicles¹⁸ and found (December 2024 to January 2025) that the validity period of national permits for these vehicles had exceeded by an average of 667 days, with a maximum of 1,498 days after fifteen

¹⁷ Jalandhar: 235 and Patiala: 1,314

¹⁸ 30 each in Jalandhar and Patiala

years of vehicle registration. The period of permits exceeding beyond 15 years of vehicle registration is shown in **Chart 2.4**.

Chart 2.4: Permits exceeding 15 years of vehicle registration



It was further seen that only two vehicles were surrendered in September 2024 and December 2024. Thus, grant of fresh or renewal of national permit with validity exceeding fifteen years from the date of registration of multi-axle goods carriage was in violation of the rules. Audit opines that VAHAN system may be made robust by incorporating adequate validation checks and controls to implement provisions of the motor vehicle rules efficiently and the permits ought to be invalidated in the system automatically in terms of Rule 88(3) of Central Motor Vehicles Rules, 1989.

On being pointed out, the Department replied (April 2025) that matter regarding deemed invalidation of permit on completion of maximum has been raised with the Ministry of Road Transport and Highways of India/National Informatics Centre.

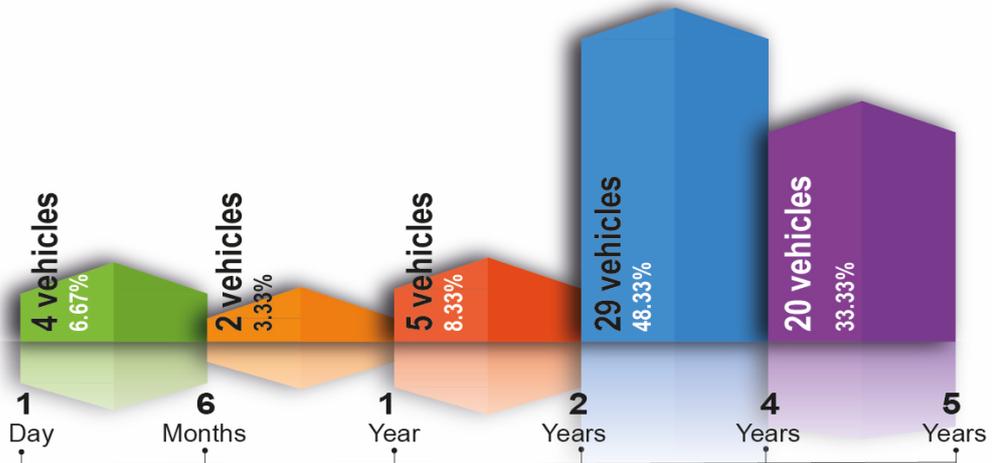
[B] Goods Carriages other than multi-axle: Audit analysed the ‘Main Permit Valid report’ generated from VAHAN in respect of selected Regional Transport Offices and noticed that validity period of national permits in respect of 970 goods carriage vehicles¹⁹ (other than multi-axle) exceeded the period of twelve years from the date of vehicle registration. It was further seen that period of twelve years from the date of vehicle registration had already expired in case of 37 goods carriage vehicles²⁰ even prior to start of validity of national permit, indicating that national permits in these cases were issued to the vehicles which had already exceed the permitted age of twelve years.

¹⁹ Jalandhar: 349 and Patiala: 621

²⁰ Jalandhar: 32 and Patiala: 5

Audit test checked a sample of 60 goods carriages²¹ and observed (November and December 2024) that the validity period of national permits for these goods vehicles had exceeded by an average of 1,127 days, with a maximum of 1,823 days after twelve years of vehicle registration. The period of permits exceeding beyond 12 years of vehicle registrations is shown in **Chart 2.5**.

Chart 2.5: Permits exceeding 12 years of vehicle registrations



It was further seen from the vehicle history of above vehicles that the national permits of only two goods carriages were surrendered in September 2024 and November 2024. Thus, grant or renewal of national permit with validity exceeding twelve years from the date of registration of goods carriage vehicles (other than multi-axle) was in violation of the rules. Audit opines that VAHAN system should have adequate validation checks and controls to implement provisions of motor vehicle rules efficiently. In case of goods carriage vehicles (other than multi-axle) exceed 12 years of age, the permits shall not be allowed to be issued or renewed. Further, in case where goods carriage owners fail to replace the vehicle after 12 years of age of vehicle, the permits shall be invalidated in the system automatically in terms of Rule 88(3) of Central Motor Vehicles Rules, 1989.

On being pointed out, the Department replied (April 2025) that matter regarding deemed invalidation of permit on completion of maximum has been raised with the Ministry of Road Transport and Highways of India/National Informatics Centre.

[C] **Tourist permits:** Rule 82(2)(a) of the Central Motor Vehicles Rules, 1989 and Rule 11 of the Motor Vehicles (All India Permit for Tourist Transport Operators) Rules, 1993 provide 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 the case of motor cab and eight years where the motor vehicle is other than a motor cab, unless the motor vehicle is replaced. The

²¹ 30 each in Jalandhar and Patiala

period of nine or eight years shall be computed from the date of initial registration of the tourist vehicle concerned.

Rule 4(5) of the All-India Tourist Vehicles (Authorisation or Permit) Rules, 2021 which superseded the Motor Vehicles (All India Permit for Tourist Transport Operators) Rules, 1993 effective from 1 April 2021, provides that permit shall not be granted to a tourist vehicle after the completion of twelve years from the date of first registration of the vehicle. Subsequently, All India Tourist Vehicles (Authorisation or Permit) Rules, 2021 was superseded by All India Tourist Vehicles (Permit) Rules, 2023 in April 2023 effective from 1 May 2023, which also maintained the provision of twelve years.

Audit analysed the ‘Main Permit Valid Report’ generated from VAHAN in respect of State Transport Authority and noticed (January 2025) that 89 permits as detailed in **Table 2.3** were issued beyond permissible period.

Table 2.3: Issue of tourist permits beyond permissible period of registrations

Permissible period	No of permits exceeding permissible period	Beyond permissible period		
		Time Range	Permits	Per cent
12 years from registration	43	Up to 3 months	22	51.16
		Above 3 months and up to 6 months	12	27.91
		Above 6 months and up to 1 year	6	13.95
		Beyond 1 year	3	6.98
9 years from registration	37	Up to 3 months	34	91.89
		Above 3 months and up to 1 year	2	5.41
		Beyond 1 year	1	2.70
8 years from registration	9	Up to 3 months	1	11.11
		Above 3 months and up to 1 year	1	11.11
		Beyond 1 year	7	77.78
Total	89			

Grant of permits to tourist vehicles beyond permissible period was in contravention of the rules.

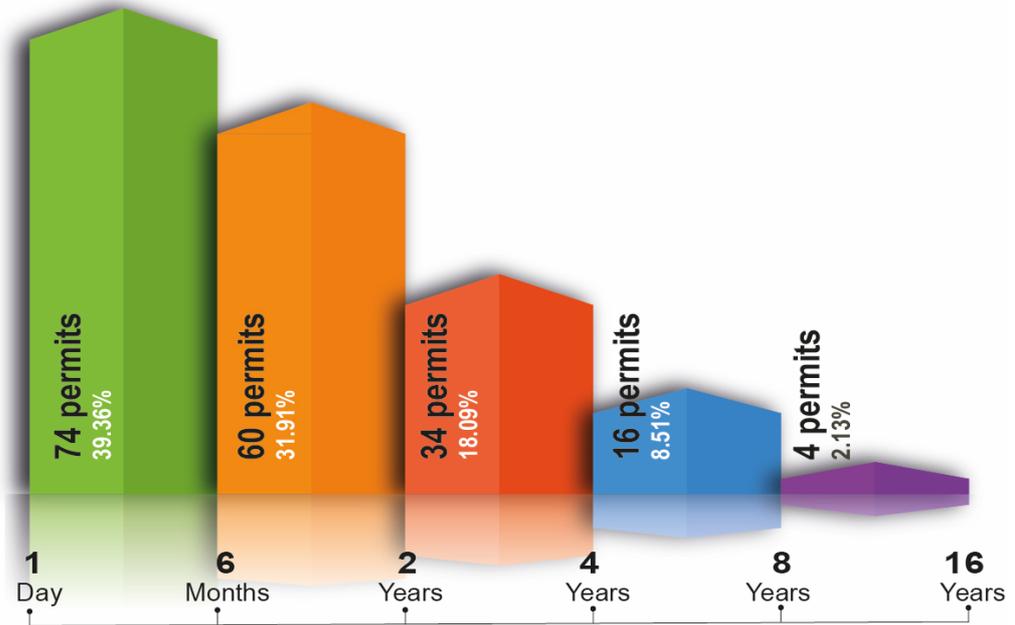
On being pointed out, the Department replied (April 2025) that matter regarding deemed invalidation of permit on completion of maximum permissible period has been raised with the Ministry of Road Transport and Highways of India/National Informatics Centre.

[D] Motor cabs, maxi cabs and three-wheeler-auto rickshaws permits: As per Rule 68C of the Punjab Motor Vehicle Rules, 1989, the maximum period for operation of transport vehicles under the category of motor cabs (taxis), maxi cabs, and three-wheeler-auto rickshaws is fifteen years.

Audit analysed the ‘Main Permit Valid Report’ generated from VAHAN for sample Regional Transport Offices and noticed (July to November 2024) that in 188 cases, the validity of permits exceeded beyond 15 years from the date of registration. The average time beyond 15 years in these cases was 572 days,

with a maximum of 5,721 days. A graphical presentation for permits exceeding 15 years from the dates of registrations is shown in **Chart 2.6**.

Chart 2.6 Permits exceeding 15 years from the date of registration



Out of above, 12 cases were such cases where permit was issued after expiry of the registration validity period. Thus, grant or renewal of permits beyond permissible period was in violation of motor vehicle rules and at the same time, the VAHAN system also failed to validate the age of the vehicles at the time of grant or renewal of permits.

On being pointed out, the Department replied (April 2025) that the required validation had been implemented in VAHAN 4.0. Besides this, instructions have been issued to concerned RTOs to cancel the permit as per rules.

2.7.1.7 Grant or renewal of permits without valid fitness certificates

As per conditions prescribed under Section 84(a) of the Motor Vehicles Act, 1988, a vehicle shall carry valid certificate of fitness to which permit relates.

Audit analysed the 'Permit Issued Report' and 'Fitness Expired Report' generated from VAHAN in respect of sample Regional Transport Offices for the period from 2019-20 to 2023-24 and noticed (August 2024) that eight motor vehicles under RTO Patiala were issued permits, whose fitness certificates had already expired prior to the date of issue of permits. Thus, grant or renewal of permits in respect of vehicles whose fitness certificate had expired, was not in harmony with the provisions of the Act. At the same time, the VAHAN system was deficient in validating this aspect at the time of grant or renewal of permits.

On being pointed out, the Department replied (April 2025) that matter would be taken up with National Informatics Centre to make necessary provisions in the VAHAN to ensure that issue or renewal of permit is granted with valid fitness

certificate. Besides, an enquiry has been marked and disciplinary action would be taken against the delinquent officials.

2.7.1.8 Not applying for permits for newly registered transport vehicles

Section 66(1) of the Motor Vehicles Act, 1988 provides that no owner of a motor vehicle, except category of vehicles²² mentioned under Section 66(3) of the Act, shall use or permit the use of the vehicle as a transport vehicle in any public place. Further, plying a vehicle without permit is punishable offence under Section 192A of the Act. The first offence is punishable with a fine and imprisonment for a term which may extend to six months. The subsequent offence is punishable with imprisonment which may extend to one year but shall not be less than six months or with fine or both.

Rule 67 and Rule 68 of the Punjab Motor Vehicles Rules, 1989, provide for payment of application fee and permit fee at the prescribed rates²³ for the issue of various categories of transport vehicles.

Audit analysed the 'Registered Vehicles Without Permit' downloaded from the VAHAN for the period 2019-20 to 2023-24 in respect of selected Regional Transport Offices and State Transport Authority and noticed that owners of 1,028 transport vehicles²⁴ had not applied for permits after the registration of vehicles.

Audit test checked the vehicle history of 90 sample vehicles²⁵ and observed that the owners of 81 vehicles²⁶ had not applied for permits even after an average gap of 934 days, with a maximum of 1,940 days from the date of their registrations. The revenue implication on account of not payment of permit fee and application fee in these cases was ₹ 3.76 lakh²⁷.

Further analysis of a sample of 90 vehicles showed that motor vehicle tax was paid by owner of 37 vehicles at the time of registration and owner of 44 vehicles paid the taxes continuously after the registration. The deposit of motor vehicle tax by the owners of these vehicles indicated that the vehicles were put to use without having mandatory permits. Not applying for mandatory permits by the owners of transport vehicles was indicative of inefficient monitoring and enforcement by the Department.

²² Vehicles owned by Central Government, State Government and used for Government purposes unconnected with any commercial enterprise, transport vehicle owned by local authority, transport vehicle used solely for police, fire brigade, ambulance, conveyance of corpses and the mourners, any goods vehicle the gross vehicle weight of which does not exceed 3,000 kgs etc. Further, e-carts and e-rickshaws used for the purpose of carriage of goods and passengers are also exempt from the requirement of permit.

²³ **Stage carriage big bus:** Application fee ₹ 10,000 and Permit fee ₹ 5,000; **Goods carriage:** Application fee ₹ 200 and Permit fee ₹ 2,700; **Mini-bus:** Application fee ₹ 1,500 and Permit fee ₹ 3,750; **Maxi cab:** Application fee ₹ 400 and Permit fee ₹ 4,000; **Motor cab:** Application fee ₹ 200 and Permit fee ₹ 4,000; **Three-wheeler auto rickshaw:** Application fee ₹ 100 and Permit fee ₹ 1,500.

²⁴ Jalandhar: 266, Patiala: 376 and STA: 386

²⁵ 30 each in Jalandhar, Patiala and STA

²⁶ Jalandhar: 25, Patiala: 28 and STA: 28

²⁷ Jalandhar: ₹ 1.12 lakh, Patiala: ₹ 1.46 lakh and STA: ₹ 1.18 lakh

Besides this, to ascertain the efficacy of enforcement mechanism, Audit analysed the records of 4,431 challans²⁸ issued during the period 2019-20 to 2023-24 by one RTO and two RTAs for various violations and noticed that out of 81 sampled vehicles, only one vehicle²⁹ was issued challan for carrying passengers without having permit.

On being pointed out, the Department replied (April 2025) that they were working on creating a module with the help of National Informatics Centre to award permit certificate prior to issue of registration certificate.

2.7.1.9 Not renewing of permits of transport vehicles

Section 81 of the Motor Vehicles Act, 1988 provides that a permit remains valid for five years from the date of issue or renewal thereof, and Rule 80(3) of the Punjab Motor Vehicles Rules, 1989 requires that permit shall be surrendered within fourteen days after its expiry.

Audit cross examined the data of 'Permit Expired Report', 'Tax Paid Report' and 'PUCC Report' generated from VAHAN in respect of selected Regional Transport Offices and State Transport Authority for the period from 2019-20 to 2023-24 and noticed that out of 7,370 vehicles³⁰ with expired permits, 2,075 vehicles³¹ had either paid motor vehicle tax or obtained Pollution Under Control Certificate after the expiry of permit indicating possibility of use of vehicles on road.

Audit test checked a sample of 90 vehicles³² and observed (August 2024 to January 2025) from the vehicle history that owner of 63 vehicles³³ had either paid motor vehicle tax or obtained Pollution Under Control Certificate after expiry of permit. Plying of vehicles without permit was not only violation of motor vehicle rules but these cases also involved a revenue implication of ₹ 4.64 lakh³⁴ on account of not-payment of permit renewal fee.

To ascertain the efficacy of enforcement mechanism, Audit analysed the records of 4,431 challans³⁵ issued during the period 2019-20 to 2023-24 by one RTO and two RTAs for various violations and noticed that none out of 90 sample vehicles was issued challan on account of this offense.

On being pointed out, the Department stated (April 2025) that the onus of renewal of permit lies on the permit holder. In case of delay, the Department charges penalty. However, National Informatics Centre has been requested to send reminder SMS to such permit holders.

²⁸ RTA Jalandhar: 1,866, RTA Patiala: 2,531 and RTO Jalandhar: 34

²⁹ Challan No. 222843 dated 28 June 2021 by RTA Patiala

³⁰ Jalandhar: 2,328, Patiala: 2,387 and STA: 2,655

³¹ Jalandhar: 622, Patiala: 514 and STA: 939

³² 30 each in Jalandhar, Patiala and STA

³³ Jalandhar: 17, Patiala: 24 and STA: 22

³⁴ Jalandhar: ₹ 1.60 lakh, Patiala: ₹ 1.67 lakh and STA: ₹ 1.37 lakh

³⁵ RTA Jalandhar: 1,866, RTA Patiala: 2,531 and RTO Jalandhar: 34

2.7.1.10 Manual processing of permits out of VAHAN system

VAHAN is a flagship application under the e-Transport Mission Mode Project, related to vehicle registration, permit, taxation, fitness and allied processes. Further, VAHAN is a centralised, web enabled application, facilitating easy web-based access to all RTOs, dealers, citizens, transporters and various other stakeholders, while configurability of the application allows addressing the State specific customisations.

During scrutiny of records of Regional Transport Authorities of Patiala and Jalandhar for the period 2019-20 to 2023-24, it was noticed (January 2025) that the stage carriage permits were granted to the operators manually out of VAHAN system, thereby not harnessing the benefits of VAHAN besides unavailability of electronic services to the stage carriage operators for permits. The manual processing of permits, instead of leveraging VAHAN portal undermines the potential benefits of digitalisation in streamlining operations and improving public service delivery.

On being pointed out, the Department assured (April 2025) that it would make necessary coordination with the State Transport Undertaking and other States to check the modalities keeping in view the complexity of operations and involvement of various players.

2.7.2 Licenses

A driver's license is an official government-issued document that grants a person the legal authority to operate a motor vehicle on public roads. It serves as both proof of identity and permission to drive. Audit findings on discrepancies in issue of licenses are discussed in the sub-paragraphs below.

2.7.2.1 Discrepancies in the issue of learner's licences

Rule 4 of the Central Motor Vehicles Rules, 1989 provides that every applicant for the issue of a licence shall produce as evidence of his address and age documents in original or relevant extracts thereof duly self-attested.

Rule 5(1) of the Central Motor Vehicles Rules, 1989 provides that every application for the issue of a learner's licence or a driving licence or for making addition of another class or description of a motor vehicle to a driving licence or for renewal of a driving licence to drive a vehicle other than a transport vehicle shall include a self-declaration for physical fitness. In the case of transport vehicles, every such application shall be accompanied by a medical certificate issued electronically on the portal by a registered medical practitioner. The medical certificate includes applicant's colour vision to examine colour blindness.

Audit analysed a sample of 120 cases³⁶ of learner's licences from the 'MIS Reports on Applications' downloaded from the SARATHI portal in respect of

³⁶ 30 learner's licences each in selected RTOs

selected four Regional Transport Offices for the period 2019-20 to 2023-24 and noticed (August to December 2024) the following discrepancies in test checked cases:

- In 17 cases (14.17 *per cent*) under four RTOs³⁷, evidence of address and age was not available on records.
- 30 applicants (25.00 *per cent*) under two RTOs³⁸ did not fill in details in self-declaration form for physical fitness and in one case (0.83 *per cent*) of Patiala³⁹, self-declaration form was not available on records.
- In four cases (3.33 *per cent*) under two RTOs⁴⁰, the required electronic medical certificate for the issue of transport driving licence was not available. However, these applications were accompanied with manually issued medical certificates but required vision test certificate was not included in the certificates.
- In one case (0.83 *per cent*) under RTO Pathankot⁴¹, the medical certificate was not available on records.
- In four cases (3.33 *per cent*) of transport vehicles under RTO Jalandhar⁴², the medical certificate was not signed by the registered medical practitioner.

On being pointed out, the Department replied (April 2025) that issue regarding evidence of address and age has been resolved for future as Aadhar-based seeding of learning license applications has been implemented. Further, the matter regarding electronic generation of medical certificates for learning licenses has been taken up with the National Informatics Centre. Additionally, instructions have been issued to the RTOs concerned to obtain necessary documents where deficiencies exist.

2.7.2.2 Discrepancies in the issue of fresh driving licenses

Rule 14(1) of the Central Motor Vehicles Rules, 1989 inter-alia provides that an application for a driving license shall be made in prescribed form and shall be accompanied by an effective learner's licence to drive the vehicle of the type to which the application relates. The timeline for issue of driving licence was seven working days as notified by Department of Governance Reforms, Government of Punjab in February 2019.

Audit analysed a sample of 120 cases⁴³ of driving licences from the 'MIS Reports on Applications' downloaded from the SARATHI portal in respect of selected four Regional Transport Offices for the period 2019-20 to 2023-24 and

³⁷ Jalandhar: 6, Pathankot: 7, Patiala: 3 and Ropar: 1

³⁸ Patiala: 15 and Ropar: 15

³⁹ Application No. 856185220 dated 27 February 2020

⁴⁰ RTO Patiala: 3 (Application No. 1290744123, 3811845322 and 4563578123) and RTO Ropar: 1 (Application No. 477013924)

⁴¹ Application No. 4043447323 dated 20 October 2023

⁴² RTO Jalandhar-Application No. 1808585119, 1932558220, 2631178319 and 2849493220

⁴³ 30 applications each in selected RTOs

noticed (August 2024 to January 2025) following discrepancies in test checked cases:

- In 89 cases (74.16 *per cent*) under three RTOs⁴⁴, self-declaration on physical fitness was not submitted.
- In seven cases (5.83 *per cent*) under two RTOs⁴⁵, the learning licences had already expired prior to the date of submission of applications for grant of regular driving licences.
- In 60 cases (50.00 *per cent*) under four RTOs⁴⁶, there was delay in issue of licences after stipulated time of seven working days. In these cases, average delay was 53 days, with a maximum delay of 980 days as detailed in **Table 2.4**.

Table 2.4: Delay in issue of licences

Delay range	Number of licences
Up to 1 month	42
1 - 3 months	15
Beyond 3 months	3

On being pointed out, the Department replied (April 2025) that instructions have been issued to concerned RTOs to obtain necessary deficient documents. In respect of application for regular driving licenses after expiry of learning licenses, the Department stated that system has already necessary checks to ensure submission of applications within stipulated period. The Department further informed that regular monitoring of pendency of driving licenses was being done at Headquarters level and modalities for deemed approval were being worked out to facilitate the citizens.

The reply of the Department about application for regular driving licenses after expiry of learning licenses was not in line with the facts presented by the audit, wherein applications were made beyond the validity of learning licenses.

2.7.2.3 Discrepancies in the renewal of driving licences

Rule 18(1) of the Central Motor Vehicles Rules, 1989 provides that an application for the renewal of a driving licence shall be accompanied by appropriate fee, applicant's recent passport size photograph, expiring driving licence, medical certificate in case of applicant has attained the age of forty years or medical certificate in electronic form on portal in case of transport vehicle, and certificate of fuel efficient driving training in case of heavy goods or heavy passenger motor vehicle. The time prescribed for renewal of a driving licence is seven days as per notification issued on 5 February 2019 by the Department of Governance Reforms, Government of Punjab.

⁴⁴ Jalandhar: 29, Patiala: 30 and Ropar: 30

⁴⁵ Pathankot: 1 and Ropar: 6

⁴⁶ Jalandhar: 19, Pathankot: 14, Patiala: 15 and Ropar: 12

Audit analysed a sample of 120 cases⁴⁷ of renewal of licences from the ‘MIS Reports on Applications’ downloaded from the SARATHI portal in respect of selected four Regional Transport Offices for the period 2019-20 to 2023-24 and noticed (August 2024 to February 2025) following discrepancies in the test checked cases:

- One⁴⁸ application (0.83 per cent) under RTO Ropar was not signed by the applicant.
- Medical certificates in five cases (4.17 per cent) under three RTOs⁴⁹ were not available on record.
- Vision testing details in 32 cases (26.67 per cent) under three RTOs⁵⁰ were not available in the medical certificates.
- Physical fitness declarations in 69 cases (57.50 per cent) under three RTOs⁵¹ were not provided by the applicants.
- There was a delay in 36 cases under four RTOs⁵² in issue of licences after the stipulated period of seven working days. In these cases, average delay was 175 days, with a maximum delay of 1,506 days. The delays are detailed in **Table 2.5**.

Table 2.5: Delay in issue of licences

Delay range	Number of licences
Up to 1 month	21
1 - 3 months	10
Beyond 3 months	5

On being pointed out, the Department replied (April 2025) that instructions have been issued to RTOs to obtain necessary documents and the National Informatics Centre had been asked to develop a module for electronic generation of medical certificates. Regarding delay in dispatch of approvals, the Department stated that modalities of deemed approval are also being worked out, besides regular monitoring.

2.7.2.4 Grant of driving licence to person already holding licence

Section 6(1) of the Motor Vehicles Act, 1988 provides that no person shall hold any driving licence for the time being in force, while he holds any other driving licence except a learner’s licence or a driving licence to drive motor vehicles belonging to the Central Government.

Audit analysed the ‘MIS Reports on Applications’ downloaded from the SARATHI portal in respect of selected four Regional Transport Offices for the

⁴⁷ 30 cases each in selected RTOs

⁴⁸ Application No. 3751160623 under RTO Ropar

⁴⁹ RTO Jalandhar: 1 (Application No. 3242898521); RTO Pathankot: 2 (Application No. 750600221 and 2297122720) and RTO Ropar: 2 (Application No. 2911324121 and 730975121)

⁵⁰ Pathankot: 17, Patiala: 1 and Ropar: 14

⁵¹ Pathankot: 26, Patiala: 21 and Ropar: 22

⁵² Jalandhar: 16, Pathankot: 3, Patiala: 13 and Ropar: 4

period 2019-20 to 2023-24 and noticed (September 2024 to February 2025) that driving licenses to 214 such persons⁵³ were issued, who were already holding driving licences. This was in contravention to the provisions of the Act and the SARATHI system was deficient in preventing the grant of driving licence to a person who was already holding another driving licence.

On being pointed out, the Department replied (April 2025) that the concerned RTOs have been instructed to remove the discrepancies highlighted by the Audit. The Department further replied that necessary validation checks were in place in the SARATHI software and now software does not accept such applications. However, the date of implementation of such validation checks was not informed to the Audit.

2.7.2.5 Grant of conductor's licences

Rule 22(1) of the Punjab Motor Vehicles Rules, 1989 provides that an application for the grant of a conductor's licence shall be accompanied by a medical certificate of fitness from a registered medical practitioner authorised by the State Transport Commissioner on the recommendations of the Chief Medical Officer of the district concerned. Further, Rule 22(3) provides that no person shall be eligible to make application for the grant of conductor's licence, unless he, *inter-alia* is a matriculate with Punjabi as one of the subject and gives satisfactory proof of his good character.

Audit analysed a sample of 60 cases⁵⁴ of grant of conductor's licences from the 'MIS Reports on Applications' downloaded from the SARATHI portal in respect of selected four Regional Transport Offices for the period 2019-20 to 2023-24 and noticed (August 2024 and February 2025) the following discrepancies in the test checked cases.

- In three⁵⁵ cases (5.00 *per cent*) under RTO Jalandhar, the applicants had not passed matriculation with Punjabi as one of the subjects.
- Medical certificate of fitness in one case (1.67 *per cent*) under RTO⁵⁶ Patiala was not available in records.
- Matriculation certificates in four cases (6.67 *per cent*) under two RTOs⁵⁷ were not available to ascertain their qualification.
- Character certificates in 40 cases (66.67 *per cent*) under two RTOs⁵⁸ were not available on records.

In exit conference, the Department replied that State Government was working on revamping the notification regarding use of only such medical certificates

⁵³ Jalandhar: 22, Pathankot: 82, Patiala: 88 and Ropar: 22

⁵⁴ 30 cases each in Jalandhar and Patiala

⁵⁵ Application No. 949372421, 990985819 and 1643096218

⁵⁶ Application No. 1453490719 dated 22 May 2019

⁵⁷ RTO Jalandhar: Application No. 4161002421 and RTO Patiala: Application No. 3320950019, 4183512421 and 4733379122

⁵⁸ Jalandhar: 11 and Patiala: 29

which were issued by Government-run hospitals. Additionally, the Department stated (April 2025) that instructions have been issued to the concerned RTOs to obtain necessary documents from the applicants

2.7.2.6 Not issuing of conductor's badge

Rule 29(1) of the Punjab Motor Vehicles Rules, 1989 provides that the conductor of a stage carriage shall display a metal badge issued by the licencing authority, on his chest inscribed with the name of the licensing authority by whom the conductor's licence is granted and the word 'conductor' together with the identification number.

During the years 2019-20 to 2023-24, 2,961 conductor licenses under two RTOs were issued. Audit observed (August 2024 to December 2024) that badges were not issued in 2,879 cases under RTO Patiala. Further, the status of the remaining 82 cases under RTO Jalandhar could not be ascertained as no reply was furnished to audit though called for.

On being pointed out, the Department replied (April 2025) that the matter has been taken up with the National Informatics Centre to incorporate Conductor's badge service in Conductor's Licenses. Further, instructions have been issued to the concerned RTOs to ensure compliance with the points highlighted by the Audit.

2.7.2.7 Grant of driving school licences

Rule 24(1) of the Central Motor Vehicles Rules, 1989 provides that no person shall establish or maintain any driving school or establishment for imparting instructions for hire or reward in driving motor vehicles without a licence granted by the licensing authority. Further, Rule 24(2) *ibid* provides that an application for the grant of a driving school licence shall be made in a prescribed form to the licensing authority having jurisdiction in the area in which the school or establishment is situated.

Rule 24(3)(viii) of the Central Motor Vehicles Rules, 1989 provides that licensee of driving school or any member of the staff employed by him for imparting instructions should possess the minimum educational qualification of 10th standard and minimum driving experience of five years in addition to a certificate in a course in motor mechanics or any other higher education in mechanical engineering from an institution established by the Central or a State Government or from an institution recognised by the board of technical education of a State Government.

Audit analysed the 'MIS Reports on Applications' downloaded from the SARATHI portal in respect of selected four Regional Transport Offices for the period 2019-20 to 2023-24 and noticed (August 2024 to February 2025) that

31 applications for driving school licences were approved under two RTOs⁵⁹. Scrutiny of these cases revealed following discrepancies.

- In all cases, the applicants did not fill in vital particulars such as father's/husband's name, address, place of business, nature and extent of facilities available, qualifications of staff engaged for imparting instructions, make and model of engine to be used for training purposes, details of the registration of the vehicles used for imparting driving instructions and fee paid.
- 30 applicants⁶⁰ did not sign their applications.
- Proof of minimum educational qualification of 10th standard was not available in 27 applications.
- Proof of driving experience was not available in 26 applications⁶¹.

On being pointed out, the Department stated (April 2025) that necessary instructions have been issued to the concerned RTOs to obtain the relevant documents and disciplinary action would be taken for lapses in monitoring the functioning of driving schools' licenses.

2.7.2.8 Endorsement in driving licences to drive another class of vehicle

Rule 5(1) of the Central Motor Vehicles Rules, 1989 provides that every application for making addition of another class or description of a motor vehicle to a driving licence shall include a self-declaration for physical fitness or a medical certificate issued electronically⁶² on the portal by a registered medical practitioner in case of transport vehicle. Further, Rule 17(1) provides that such application shall be accompanied by applicable fee, an effective learner's licence, driving licence and driving certificate in case of an application for addition of a transport vehicle excluding e-rickshaw or e-cart.

Audit analysed a sample of 120 cases⁶³ of endorsement in driving licences from the 'MIS Reports on Applications' downloaded from the SARATHI portal in respect of selected four Regional Transport Offices for the period 2019-20 to 2023-24 and noticed (August 2024 to February 2025) following discrepancies in the test checked cases.

- In two cases (1.67 *per cent*) under two RTOs⁶⁴, the learner's licences had already expired prior to submission of application for endorsement.

⁵⁹ RTO Jalandhar: 25 and RTO Patiala: 6

⁶⁰ RTO Jalandhar: 25 and RTO Patiala: 5

⁶¹ RTO Jalandhar: 25 and RTO Patiala: 1

⁶² Notification no. G.S.R. 240(E) dated 31 March 2021 (effective from 1 April 2021)

⁶³ 30 cases each in selected RTOs

⁶⁴ Application No. 104996321 dated 7 January 2021 under RTO Patiala: Learner's licence expired (19 August 2020) prior to submission of application (7 January 2021) and Application No. 3150447820 dated 29 October 2020 under RTO Ropar: Learner's licence expired (27 August 2020) prior to submission of application (29 October 2020)

- Medical certificates in 52 cases (43.33 per cent) under three RTOs⁶⁵ were not available on records.
- Driving certificates in 60 cases (50.00 per cent) under three RTOs⁶⁶ were not available on records.
- Self-declaration for physical fitness in 52 cases (43.33 per cent) under three RTOs⁶⁷ was not provided by the applicants.

The Department further stated (April 2025) that two cases of expired licenses were from the year 2020-21 and at present, necessary checks are in place in the SARATHI software to ensure that applications for regular license are not received beyond stipulated time. The Department also stated that instructions have been issued to the concerned RTOs to remove the discrepancies highlighted by the Audit.

2.7.2.9 Endorsement in driving licences for carrying goods of dangerous or hazardous nature to human life

Rule 9(1) of the Central Motor Vehicles Rules, 1989 provides that any person driving a goods carriage carrying goods of dangerous or hazardous nature to human life shall, in addition to being the holder of a driving licence to drive a transport vehicle, inter-alia also possess a certificate of having successfully passed a three-days course connected with the transport of such goods at any institute recognised by the State Government.

Audit observed (December 2024) that no institute was authorised in the State of Punjab to provide training to the applicants desirous of obtaining a license to drive a goods carriage carrying goods of dangerous or hazardous nature to human life.

In exit conference (February 2025), the Department stated that it was contemplating to get the State Government-run institutions to provide training to drivers regarding the transportation of goods carriage carrying hazardous materials. The Department also stated (April 2025) that the matter had already been taken up with the Government for recognition of institutes for providing course to drivers carrying goods of dangerous or hazardous nature. Besides, the Punjab Pollution Control Board would be consulted in framing the policy.

2.7.2.10 Shortcomings in the automated tracks for driving test

In the State of Punjab, automated tracks are under operation to conduct driving tests for the applicants desirous of obtaining a driver's licence. Such competency test is required to be conducted as per provisions of Rule 15 of the Central Motor Vehicles Rules, 1989.

It was seen in audit that there were four automated tracks for conducting driving tests in the selected RTOs. Joint inspections for these four automated tracks

⁶⁵ Jalandhar: 23, Patiala: 25 and Ropar: 4

⁶⁶ Jalandhar: 30, Patiala: 26 and Ropar: 4

⁶⁷ Pathankot: 13, Patiala: 17 and Ropar: 22

were conducted⁶⁸ by Audit between August and November 2024, which brought out following issues requiring attention of the Department for efficient and correct driving tests.

- Radio frequency identification readers were not available at the automated tracks to automatically track vehicle's movements and identify the driver during the test.
- Face recognition cameras were not installed at automated tracks to match the person taking driving test with the applicant.
- Video facilities for the guidance of applicants taking driving test were not available, however, charts and pictures were displayed at the automated tracks for the applicants to understand the driving test procedure.
- Track surface markings such as lines and arrows had faded.
- There was lack of cleanliness on the automated tracks.
- Driving tests on automated tracks under two RTOs⁶⁹ were not monitored by the Motor Vehicles Inspectors.
- Automated tracks under three RTOs⁷⁰ were damaged and had weeds grown over the surface.

On being pointed out, the Department replied (April 2025) that agreement of the vendor managing driving test tracks has been terminated. Further, Harnessing Automated Monitoring System will be implemented as a pilot project at the Automated Driving Test Track in Mohali to enhance transparency, accuracy, efficiency and eliminate human intervention in the driving test process through artificial intelligence (AI) and smart video analytics. To facilitate a better understanding of the test process, the Department stated that video displays would be installed. Moreover, recarpeting of the track and road markings have been carried out by PWD to ensure proper infrastructure.

2.7.2.11 Absence of training for e-rickshaw or e-cart drivers

Rule 8-A of the Central Motor Vehicles Rules, 1989 provides that every applicant for obtaining a license to drive e-rickshaw or e-cart shall undergo training for at least ten days and obtain a certificate of training from authorised institute. The curriculum for such training shall be prescribed by the State Government.

Audit observed (December 2024) that no institute was authorised in the State of Punjab to provide training to the applicants desirous of obtaining a license to drive e-rickshaw or e-cart. However, in three RTOs, it was seen that 160 such

⁶⁸ Jalandhar: 11 September 2024, Pathankot: 7 November 2024, Patiala: 23 August 2024 and Ropar: 24 September 2024

⁶⁹ Pathankot and Patiala

⁷⁰ Jalandhar, Pathankot and Patiala

licenses were issued⁷¹ to the applicants without undergoing the mandatory training required under the rules.

On being pointed out, the Department replied (April 2025) that it was coordinating with neighbouring states and the syllabus for imparting instruction in the driving of e-Rickshaw and e-Cart would be finalised and intimated to the Audit.

2.7.2.12 Short realisation of fee on issuance and renewal of conductor's licences

Section 30(5) of the Motor Vehicles Act, 1988 provides that fee for issue and renewal of a conductor's licence shall be one-half of that for a driving licence. The fee for issue and renewal of a driving licence has been fixed at the rate of ₹ 200 under Rule 32 of the Central Motor Vehicles Rules, 1989. As such, a fee of ₹ 100 is applicable for issue and renewal of a conductor's licence.

Audit analysed a sample of 121 cases (60 cases⁷² for issue and 61 cases⁷³ for renewal of conductor's licence) from the 'MIS Reports on Applications' downloaded from the SARATHI portal in respect of selected four Regional Transport Offices for the period 2019-20 to 2023-24 and noticed (January and February 2025) that the RTOs had charged fee at the rate of ₹ 50 for issue and renewal of conductor's licence against the applicable rate of ₹ 100 resulting in short realisation of fee of ₹ 6,050.

On being pointed out, the Department replied (April 2025) that the National Informatics Centre has been requested to update the rates and instructions have been issued to the concerned RTOs for recovery of the pending dues.

2.7.3 Levy and collection of motor vehicle tax

Tax on motor vehicles is one of the sources of tax revenue receipts of the State. The audit findings related to levy and collection of motor vehicle tax have been discussed in the succeeding sub-paragraphs.

2.7.3.1 Not/short realisation of motor vehicle tax

Section 3 of the Punjab Motor Vehicles Taxation Act, 1924 as amended by the Punjab Motor Vehicles Taxation (Amendment Act) 2007, provides for imposition of annual tax on every motor vehicle and empowers the State Government to fix the rates of motor vehicle tax. Further, in accordance with Section 3(iii) of the Punjab Social Security Act, 2018, a Social Security Surcharge at a rate of ten *per cent* on the tax for transportation vehicles is also leviable⁷⁴. The rates of motor vehicle taxes applicable to different categories of vehicles are detailed in **Appendix 2.1**.

⁷¹ RTO Jalandhar: 108; RTO Pathankot: 1 and RTO Patiala: 51

⁷² Jalandhar: 30 and Patiala: 30

⁷³ Jalandhar: 30, Patiala: 30 and Ropar: 1

⁷⁴ Notification No S.O./150/P.A.8/2018/S.3/2018 dated 22 October 2018

The Government of Punjab exempted⁷⁵ all types of transport vehicles from payment of motor vehicle tax from 23 March 2020 to 19 May 2020 on account of national lock down. Thereafter, an exemption⁷⁶ from payment of motor vehicle tax was allowed to all stage carriage buses, educational institutes and college buses, contract carriage vehicles (up to 16-seater) from 20 May 2020 to 31 December 2020. Buses registered under religious organisations were also exempted⁷⁷ from payment of motor vehicle tax from 23 March 2020 to 31 December 2020. Contract carriage (lesser than 16-seater) were exempted⁷⁸ from payment of motor vehicle tax from 1 April 2021 to 31 July 2021. Educational institutes/school/college and religious institute buses were further exempted⁷⁹ from payment of motor vehicle tax from 1 April 2021 to 31 October 2021. The stage carriage buses up to 2,500 allotted kilometres were given 100 *per cent* exemption⁸⁰ from payment of motor vehicle tax from 1 April 2021 to 31 July 2021.

Section 14-B of the Punjab Motor Vehicles Taxation Act, 1924 empowers any authorised officer of the Transport Department, not below the rank of Assistant District Transport Officer, to stop, seize and detain any vehicle for which tax due has not been paid.

Audit examination of sample 322 vehicles/operators under the selected RTOs for the period 2019-20 to 2023-24 revealed (August 2024 to February 2025) that motor vehicle tax of ₹ 55.99 crore was not realised from 221 vehicles/operators of various categories, as tax of only ₹ 109.80 crore was collected against the due tax of ₹ 165.79 crore⁸¹. A summary of unrealised motor vehicle tax is provided in **Table 2.6**.

Table 2.6: Details of unrealised motor vehicle tax

(₹ in crore)

Sr. No.	Category of vehicle	RTOs STA	Sample	Vehicles/Operators objected in Audit			
				No. of vehicle/ Operators	Amount due	Amount paid	Amount short paid
1.	Tourist Buses	One	30	30 ⁸²	2.97	0.90	2.07
2.	Maxi/Motor Cabs						
	Tourist Vehicles	One	30	19 ⁸³	0.02	0.01	0.01
	Contract Carriages	Four	65	33 ⁸⁴	0.06	0.02	0.04
3.	Goods Carriages	Three	84	59 ⁸⁵	0.41	0.24	0.17

⁷⁵ Notification No. 3/2/2011-2T2/589 dated 2 June 2020

⁷⁶ Notification No. 3/2/2011-2T2/1393 dated 15 December 2020 and 3/2/2011-2T2/1540 dated 29 December 2021

⁷⁷ Notification No. 3/2/2011-2T2/1540 dated 29 December 2021

⁷⁸ Notification No. 3/2/2011-2T2/1545 dated 29 December 2021

⁷⁹ Notification No. 3/2/2011-2T2/1545 dated 29 December 2021

⁸⁰ Notification No. 3/2/2011-2T2/1550 dated 29 December 2021

⁸¹ Including Social Security Surcharge

⁸² STA: 30 operators

⁸³ STA: 19 operators

⁸⁴ **Jalandhar:** 3 operators, **Pathankot:** 2 operators and **Patiala:** 28 operators

⁸⁵ **Jalandhar:** 30 operators and **Patiala:** 29 operators

(₹ in crore)

Sr. No.	Category of vehicle	RTOs STA	Sample	Vehicles/Operators objected in Audit			
				No. of vehicle/ Operators	Amount due	Amount paid	Amount short paid
4.	Private Service Vehicles	Three	61	48 ⁸⁶	0.41	0.19	0.22
5.	Stage Carriages ⁸⁷						
	Big Buses	Two	51	31 ⁸⁸	161.06	107.72	53.34
	Mini Buses	One	1	1 ⁸⁹	0.86	0.72	0.14
Total			322	221	165.79	109.80	55.99

To ascertain the efficacy of enforcement mechanism, Audit analysed 4,431 challans⁹⁰ issued during the period 2019-20 to 2023-24 by one RTO and two RTAs for various violations and noticed that RTA Jalandhar had issued challans to four⁹¹ vehicles for not-payment of motor vehicle tax.

On being pointed out, the Department replied (April 2025) that the concerned RTOs have been directed to recover the arrears. Besides this, messages will be triggered to the vehicle owners on their registered mobile numbers through the VAHAN portal to pay their dues and the Department is also focusing on strengthening the enforcement drive.

2.7.3.2 Short realisation of additional fee fixed for assigning registration marks of choice

Rule 42A of the Punjab Motor Vehicle Rules, 1989 provides that the Registering Authority shall assign a registration mark of choice to the owner of a motor vehicle on payment of such additional fee, as may be fixed by the Government. In October 2020, the Government notified⁹² additional fee for registration marks of choice as ₹ 5,000 when obtained from same district, where vehicle owner resides or has place of business where the vehicle is normally kept and ₹ 10,000 when obtained from another district. The registration marks of choice are available through Government portal⁹³.

Audit analysed a sample of 116 vehicles⁹⁴ from the 'Fancy/Advance Registration Fee Statement Report' downloaded from VAHAN in respect of four selected RTOs for the period from 2019-20 to 2023-24 and noticed (September 2024 to February 2025) that fee in respect of 76 vehicles⁹⁵ was paid at the rate of ₹ 5,000 instead of applicable rate of ₹ 10,000 at the time of

⁸⁶ Jalandhar: 19 operators; Pathankot: 1 operator and Patiala: 28 operators

⁸⁷ Data analysis of these vehicles with challan records could not be conducted due to not-mapping of permits with vehicles in VAHAN.

⁸⁸ Jalandhar: 15 and Patiala: 16

⁸⁹ Patiala: 1

⁹⁰ RTA Jalandhar: 1,866, RTA Patiala: 2,531 and RTO Jalandhar: 34

⁹¹ Challan No. 287423 dated 16 August 2019; Challan No. 288538 dated 30 September 2021; Challan No. 255649 dated 17 February 2020; and Challan No. 255650 dated 17 February 2020

⁹² Notification No. 10/51/2017-1T2/1163 dated 19 October 2020

⁹³ <https://fancy.parivahan.gov.in>

⁹⁴ Jalandhar: 30, Patiala: 30, Pathankot: 24 and Ropar: 32

⁹⁵ Jalandhar: 16, Patiala: 15, Pathankot: 17 and Ropar: 28

applying for registration mark of choice from another district. Thus, existing controls in VAHAN system were deficient which caused short realisation of fee amounting to ₹ 3.80 lakh.

On being pointed out, the Department replied (April 2025) that instructions have been issued to the RTOs for realisation of the pending amount. Besides this, the matter will be taken up with the National Informatics Centre for ensuring incorporation of necessary validation checks for the realisation of prescribed fee from the vehicles owners of other districts applying for a registration mark of choice in another district.

2.7.3.3 Interest not realised on delayed payments of tax

Section 11A(1) of the Punjab Motor Vehicles Taxation Act, 1924 provides for charging simple interest at the rate of one and a half *per cent* per month on the outstanding tax amount following the due date of payment of tax until the actual date of payment. In case of stage carriages, the tax is payable⁹⁶ at the end of every month.

Audit observed (August 2024) in RTO Patiala that PEPSU Roadways Transport Corporation paid motor vehicle tax amounting to ₹ 89.07 crore of stage carriage buses pertaining to the period 2019-20 to 2023-24 with delay ranging between seven and 1,013 days. However, interest amounting to ₹ 16.63 crore due on account of delayed payment of motor vehicle tax was not realised by the RTO.

On being pointed out, RTO Patiala stated (August 2024) that efforts would be made for the recovery of interest after verifying the records.

2.7.4 Internal controls and monitoring mechanism

Internal control and monitoring at various levels of governance enables the entity to identify key problems areas, constraints and managerial needs for improvement in the policy information, for effective allocation of resources. During this audit, deficiencies in internal controls and monitoring mechanism were noticed, which are discussed in the succeeding sub-paragraphs.

2.7.4.1 Lack of monitoring of motor vehicle dealers

The Department of Transport, Government of Punjab issued a notification⁹⁷ in July 2022 and authorised motor vehicle dealers having valid trade certificates to issue temporary or permanent registration certificates through VAHAN web portal as Special Registration Authorities while delivering the new motor vehicles to the purchaser at the time of first sale. As per terms and conditions at serial number 28 of notification, the motor vehicle dealers were required to submit a complete monthly report of new vehicles registered by them with relevant information on taxes, fees and any other charges deposited against each vehicle in office of the Registering Authority of his jurisdiction.

⁹⁶ Order No. 2/46/08-1T2/6873 dated 26 September 2008

⁹⁷ Notification No. 10/14/2022-1T2/705 dated 12 July 2022

As per 'Dealer Valid Report' generated from VAHAN in February 2025, there were 261 motor vehicle dealers⁹⁸ under the jurisdiction of four selected Regional Transport Authorities. Audit observed (July 2024 to January 2025) that motor vehicle dealers under the jurisdiction of RTOs of Jalandhar, Patiala and Ropar did not submit monthly reports of vehicles registered by them to the RTOs during the period from July 2022 to March 2024. Further, it was seen that concerned RTOs did not pursue the matter with motor vehicle dealers to submit monthly reports showing lack of monitoring of the motor vehicle dealers. In absence of monthly reports from the dealers, reconciliations of taxes, fees and other charges paid by the dealer with IFMS receipts were not being done by the Department. Status of monitoring by RTO Pathankot of the motor vehicle dealers could not be ascertained in audit as the relevant information was not made available to audit.

In addition to above, every motor vehicle dealer shall undergo financial audits, technical audits, workflow audits, inspections, including tax/fees surprise checks and physical stock audits by the Registering Authority or any other empowered officer as per terms and conditions at serial number 29 of notification *ibid*. However, it was seen that no such audits were conducted by the RTOs Patiala and Ropar. Status of audit by RTO, Pathankot could not be ascertained because relevant information sought in February 2025 was not made available.

In exit conference (February 2025), the Department stated that action against defaulting motor vehicle dealers had already been initiated by blocking them on VAHAN portal. The Department further replied (April 2025) that necessary instructions have been issued to the RTOs for ensuring audits and monitoring of the motor vehicle dealers.

2.7.4.2 Functioning of driving schools

Rule 27 of the Central Motor Vehicles Rules, 1989 prescribes general conditions to be observed by licensed driving schools. According to these conditions, the driving schools are required to maintain records in respect of students admitted during a year. The rule also provides for inspection of driving schools by licensing authority, or any person authorised for this purpose.

Out of selected Regional Transport Offices, only Patiala and Jalandhar have driving schools. Audit observed (August 2024) that RTO Patiala did not conduct inspection of driving schools during the audited period falling under its jurisdiction showing lack of monitoring of the driving schools by the RTO. However, RTO Jalandhar did not provide any reply regarding monitoring of driving schools under its jurisdiction.

On being pointed out, RTOs Jalandhar and Patiala replied (August 2024) that appropriate instructions would be issued to the Motor Vehicles Inspectors for

⁹⁸ Jalandhar: 63, Pathankot: 9, Patiala: 174 and Ropar: 15

ensuring periodic inspection of driving schools. The Department also issued instructions to all the RTO (April 2025) to conduct physical inspections of the driving schools.

2.7.4.3 Lack of monitoring of collection and deposit of cow cess

The cow cess was levied in Punjab under Section 7 of the Punjab Prohibition of Cow Slaughter Act, 1955, for the purpose of care and maintenance of uneconomic cows. The Department of Local Government, Government of Punjab, levied⁹⁹ cow cess at the rate of ₹ 200 on two wheelers and ₹ 1,000 on four-wheelers at the time of sale of new vehicle within the municipal limits of Municipal Corporations / Council Patiala, Pathankot and Ropar. Further, Local Government levied¹⁰⁰ cow cess of ₹ 1,000 on the sale of new four-wheeler vehicles within the municipal limits of Municipal Corporation, Jalandhar. As per these notifications, RTOs (erstwhile District Transport Officers) concerned were responsible for collection of cow cess and deposit it with the respective municipalities.

In the State of Punjab, motor vehicle dealers having valid trade certificates have been authorised¹⁰¹ to collect the taxes and fees from the purchaser of vehicles and deposit in the treasury during registration of new vehicles.

Scrutiny of records in RTOs Jalandhar, Patiala and Ropar revealed (July to November 2024) that there was no monitoring mechanism in the Department to ensure that cow cess was being collected by the motor vehicle dealers during the sale of new vehicles and deposited with the respective municipalities.

On being pointed out, the Department stated (April 2025) that the matter had already been taken up with the Director, Local Government, Punjab and the National Informatics Centre to collect cow cess through the VAHAN portal. Besides this, RTOs have been directed to recover the amount of cow cess.

2.7.4.4 Deficiencies in enforcement activities

Effective enforcement activities act as deterrence for the violators of motor vehicle provisions and Regional Transport Authorities (RTAs) in the State of Punjab play a vital role in enforcing various provisions of motor vehicle acts. Irregularities in enforcement activities of the Department noticed during this Audit are discussed below.

[A] Challans against overloading of vehicles: A Supreme Court Committee on road safety issued directions to the States for suspending driver's licences for a minimum period of three months for violating loading limit of the vehicles. The Government of Punjab had also issued a notification in July 2022 to suspend

⁹⁹ **Municipal Corporation, Patiala** vide Notification no. 14/118/14-5SS1/1399 dated 25 October 2016
Municipal Council, Ropar vide Notification no. 16/41/2019-4SS3/286 dated 27 January 2020
Municipal Corporation, Pathankot vide Notification number 14/118/14-5SS1/607 dated 15 June 2016

¹⁰⁰ Notification No. 14/118/14-5SS1/613 dated 15 June 2016

¹⁰¹ Notification No. 10/14/2022-1T2/705 dated 12 July 2022

driver's licence for three months in case of overloading of vehicle apart from levy of fine.

In Regional Transport Authorities at Patiala and Jalandhar, 127 challans were issued during 2019-20 to 2023-24¹⁰² against the overloading of vehicles. There was no record of the suspension of the driver's licences concerned in these cases. It was further seen that the quantum of overload was not mentioned in 69 challans and in case of 58 challans, quantum of overload was mentioned but weighing slip was not available on records.

[B] Challans against over speeding of vehicles: A Supreme Court Committee on road safety issued directions to the States for suspending driver's licences for a minimum period of three months for violating specified speed limits. The Government of Punjab had also issued a notification in July 2022 to suspend driver's licence for three months in case of over speeding of vehicle apart from levy of fine.

In two¹⁰³ cases, where challans were issued by Regional Transport Authority Patiala and Jalandhar in October 2023 and December 2019 respectively, against over speeding of vehicles, there was no record of suspension of driver's licence.

[C] Miscellaneous issues: Miscellaneous issues noticed in enforcement challans are mentioned below.

- In RTA Patiala, a challan at serial number 236157 of challan book of February 2020 was missing.
- In RTA Patiala, date of issue of challan was not mentioned in challan at serial number 391897 of challan book of October 2023.
- In 597 challans¹⁰⁴, time of issue was not mentioned.
- In 28 challans¹⁰⁵, place of issue was not mentioned.
- In 411 challans¹⁰⁶, place of detention of vehicles was not mentioned such as nearest police station or in the premises of Government Department.
- In 173 enforcement challans¹⁰⁷, amount of compounding fee was not mentioned.

On being pointed out, no response was furnished by the Government or the Department.

¹⁰² Excluding period from 27 October 2023 to 31 March 2024 in respect of RTA Patiala, as challan records for this period were not produced to Audit.

¹⁰³ RTA Jalandhar: Challan no. 282202 dated 5 December 2019 and RTA Patiala: Challan no. 391871 dated 13 October 2023

¹⁰⁴ Jalandhar: 245, Patiala: 352

¹⁰⁵ Jalandhar: 16, Patiala: 12

¹⁰⁶ Jalandhar: 177, Patiala: 234

¹⁰⁷ Jalandhar: 79, Patiala: 94

2.7.4.5 Delay in publication of notifications in the official e-gazette

The gazette published by a State Government is the legal newspaper of the State to disseminate the information regarding decisions of the State Government to the public.

During the years 2019-20 to 2020-24, the Department of Transport uploaded 65 notifications/orders on the Government web portal covering various matters on levy of motor vehicles tax, formulation of routes, administrative and regulatory matters, registration and scrapping of vehicles, etc. Audit scrutiny (October 2024) of these notifications revealed delays and shortcomings in publication of notifications in the official e-gazette.

- 50 notifications were issued with an average delay of 4 days, with a maximum of 34 days after their signing by the Administrative Secretary. The delays are detailed in **Table 2.7**.

Table 2.7: Delay in issue of notifications

Delay range	Number of notifications
Up to 7 days	36
Above 7 days and up to 14 days	13
Above 14 days	1

- 59 notifications were published with an average delay of 95 days, with a maximum of 568 days in the official e-gazette after the date of their issue. The delays are detailed in **Table 2.8**.

Table 2.8: Delay in publication of notifications in e-gazette

Delay range	Number of notifications
Up to 6 months	49
Above 6 months and up to 1 year	3
Beyond 1 year	7

- A notification regarding ‘one-time waiver of interest and penalty on motor vehicle tax on old vehicles scrapped at registered vehicles scrapping facility’ was issued¹⁰⁸ on 28 June 2023 with the validity of one year, but it was published in the official e-gazette on 12 July 2024 after the expiry of its validity period.
- In 47 notifications, the date of implementation of notification was not mentioned, whereas it is desirable that the date from which a notification becomes effective, should be specifically mentioned in the notification itself to avoid unnecessary litigation.

Publication of notifications/orders with delay and discrepancies was indicative of weak internal controls in the Department.

¹⁰⁸ Notification No. 3/2/2023-2T2/1119 dated 28 June 2023

On being pointed out, the Department replied (April 2025) that the audit observations has been noted for compliance in future.

2.7.4.6 Missing controls in VAHAN to ensure applicable validity of Pollution Under Control Certificates

Rule 115(7) of the Central Motor Vehicles Rules, 1989 provides that after the expiry of a period of one year from the date on which the motor vehicle was first registered, every vehicle shall carry a valid 'Pollution Under Control Certificate' issued by an agency authorised for this purpose by the State Government. The validity of the certificate shall be for six months. However, as per proviso to this Rule, the validity of the certificate shall be twelve months for the vehicles manufactured as per Bharat Stage-IV or Bharat Stage-VI norms.

Audit selected a sample of 150 vehicles out of 'PUC Certificate Report' generated from VAHAN portal for the year 2023-24 and examined the details of respective vehicles from the 'Motor Vehicle Register'. Audit analysis revealed (August 2024 to February 2025) that validity of Pollution Under Control Certificates issued to 43 vehicles belonging to Bharat Stage-IV/Bharat Stage-VI was six months instead of prescribed period of 12 months. Out of these, 23 vehicles¹⁰⁹ were manufactured as per Bharat Stage-IV norms and 20 vehicles¹¹⁰ were manufactured as per Bharat Stage-VI norms. This shows that controls in the VAHAN system to ensure correct application of rules was missing.

On being pointed out, the Department stated (April 2025) that the National Informatics Centre has been requested to make necessary provision in the VAHAN software as per provisions of Rule 115(7) of the Central Motor Vehicles Rules.

2.8 Conclusion

The Audit brought out deficiencies in the VAHAN system due to missing validation checks. It was seen that introduction of proper validation checks in the VAHAN system could have avoided non-compliance of motor vehicle rules, such as issue of vehicles registration certificates with duplicate vehicle chassis and engine numbers, issue of certificate of fitness to transport vehicles without clearing arrears of motor vehicle tax, grant of fresh or renewal of permits to transport vehicles beyond permissible period of vehicle's age, renewal of permits to transport vehicles without valid certificate of fitness, short levy of fee on registration marks of choice and issue of Pollution Under Control certificate for six months instead of applicable 12 months in case of Bharat-IV and Bharat-VI vehicles. Similarly, SARATHI system was deficient in preventing grant of driving licence in case of missing documents or to a person who was already holding another driving licence. These issues require attention

¹⁰⁹ Jalandhar: 4, Pathankot: 7, Patiala: 3, Ropar: 2 and STA: 7

¹¹⁰ Jalandhar: 7, Patiala: 6, Ropar: 3 and STA: 4

of the Government and the Department to take corrective measures to make VAHAN and SARATHI system robust enough to enforce requirements of the motor vehicle laws.

In addition to above, issues of non-compliance by owners of vehicles were seen. These issues include not obtaining of permanent registration by vehicle owners after the expiry of temporary registration, not renewing of certificates of fitness for transport vehicles, not applying for permits in case of newly registered transport vehicles and not renewing of permits. These issues require pro-active action on the part of the Department to make owners of the vehicles compliant to motor vehicle rules.

Audit also observed inefficiencies and omissions on the part of the Department. These issues include delays in issue of vehicle registrations, discrepancies in processing of driver's and conductor's licences, deficiencies in automated driving test tracks, not monitoring of motor vehicle dealers and driving schools.

2.9 Recommendations

1. The requirements of the motor vehicle rules may be ingrained in the VAHAN system by introducing validation checks to check following issues.
 - a. Prevent grant of permits to transport vehicles beyond permissible period of vehicle's age.
 - b. Prevent renewal of permits of transport vehicles without valid certificate of fitness.
 - c. Prevent short payment of fee by applicants in case of registration marks of choice.
 - d. Issue of Pollution Under Control certificates with applicable validity to the Bharat Stage-IV and Bharat Stage-VI vehicles.
2. Processing of vehicle registrations and driver's licences be completed in prescribed timeline for better service delivery.
3. Ensure compliance to the required training certificate for driver licences of e-rickshaw, e-cart, transportation of dangerous or hazardous goods.
4. Strengthen monitoring and enforcement mechanisms to ensure timely collection of motor vehicle taxes.
5. Equip the automated driving test tracks with the technologies required for conducting driving tests efficiently and in transparent manner.

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

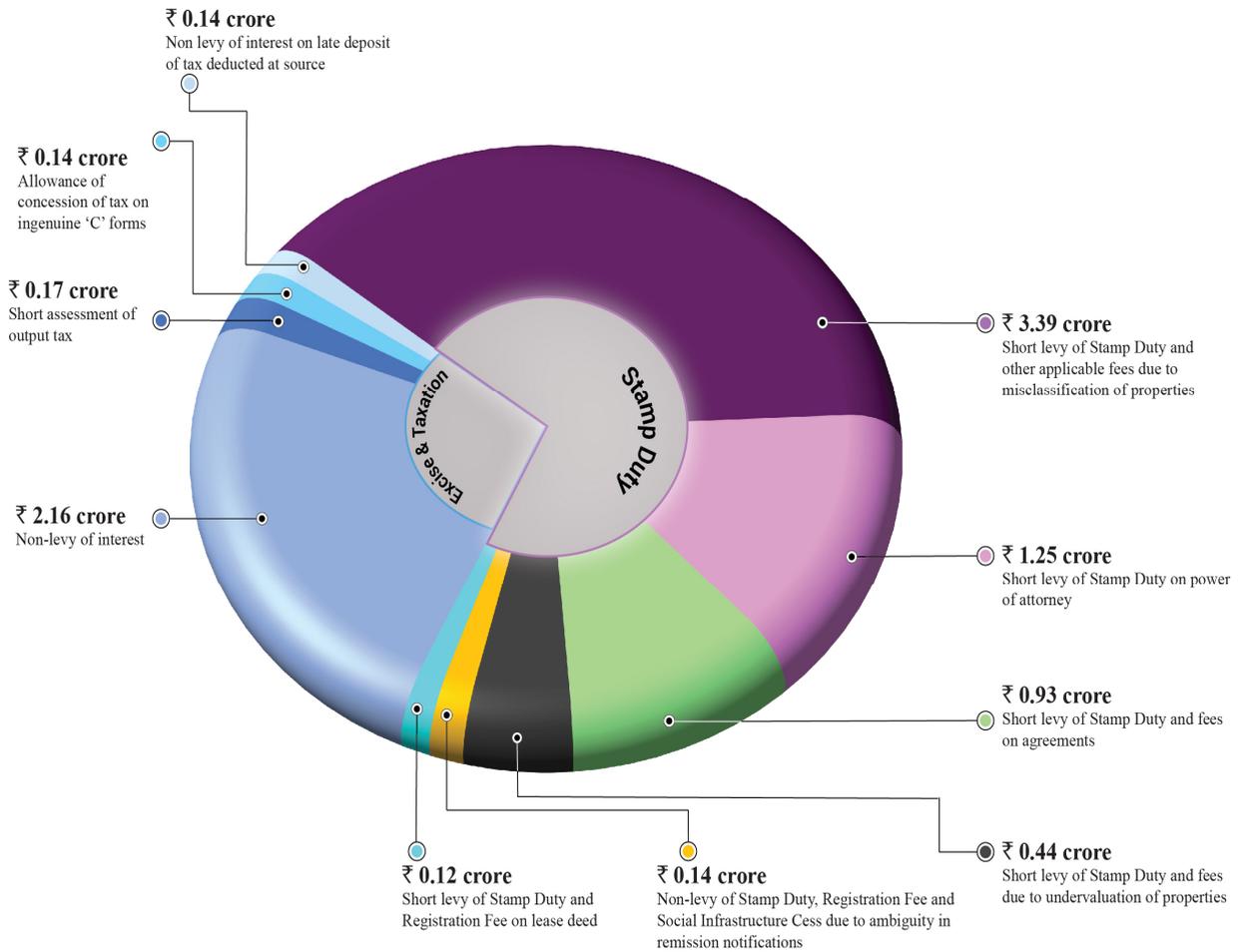
Chapter-III

Compliance Audit Observations (Tax-Revenue Departments)

This chapter contains 10 observations covering compliance issues under Tax Revenue Departments involving financial effect of ₹ 8.88 crore in 62 cases. The Department accepted audit observations involving ₹ 3.18 crore in 21 cases and made recoveries of ₹ 0.62 crore in 11 cases. The replies provided by the authorities have been incorporated in the relevant observations. These are discussed in the following observations from paragraphs 3.1 to 3.10.

The details of audit observations are provided in **Chart 3.1** below:

Chart 3.1: Summary of audit observations



 <p>This Chapter contains 10 Audit Observations involving ₹ 8.88 crore in 62 cases</p>	 <p>Departments accepted 21 cases involving ₹ 3.18 crore</p>	 <p>Recoveries of ₹ 0.62 crore have been made in 11 cases</p>
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Excise and Taxation Department

3.1 Non-levy of interest

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

Section 32(1) of the Punjab Value Added Tax Act, 2005 provides that if a person fails to pay the amount of tax due from him as per provisions of this Act, he shall be liable to pay simple interest on the amount of tax at the rate of half *per cent* per month from the due date of payment till the date he actually pays the amount of tax. Further, Section 9(2B) of the Central Sales Tax Act, 1956 provides that all the provisions of the sales tax law of each State relating to due date for payment of tax, rate of interest, assessment and collection of interest for delayed payment of tax, shall apply in relation to tax due under the Central Sales Tax Act.

Audit scrutiny (May to August 2023) of six assessment cases¹ finalised during September 2021 to November 2022 under four Assistant Commissioners of State Tax revealed that the dealers declared interstate sales and export sales of taxable goods in their annual tax returns for the periods from 2014-15 to 2015-16, and availed exemptions/concessions from Central sales tax on such sales in their annual returns. However, at the time of assessment, the dealers failed to produce the statutory declarations² in respect of transactions on which concession/exemption from the Central sales tax had been availed in annual returns. Consequently, the Assessing Authorities raised additional tax demands of ₹ 5.50 crore on account of differential tax amount due to non-submission of statutory declarations. Since the dealers had failed to produce statutory declarations, they were also liable to pay interest of ₹ 2.16 crore at the rate of 0.5 *per cent* per month on the differential tax amount. However, the Assessing Authorities did not levy the interest of ₹ 2.16 crore (**Appendix 3.1**).

On being pointed out, the State Tax Officer, Sangrur and Assistant Commissioner of State Tax, Ludhiana-IV replied (June 2023 and May 2025) that interest was not leviable for the period prior to the date of assessment as per principles laid down by Hon'ble Supreme Court in the case of J. K. Synthetics Ltd. vs CTO (1994). They also referred to the cases of Eicher Tractor Ltd vs State of Haryana and M/s Eicher Goodearth Ltd. vs State of Haryana, decided by the Hon'ble Punjab and Haryana High Court on 2 December 2010 and

¹ Jalandhar-II (1), Ludhiana-IV (3), Mansa (1) and Sangrur (1)

² Forms applicable for statutory declarations as per Central Sales Tax (Registration & Turnover) Rules, 1957: Form 'C' for interstate sale, Form 'F' for branch transfers and Form 'H' for deemed export. Export documents such as shipping bill, bill of lading, etc. are required against direct export sales.

25 April 2013, respectively, where the Hon'ble court had relied upon the principles laid down by the Apex Court in the case of J. K. Synthetics Ltd.

Reply of the Department was not acceptable because in the pointed-out cases, audit had covered only such demands that were created due to failure of the dealers to produce statutory declarations at the time of assessment, while the dealers had already claimed exemptions and concessions of tax at the time of filing their tax returns. In the case of J. K. Synthetics Ltd., the Apex Court had ruled that tax law cannot expect the assessee to predicate the final assessment and expect him to pay the tax on that basis to avoid the liability to pay interest. That would be asking him to do the near impossible. However, in the cases pointed-out by the audit, the dealers had filed their returns knowing the tax payable under the Punjab Value Added Tax Act as well as under the Central Sales Tax Act. In order to get exemptions/concessions from paying the tax under the Central Sales Tax Act, the dealers knew that they were required to furnish statutory declarations. They also knew that if they failed to furnish the statutory declarations, they would be liable to pay tax under the said Act. Therefore, the cases pointed-out in audit are not such cases where the dealers were not aware of their liability to pay tax.

While expressing the above viewpoint, the audit had relied upon the judgement of Hon'ble High Court of Karnataka in case of M/s Maintec Technologies Pvt. Ltd. vs State of Karnataka decided on 12 June 2014, where the dealer had failed to produce the statutory declaration form. In this case, the Hon'ble Court, after considering the principles laid down by the Apex Court in J. K. Synthetics Ltd., had ruled that the dealer was conscious of his tax liability and was liable to pay interest from the date he was liable to pay tax, to compensate the delay in payment of tax. In a similar case of M/s Fosroc Chemicals (India) Pvt. Ltd. vs State of Karnataka, the Hon'ble High Court of Karnataka upheld on 5 November 2014 that in case of non-submission of statutory declaration forms, levy of interest was justified from the due date of tax payable till the date of assessment as the interest was compensatory in nature.

Assistant Commissioner of State Tax, Mansa stated (May 2025) that revision of assessment was under process.

In addition to the above, the Government in its reply (September 2021) to a similar audit observation raised earlier, had accepted the applicability of interest at the rate of 0.5 *per cent* per month in such cases.

The matter was reported to the Government and Department (December 2023 and July 2024); their replies are awaited (May 2025).

3.2 Short assessment of output tax

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

Rule 48 of the Punjab Value Added Tax Rules, 2005 provides that the designated officer, after considering the objections and documentary evidence, *if any*, filed by the person, shall pass an order of assessment in writing, determining the tax liability of such a person.

Scrutiny of records (February 2025) of Assistant Commissioner of State Tax, Gurdaspur revealed that Assessing Authority, while assessing a case³ of a dealer for the year 2016-17 in November 2023, assessed the taxable turnover of the dealer as ₹ 8.54 crore, which was classified under three different tax rates⁴. Out of total taxable turnover, the sales of goods valuing ₹ 1.20 crore were taxable at the rate of 14.30 *per cent*. However, at the time of working out of output tax liability, the Assessing Authority calculated the tax on ₹ 11,956 instead of ₹ 1.20 crore resulting in short assessment of output tax of ₹ 0.17 crore⁵.

On being pointed out, Assistant Commissioner stated (May 2025) that recovery of the objected amount was under process.

The matter was reported to the Government and the Department (April 2025); their replies are awaited (May 2025).

3.3 Allowance of concession of tax on ingenuine 'C' forms

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

Section 8(4) of the Central Sales Tax Act, 1956 read with Rule 12(1) of Central Sales Tax (Registration and Turnover) Rules, 1957, provides that the concessional rate of tax of two *per cent* on the sales in the course of inter-State trade or commerce shall not be admissible unless the selling dealer furnishes a declaration in form 'C' duly filled in and signed by the registered dealer to whom the goods are sold, in a prescribed form obtained from the prescribed authority. In the case of dry fruits, the concessional rate of Central Sales Tax was one *per cent* effective⁶ from 12 September 2007.

Scrutiny of records (August 2022) in the Assistant Commissioner of State Tax, Ludhiana-III revealed that Assessing Authority allowed the concessional Central Sales Tax of one *per cent* in one assessment case⁷ of a dealer for the

³ Case Disposal No. 73 dated 20 November 2023

⁴ 3.85 *per cent*, 6.05 *per cent* and 14.30 *per cent*

⁵ Actual sale: ₹ 1,19,56,000 *minus* Tax calculations done on sales: ₹ 11,956 = ₹ 1,19,44,044
Short output tax: ₹ 1,19,44,044 x 14.30 *per cent* = ₹ 17,07,999

⁶ Notification No. S.O. 41/C.A.74/56/S.8/2007 dated 11 September 2007

⁷ Assessment Case Disposal No. 35 dated 15 September 2021

year 2014-15 against inter-State sale of dry fruits worth ₹ 2.76 crore on the basis of three 'C' forms⁸ without ensuring their genuineness.

Audit found that these 'C' forms were not verifiable on Tinxsys⁹ portal as well as on the portal of Taxation Authority of Delhi by whom these 'C' forms were stated to have been issued. Audit also verified from the Taxation Authority of Delhi, who confirmed that those forms were not issued by their office. Thus, the Assessing Authority allowed the Central Sales Tax of ₹ 0.03 crore¹⁰ at concessional rate of one *per cent* whereas Central Sales Tax of ₹ 0.17 crore¹¹ at the normal rate of 6.05 *per cent*¹² was leviable on the sale of dry fruits. This resulted in irregular allowance of concession of Central Sales Tax of ₹ 0.14 crore¹³.

On being pointed out, the Assistant Commissioner of State Tax stated (May 2025) that the case had been reassessed¹⁴, wherein out of the three 'C' forms, one¹⁵ was found non-verified while the remaining two were duly verified on the TINXSYS portal.

However, the reply of the Assistant Commissioner was not acceptable as the two 'C' forms¹⁶ stated to have been duly verified by the Department on the TINXSYS portal were different from those¹⁷ objected by the Audit. Ability of the dealer to produce more 'C' forms other than those objected to by the Audit indicates undeclared inter-State sales by the dealer during the same tax period. Therefore, Department needs to initiate enquiry in the matter to ascertain the source of ingenuine 'C' forms as well as actual sales made by the dealer.

The matter was reported to the Government and the Department (October 2024); their replies are awaited (May 2025).

3.4 Non levy of interest on late deposit of tax deducted at source

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

Section 27(1) of the Punjab Value Added Tax Act, 2005 provides that a contractee liable to make payment to any contractor for discharge of liability on account of valuable consideration, exceeding rupees five lakh in a single contract for transfer of property in goods under works contract, shall deduct an

⁸ 'C' Forms: (i) 12135174481303 (ii) 12143025721923 (iii) 12146639221378

⁹ Tax Information Exchange System (TinxSys) is online facility for tracking of inter-State transactions.

¹⁰ ₹ 2,75,98,158 x 1/100 = ₹ 2,75,982

¹¹ ₹ 2,75,98,158 x 6.05/100 = ₹ 16,69,689

¹² Tax Rate at the rate of 5.5 per cent is applicable on 'Dry Fruits' as per entry 32 of the Schedule 'B' to the Punjab Value Added Tax Act, 2005. In addition, 10 per cent surcharge is payable under Section-8B of the Act.

¹³ ₹ 16,69,689 - ₹ 2,75,982 = ₹ 13,93,707

¹⁴ Assessment Case Disposal No. 1 dated 25 November 2024

¹⁵ 'C' Form: 12135174481303

¹⁶ 'C' Forms: 12135056700515 and 12129511251214

¹⁷ 'C' Forms: 12143025721923 and 12146639221378

amount equal to six *per cent* of such sum payable to a contractor. Further, Section 27(7) of the Act read with Rule 46(3) of Punjab Value Added Tax Rules, 2005 provides that if any contractee after deducting the amount, fails to deposit the same into the Government treasury within 15 days of close of the month, he shall be liable to pay simple interest at the rate of one and half *per cent* per month on the amount so deducted, from the actual date of deduction till the date on which such amount is actually deposited.

Audit noticed (December 2023) from an assessment case¹⁸ of a contractor for the year 2013-14, finalised in December 2020, under the Assistant Commissioner of State Tax, Pathankot, that a contractee¹⁹ under the jurisdiction of Assistant Commissioner of State Tax, Gurdaspur had deducted tax of ₹ 5.82 crore between May 2013 and April 2014 from 12 bills of the contractor. The deducted tax was required to be deposited by the contractee within 15 days of close of the respective months but the contractee deposited the deducted tax in Government treasury after due dates as seen from the TDS certificates issued to the contractor. Audit further verified from the Assistant Commissioner of State Tax, Gurdaspur and found that the contractee had not paid any interest on belated deposit of deducted tax. As per provisions of Punjab Value Added Tax Act, the contractee was liable to pay interest of ₹ 0.14 crore (**Appendix 3.2**) on the belated deposit of tax for delays²⁰ ranging between 41 and 58 days but the same was not paid.

On being pointed out, the Assistant Commissioner stated (May 2025) that proceedings had been initiated to recover the interest amount.

The matter was reported to the Government and the Department (August 2024 and October 2024); their replies are awaited (May 2025).

¹⁸ Assessment Disposal No. 194 dated 14 December 2022

¹⁹ TIN: 03392075396

²⁰ Delay has been worked out from the date of deduction as per provisions of Section 27(7) of the Punjab VAT Act.

Department of Revenue, Rehabilitation and Disaster Management

3.5 Short levy of Stamp Duty and other applicable fees due to misclassification of properties

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

Rule 3-A of the Punjab Stamp (Dealing of under-valued instruments) Rules, 1983 empowers the Collector of a district to fix the minimum market value of land/properties located in his district, locality-wise and category-wise and convey the same to the Registering Officer(s) for the purpose of levying Stamp Duty and Registration Fee on instruments of transfer of property.

The instruments of transfer on account of sale of property are chargeable to Stamp Duty at the rate of five *per cent*²¹ as per entry 23 of Schedule 1-A of the Indian Stamp Act, 1899 as applicable to the State of Punjab. Further, a Registration Fee at the rate of one *per cent* of the value of the document, subject to minimum of ₹ 50 and maximum of ₹ 2 lakh has been fixed by the Government of Punjab on such instruments in exercise of powers conferred by Section 78 of the Registration Act, 1908.

In addition to above, the Government of Punjab levied Social Infrastructure Cess²² (SIC) at the rate of one *per cent* under Schedule 1-C of the Indian Stamp Act, 1899, Infrastructure Development Fee²³ (IDF) at the rate of one *per cent* and Special Infrastructure Development Fee²⁴ (SIDF) at the rate of 0.25 *per cent* under Section 25 of the Punjab Industrial Development Act, 2002. However, in February 2023, the Government of Punjab remitted²⁵ Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee on the value of purchase of any immovable property within the State from 1 March 2023 to 31 March 2023.

Scrutiny of records (between May 2023 and March 2024) of nine Sub-Registrars/Joint Sub-Registrars revealed that 29 instruments²⁶ of transfer of properties, valued at ₹ 31.21 crore, were registered by applying rates for agricultural/industrial/farmhouse properties on which Stamp Duty, Social Infrastructure Cess, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 2.10 crore were levied. However,

²¹ In case of female, the Stamp Duty is applicable at the rate of three *per cent* as Government had reduced the Stamp Duty by two *per cent* when instruments of conveyance are executed in favour of female buyers in the State of Punjab.

²² SIC levied vide Notification No. 12-Leg./2013 dated 6 February 2013

²³ IDF levied vide Notification No. S.O. 25/P.A.8/2002/S.25/2015 dated 24 June 2015

²⁴ SIDF levied vide Notification No. S.O. 33/P.A.8/2002/S.25-A/2021 dated 5 April 2021

²⁵ Remission of one *per cent* IDF and 0.25 *per cent* SIDF vide Notification No. S.O. 25/PA.8/2002/Ss.25 and 25-A/2023 dated 28 February 2023

²⁶ Remission of one *per cent* SIC vide Notification No. S.O. 26/CA.2/1899/S.9/2023 dated 28 February 2023

²⁶ Amritsar-I (2), Dhariwal (1), Jalandhar-II (1), Ludhiana South-Central (6), Ludhiana West (3), Mullanpur Dakha (6), Raikot (2), Sahnewal (4) and Zirakpur (4)

as per revenue records, the category of these properties was residential/commercial at the time of registration, hence properties were required to be valued at ₹ 80.64 crore with levy of Stamp Duty and other applicable fees of ₹ 5.49 crore. The misclassification of properties resulted in short levy of Stamp Duty and other applicable fees of ₹ 3.39 crore (**Appendix 3.3**).

On being pointed out, Sub-Registrar Zirakpur stated (May 2025) that recoveries of ₹ 0.43 crore have been made in two cases²⁷ and two cases²⁸ have been sent under Section 47-A of the Indian Stamp Act, 1899. Six Sub-Registrars²⁹ stated (December 2024 to June 2025) that the cases have been sent to the Collector under Section 47-A of the Indian Stamp Act, 1899. Sub-registrar Ludhiana South-Central stated (August 2023) that action would be taken after verification of records. Sub-Registrar Raikot stated (April 2025) that action was being taken for recovery.

The matter was reported to the Government and the Department (October 2024 and January 2025); their replies are awaited (May 2025).

3.6 Short levy of Stamp Duty and fees on agreements

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

Entry 5(c) of Schedule I-A of the Indian Stamp Act, 1899, as applicable to the State of Punjab, levies Stamp Duty of ₹ 4,000 on the agreement relating to the sale of immovable property. However, in case of an ‘agreement to sell’³⁰ is followed by or evidencing delivery of possession of the immovable property, the Entry 5(cc) of the Schedule provides that the same Stamp Duty would be applicable as is leviable in case of other conveyances³¹ as per Entry 23 of Schedule I-A, subject to the adjustment of duty chargeable at the time of execution of conveyance made in pursuance of such agreement. Further, as per Entry 23 of Schedule I-A read with Rule 3-A of the Punjab Stamp (Dealing of Undervalued Instruments) Rules, 1983, the Stamp Duty is payable on the consideration set forth in the instrument subject to minimum market value of the land or property fixed by the Collector of the district.

Section 78 of the Registration Act, 1908 empowers the State Government to fix the fees for registration of documents. In exercise of this power, the Government of Punjab fixed Registration Fee at the rate of one *per cent* of the

²⁷ Deed No. 3056 dated 27 May 2022 (₹ 39,08,040), Deed No. 3057 dated 27 May 2022 (₹ 3,85,231)

²⁸ Deed No. 10824 and 10825 dated 2 January 2023

²⁹ Amritsar-I, Dhariwal, Jalandhar-II, Ludhiana West, Mullanpur Dakha and Sahnewal

³⁰ An ‘agreement to sell’ is a contractual document that outlines the terms and conditions including price for the transfer of ownership of a property at a future date.

³¹ Stamp Duty at the rate of three *per cent* is applicable on other conveyances as per Entry 23 of Schedule I-A.

value of the document, subject to minimum of ₹ 50 and maximum of ₹ 2 lakh on all compulsorily registrable³² documents.

The Government of Punjab levied Social Infrastructure Cess at the rate of one *per cent* in February 2013 on the value of purchase of any immovable property mentioned under Entry 23 of Schedule I-A. Additionally, it also levied Infrastructure Development Fee at the rate of one *per cent* in June 2015 and Special Infrastructure Development Fee at the rate of 0.25 *per cent* from 5 April 2021 on the value of purchase of any immovable property within the State of Punjab. However, in February 2023, the Government of Punjab remitted³³ Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee on the value of purchase of any immovable property within the State from 1 March 2023 to 31 March 2023.

Scrutiny of records (January 2024) of Sub-Registrar, Kharar and Joint Sub-Registrar, Majri revealed that nine³⁴ agreements were registered between April 2022 and March 2023 in favour of three developers by levying Stamp Duty and fees of ₹ 0.11 crore³⁵. In these agreements, the owners of the properties bound themselves to register the conveyance deeds in favour of developers or their nominees and delivered physical possession of the properties to the developers in lieu of agreed cash and developed plots having consideration value of ₹ 19.78 crore. As per the provisions of Entry 5(cc) of Schedule I-A, these agreements were required to be levied with Stamp Duty and fees of ₹ 1.03 crore³⁶ on the consideration value of ₹ 19.78 crore³⁷. However, the Sub-Registrar/Joint Sub-Registrar levied Stamp Duty of ₹ 4,000 in each case apart from short levy of other fees, resulting in short levy of Stamp Duty and fees of ₹ 0.93 crore³⁸ (**Appendix 3.4**).

On being pointed out, the Sub-Registrar, Kharar and Joint Sub-Registrar Majri stated (May 2025) that the cases have been sent to the Collector under Section 47-A of the Indian Stamp Act, 1899.

The matter was reported to the Government and the Department (July and August 2024); their replies are awaited (May 2025).

The Government may direct the Department to recover the Stamp Duty and fees of ₹ 0.93 crore in the cases referred to in this paragraph and ensure

³² Other than leases of immovable property.

³³ Remission of one *per cent* IDF and 0.25 *per cent* SIDF vide Notification No. S.O. 25/PA.8/2002/Ss.25 and 25-A/2023 dated 28 February 2023
Remission of one *per cent* SIC vide Notification No. S.O. 26/CA.2/1899/S.9/2023 dated 28 February 2023

³⁴ Kharar (8) and Majri (1)

³⁵ Stamp Duty: ₹ 36,000, Registration Fee: ₹ 10,41,617

³⁶ Stamp Duty: ₹ 59,35,202, Registration Fee: ₹ 10,60,503, Social Infrastructure Cess: ₹ 14,89,151, Infrastructure Development Fee: ₹ 14,89,151 and Special Infrastructure Development Fee: ₹ 3,72,288

³⁷ Consideration value is higher of the collector value of the property agreed to be sold or consideration value agreed/received which comprises cash and minimum collector value of the developed plots.

³⁸ Stamp Duty: ₹ 58,99,202, Registration Fee: ₹ 18,886, Social Infrastructure Cess: ₹ 14,89,151, Infrastructure Development Fee: ₹ 14,89,151 and Special Infrastructure Development Fee: ₹ 3,72,288

that the duties leviable at the time of execution of agreements with delivery of possession of properties are correctly levied.

3.7 Short levy of Stamp Duty and fees due to undervaluation of properties

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

Rule 3-A of the Punjab Stamp (Dealing of under-valued instruments) Rules, 1983 empowers the Collector of a district to fix the minimum market value of land/properties located in his district, locality-wise and category-wise and convey the same to the Registering Officer(s) for the purpose of levying Stamp Duty and Registration Fee on instruments of transfer of property.

As per condition number four of the rate list fixed by the Collector, SAS Nagar for Zirakpur, the rates of residential property were applicable, in case there were multiple buyers/sellers, and the share per buyer/seller was less than 500 square meter.

Scrutiny of records (January 2024) of Joint Sub-Registrar Zirakpur for the period 2022-23 revealed that three instruments of transfer of properties were valued at ₹ 1.82 crore at the time of registration by applying agricultural rates, on which Stamp Duty, Social Infrastructure Cess, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 0.15 crore were levied. Audit observed that there were multiple buyers in all the three instruments and share of each buyer was less than 500 square meters³⁹, hence as per condition of collector rate list, the properties were required to be valued at ₹ 7.54 crore by applying residential rates with levy of Stamp Duty, Social Infrastructure Cess, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 0.59 crore. The undervaluation of properties resulted in short levy of Stamp Duty, Social Infrastructure Cess, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 0.44 crore (**Appendix 3.5**).

On being pointed out, the Joint Sub-Registrar, Zirakpur stated (May 2025) that the cases have been sent for proceedings under Section 47-A of the Indian Stamp Act, 1899.

The matter was reported to the Government and the Department (October 2024), their replies are awaited (May 2025).

³⁹ 500 square meter is equal to 597.995 square yards

3.8 Non-levy of Stamp Duty, Registration Fee and Social Infrastructure Cess due to ambiguity in remission notifications

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

When an immovable property is transferred by way of conveyances other than those amounting to sale of immovable property, Stamp Duty at the rate of three per cent⁴⁰ on such instruments becomes leviable under Entry 23 of Schedule 1-A of the Indian Stamp Act, 1899, as applicable to the State of Punjab. Further, Registration Fee at the rate of one per cent⁴¹ and Social Infrastructure Cess at the rate of one per cent⁴² is also chargeable on such instruments as per provisions of the respective⁴³ Acts. However, above duties and fees are not payable on the instruments which are executed by owners during their lifetime for transfer of immovable property to any of their blood relations or spouse due to remissions allowed by the Government of Punjab. Remissions from Stamp Duty, Registration Fee and Social Infrastructure Cess on such instruments were allowed through three notifications⁴⁴ issued by the Government of Punjab in May 2014 and November 2015.

Audit noticed (May 2023) from the records of two Sub-Registrars for the year 2022-23 that Sub-Registrars allowed remission from the Stamp Duty and other fees on 10 instruments⁴⁵ executed for transfer of immovable properties to blood relations and spouse. On further scrutiny of these instruments, Audit observed that the instruments for transfers of properties were not executed by the persons concerned as individuals in their personal capacity but were executed by the *karta* of Hindu Undivided Families (HUF). As the instruments were executed by the *karta* of Hindu Undivided Families, the remissions should not have been available but were granted on the basis of family relations between the executing parties. Further, in a clarification sought by the Audit from the Government, it was informed to the Audit that exemption should be applicable on direct transfer of properties between family members, and Hindu Undivided Family should not qualify for such exemptions as the same was considered as separate entity from its members.

⁴⁰ In case of female, Government had reduced the Stamp Duty by two per cent when instruments of conveyance are executed in favour of female buyers in the State of Punjab.

⁴¹ Subject to minimum of ₹ 50 and maximum of ₹ 2 lakh

⁴² Social Infrastructure Cess levied vide Notification No. 12-Leg./2013 dated 6 February 2013

⁴³ Registration Fee under Section 78 of the Registration Act, 1908 and Social Infrastructure Cess under Schedule-1C of the Indian Stamp Act, 1899 as applicable the State of Punjab.

⁴⁴ Notification No. S.O.28/C.A.2/1899/S.9/2014 dated 7 May 2014 for remission of Stamp Duty. Notification No. S.O.47/C.A.XVI/1908/Ss.78 and 79/2015 dated 2 November 2015 for remission of Registration Fee and Notification No. S.O.48/C.A.2/1899/S.9/2015 dated 2 November 2015 for remission of Social Infrastructure Cess.

⁴⁵ **Dera Bassi:** Deed No. 5009, 5010, 5011, 5012, 5013, 5014, 5015, 5016 and 5017 dated 9 February 2023
SAS Nagar: Deed No. 1309 dated 2 May 2022

Audit analysed the language of the remission notifications and noted that only requirement mentioned in the notifications to become eligible for remission was relation of blood or spouse between the owner and transferee. The intent of the Government to consider HUF as separate entity and to not allow remissions on transfers made by HUF to blood relations or spouse, was not ingrained in the notifications, whereas it is a prime requirement that notifications issued by the Government disseminate the clear intent of the Government so that implementing agencies and beneficiaries are able to understand it easily to avoid any dispute in the matter. In the absence of clarity in the remission notifications *ibid*, the action of the Sub-Registrars to grant remissions on property transfers executed by the *karta* of HUF resulted in non-levy of Stamp Duty, Registration Fee and Social Infrastructure Cess of ₹ 0.14 crore (**Appendix 3.6**) on the pointed out 10 instruments involving consideration value of ₹ 3.12 crore for the transferred properties.

On being pointed out, Sub-Registrar, Dera Bassi stated (May 2025) that recoveries of ₹ 0.13 crore have been made in nine cases. Sub-Registrar, SAS Nagar stated that recoveries would be made after verification of records. This impresses the audit point necessitating a need of issuing clarification against the remission notifications.

The matter was reported to the Government and the Department (November 2024 and February 2025); their replies are awaited (May 2025).

3.9 Short levy of Stamp Duty and Registration Fee on lease deed

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

Section 17(d) of the Registration Act, 1908 provides that leases of immovable property from year to year, or for any term exceeding one year, or reserving a yearly rent, should be compulsorily registered. The rate of Registration Fee prescribed⁴⁶ by the Government of Punjab is one *per cent* subject to maximum of rupees two lakh on the registration of lease agreements.

Further, Entry 35(b) of Schedule-I-A of the Indian Stamp Act, 1899, as applicable to the State of Punjab, provides for levy of Stamp Duty on instruments of lease at the rate of three *per cent* of consideration equal to the amount or value of premium or advance set forth in the instrument of lease, where the lease is granted for a fine or premium or for money advanced and where no rent is reserved.

Scrutiny of records (October 2023) of Joint Sub-Registrar, Koom Kalan for the period 2019-23 revealed that an instrument of lease⁴⁷ was registered on

⁴⁶ Notification No. S.O.90/C.A.16/1908/Ss.78 and 79/2012 dated 23 October 2012

⁴⁷ Deed No. 343 dated 23 August 2022

23 August 2022 by levying Stamp Duty and Registration Fee of ₹ 0.02 crore⁴⁸. In this instrument, a lease of two acre land was granted to a lessee for a period of 33 years against lump sum amount of ₹ 4.00 crore payable at the time of signing the lease and no periodical rent was reserved. As per Entry 35(b) of the Schedule 1-A of the Indian Stamp Act, 1899, as applicable to the State of Punjab, the Stamp Duty and Registration Fee of ₹ 0.14 crore⁴⁹ was leviable on the instrument, however, the Joint Sub-Registrar registered the instrument by levying Stamp Duty and Registration Fee of ₹ 0.02 crore resulting in short levy of Stamp Duty and Registration Fee of ₹ 0.12 crore⁵⁰.

On being pointed out, the Joint Sub Registrar, Koom Kalan stated (November 2024) that the case has been sent for proceedings under Section 47-A of the Indian Stamp Act, 1899.

The matter was reported to the Government and the Department (June 2024 and September 2024), their replies are awaited (May 2025).

3.10 Short levy of Stamp Duty on power of attorney

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

Entry 48(f) of Schedule I-A of the Indian Stamp Act, 1899 as applicable to the State of Punjab levied Stamp Duty on power of attorney at the rate as applicable to conveyances (Entry 23), when power of attorney was given for consideration and the attorney was authorised to sell any immovable property. Stamp Duty at the rate of five *per cent* on instruments of conveyance is leviable under Entry 23 of Schedule 1-A of the Indian Stamp Act, 1899, as applicable to the State of Punjab.

Scrutiny of records of Joint Sub-Registrar, Majri (January 2024) for the year 2022-23, revealed that a Joint Development Agreement⁵¹ along with a Power of Attorney⁵² was executed on 15 March 2023 between a landowner and a developer for developing a project on land measuring 11.10 acres. By virtue of Joint Development Agreement and Power of Attorney, the landowner granted irrevocable rights on land to the developer for the development, construction, and sale of residential and commercial properties. As a consideration, the landowner agreed to receive 30 *per cent* of net sale proceeds from the sale of developed residential and commercial inventory. Before execution of power of attorney, the landowner received an advance payment of ₹ 12.00 crore and agreed to receive further advance payment of ₹ 13.00 crore in tranches, to be

⁴⁸ Stamp Duty: ₹ 1,45,500 and Registration Fee: ₹ 48,485

⁴⁹ Stamp Duty: ₹ 12,00,000 and Registration Fee: ₹ 2,00,000

⁵⁰ Stamp Duty: ₹ 10,54,500 and Registration Fee: ₹ 1,51,515

⁵¹ Deed No. 5055 dated 15 March 2023

⁵² Deed No. 1378 dated 15 March 2023

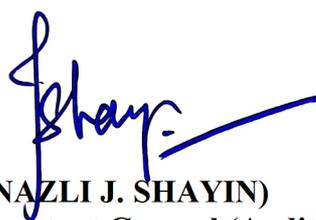
adjusted from the share of net proceeds. As power of attorney was given in lieu of consideration and authorising attorney to sell the immovable properties, the registering authority was required to levy Stamp Duty of ₹ 1.25 crore on the minimum consideration of ₹ 25.00 crore⁵³ agreed as advance to the landowner. However, the power of attorney was registered by levying Stamp Duty of only ₹ 2,000. This resulted in short levy of Stamp Duty of ₹ 1.25 crore.

On being pointed out, the Joint Sub-Registrar, Majri stated (May 2025) that the case has been sent to the Collector under Section 47-A of the Indian Stamp Act, 1899.

The matter was reported to the Government and the Department (October 2024 and November 2024); their replies are awaited (May 2025).

Chandigarh

The 14 November 2025



(NAZLI J. SHAYIN)

Principal Accountant General (Audit), Punjab

Countersigned



New Delhi

The 28 November 2025

(K. SANJAY MURTHY)

Comptroller and Auditor General of India

⁵³ Minimum anticipated sale proceeds were not mentioned in the Joint Development Agreement. Hence, adjustable advance of ₹ 25 crore as agreed in Annexure-J of the Joint Development Agreement has been taken as 'Consideration' for working out Stamp Duty.

Appendices

Appendix 1.1

(Referred to in Table 1.3)

Receipts under Heads of Non-Tax Revenue included in 'Others' at Sr. No. 12 of Table 1.3

Sr. No.	Head of Revenue	Receipt (₹ in crore)		Increase (+) or decrease (-) over 2022-23	
		2022-23	2023-24	₹ in crore	In per cent
1.	0050-Dividend and Profits	3.11	4.12	+ 1.01	+ 32.48
2.	0051-Public Service Commission	32.4	9.75	- 22.65	- 69.91
3.	0056-Jails	2.74	2.82	+ 0.08	+ 2.92
4.	0057-Supplies and Disposals	0.07	0.12	+ 0.05	+ 71.43
5.	0058-Stationery and Printing	0.77	1.45	+ 0.68	+ 88.31
6.	0071-Contributions and Recoveries towards Pension and Other Retirement Benefits	159.42	120.59	- 38.83	- 24.36
7.	0211-Family Welfare	0.2	0.11	- 0.09	- 45.00
8.	0215-Water Supply and Sanitation	5.87	48.5	+ 42.63	+ 726.24
9.	0216-Housing	14.94	105.6	+ 90.66	+ 606.83
10.	0217-Urban Development	134.12	121.88	- 12.24	- 9.13
11.	0220-Information and Publicity	0.03	6.17	+ 6.14	+ 20,466.67
12.	0230-Labour and Employment	34.94	32.43	- 2.51	- 7.18
13.	0235-Social Security and Welfare	92.35	94.87	+ 2.52	+ 2.73
14.	0250-Other Social Services	3.35	3.16	- 0.19	- 5.67
15.	0401-Crop Husbandry	177.81	22.99	- 154.82	- 87.07
16.	0403-Animal Husbandry	9.51	11.29	+ 1.78	+ 18.72
17.	0404-Dairy Development	0.04	0.01	- 0.03	- 75.00
18.	0405-Fisheries	1.16	0.37	- 0.79	- 68.10
19.	0435-Other Agricultural Programmes	2.52	5.47	+ 2.95	+ 117.06
20.	0515-Other Rural Development Programmes	57.01	24.57	- 32.44	- 56.90
21.	0810-Non-Conventional Sources of Energy	99.89	0	- 99.89	- 100.00
22.	0851-Village and Small Industries	25.29	11.15	- 14.14	- 55.91
23.	0852-Industries	0.02	0.03	+ 0.01	+ 50.00
24.	1053- Civil Aviation	0	0.15	+ 0.15	+ 100.00
25.	1054-Roads and Bridges	53.05	44.62	- 8.43	- 15.89
26.	1055-Road Transport	69.34	97.76	+ 28.42	+ 40.99
27.	1275-Other Communication Services	0.0001	0.0005	+ 0.0004	+ 400.00
28.	1452-Tourism	1.67	14.9	+ 13.23	+ 792.22
29.	1456-Civil Supplies	206.92	190.99	- 15.93	- 7.70
30.	1475-Other General Economic Services	402.4	63.72	- 338.68	- 84.17
Total		1,590.94	1,039.59	- 551.35	- 34.66

☞ Due to rounding of the figures in crores of rupees in above table, the per cent increase (+) or decrease (-) over 2022-23 may appear slightly different from that shown in Finance Accounts, where amounts are included in lakhs of rupees.

Appendix 2.1

(Referred to in Paragraph 2.7.3.1)

Rates of motor vehicle taxes applicable

Sr. No.	Category of vehicle	Rate of tax	Payable frequency
1.	Tourist Buses	₹ 7,000 per seat per annum	Monthly, quarterly or annually in advance by the 15 th of the month or by the 15 th of first month of the quarter or 15 th April of the year, as the case may be.
2.	Maxi/Motor Cabs	₹ 750 per seat per annum	
3.	Goods Carriages	(a) Not exceeding 1.2 tonnes: ₹ 5,000 per annum (b) Exceeding 1.2 tonnes, but not exceeding 6 tonnes: ₹ 7,000 per annum (c) Exceeding 6 tonnes, but not exceeding 16.2 tonnes: ₹ 9,500 per annum (d) Exceeding 16.2 tonnes, but not exceeding 25 tonnes: ₹ 15,000 per annum and (e) Exceeding 25 tonnes: ₹ 22,000 per annum	Payable in advance for the full year or quarterly in four equal instalments commencing on the first day of April, the first day of July, the first day of October and the first day of January.
4.	Private Service Vehicles	College/Other institutional vehicles: (a) Up to 12 seats: ₹ 40,000 per annum (b) 13 to 30 seats: ₹ 50,000 per annum (c) 31 and above: ₹ 60,000 per annum	Payable in advance for the full year or quarterly in four equal instalments commencing on the first day of April, the first day of July, the first day of October and the first day of January.
		School buses: (a) Up to 12 seats: ₹ 15,000 per annum (b) 13 to 30 seats: ₹ 20,000 per annum (c) 31 and above: ₹ 30,000 per annum	
5.	Stage Carriages		Payable at the end of every month.
	Big Buses	(a) Ordinary Buses: ₹ 2.80 per kilometer per vehicle per day (till 31 st May 2020) then revised to ₹ 2.69 (w.e.f. 1 June 2020) and further revised to ₹ 2.56 (w.e.f. 1 December 2021). (b) HVAC Buses: ₹ 3.36 per kilometer per vehicle per day (c) Super Integral Buses: ₹ 5.60 per kilometer per vehicle per day and revised to ₹ 14.50 (w.e.f. 1 December 2021).	
	Mini Buses	₹ 30,000 per annum and revised (December 2021) to ₹ 20,000 per annum with seating capacity up to 35 seats	

Appendix 3.1

(Referred to in Paragraph 3.1)

Non-levy of interest

(Amount in ₹)

Sr. No.	ACST	Assessment Year	Assessment Order		CST Demand	Months	Interest leviable
			Disposal No.	Date			
1.	Jalandhar-II	2014-15	618	15.09.2021	1,16,63,553	78	45,48,786
2.	Ludhiana-IV	2015-16	69	15.11.2022	16,68,456	80	6,67,382
3.		2015-16	65	11.11.2022	84,98,908	80	33,99,563
4.		2015-16	118	11.11.2022	13,60,959	80	5,44,384
5.	Mansa	2014-15	32	27.09.2021	18,09,501	78	7,05,705
6.	Sangrur	2014-15	33	06.09.2021	3,00,00,893	78	1,17,00,348
Total					5,50,02,270		2,15,66,168

Appendix 3.2

(Referred to in Paragraph 3.4)

Non levy of interest on late deposit of tax deducted at source

(Amount in ₹)

Sr. No.	Amount of deducted tax	Date of deduction	Due date of deposit	Actual date of deposit as per TDS certificate	Delay* in days	Interest @ 1.5% per month
1.	55,80,819	06.05.2013	15.06.2013	24.06.2013	49	1,34,857
2.	55,04,547	04.06.2013	15.07.2013	22.07.2013	48	1,30,299
3.	52,47,584	30.06.2013	15.07.2013	27.08.2013	58	1,50,095
4.	48,14,316	06.08.2013	15.09.2013	25.09.2013	50	1,18,709
5.	37,80,002	04.09.2013	15.10.2013	21.10.2013	47	87,613
6.	71,70,807	07.10.2013	15.11.2013	21.11.2013	45	1,59,133
7.	58,78,361	01.11.2013	15.12.2013	21.12.2013	50	1,44,946
8.	27,03,599	11.12.2013	15.01.2014	21.01.2014	41	54,665
9.	33,61,283	02.01.2014	15.02.2014	21.02.2014	50	82,881
10.	59,24,021	01.02.2014	15.03.2014	21.03.2014	48	1,40,229
11.	51,75,963	03.03.2014	15.04.2014	19.04.2014	47	1,19,969
12.	30,82,287	05.04.2014	15.05.2014	19.05.2014	44	66,881
5,82,23,589					Total	13,90,278

* Delay has been worked out from the date of deduction as per provisions of Section 27(7) of the Punjab VAT Act

Appendix 3.3

(Referred to in paragraph 3.5)

Details of deeds in which Stamp Duty and other applicable fees were short levied due to misclassification of properties

(Amount in ₹)

Sr. No.	SR/JSR	Deed No./Date	#	Area of Property	Property Value		Short * levied
					As per Collector Rate	As per deed	
1.	Amritsar-I	2165/10.06.2022	C	3K 4M	2,05,21,600	27,90,000	14,57,541
2.	Amritsar-I	9155/27.02.2023	C	2K 18M	2,78,96,550	40,45,000	18,88,687
3.	Dhariwal	292/03.08.2022	C	48K	6,33,60,000	2,10,00,000	30,71,100
4.	Jalandhar-II	6312/20.11.2022	C	2K	70,00,000	12,50,000	4,74,275
5.	Ludhiana South-Central	642/19.04.2022	R	9K 5.38M	1,12,15,500	29,00,000	6,86,029
6.	Ludhiana South-Central	1959/18.05.2022	A+R	20K	2,36,92,485	40,62,000	15,82,310
7.	Ludhiana South-Central	5651/18.11.2022	R	5K 4.5M	1,20,12,294	23,15,000	7,99,927
8.	Ludhiana South-Central	8330/10.02.2023	R	3K 17M	88,51,150	16,50,000	5,94,096
9.	Ludhiana South-Central	9106/23.02.2023	A+R	16K	2,73,36,104	47,20,000	17,92,267
10.	Ludhiana South-Central	10289/29.03.2023	R	6K 4.28M	1,42,85,986	28,00,000	6,89,059
11.	Ludhiana West	7022/01.11.2022	R	6K	72,60,000	13,15,000	4,90,262
12.	Ludhiana West	10477/12.01.2023	R	3B 3B 17B	1,59,62,500	49,90,000	9,04,506
13.	Ludhiana West	13006/22.02.2023	R	2B 2B 15B	1,06,87,500	45,30,000	3,84,744
14.	Mullanpur Dakha	579/21.06.2022	A+R	9K 12.35M	2,19,80,538	27,50,000	15,66,613
15.	Mullanpur Dakha	610/24.06.2022	R	3215.23 SY	3,02,23,162	83,00,000	12,67,966
16.	Mullanpur Dakha	1190/14.11.2022	R	2972.75 SY	8,91,82,500	4,46,00,000	27,86,406
17.	Mullanpur Dakha	1388/19.12.2022	R	1976.13 SY	5,92,83,900	3,95,20,000	14,32,419
18.	Mullanpur Dakha	2160/27.03.2023	R	2176.55 SY	6,52,96,500	3,26,50,000	9,79,295
19.	Mullanpur Dakha	2161/27.03.2023	R	2176.55 SY	6,52,96,500	3,26,50,000	9,79,295
20.	Raikot	1083/22.07.2022	R	5K	1,50,00,000	25,00,000	10,31,224
21.	Raikot	1237/30.08.2022	R	2K 14.50M	81,75,000	12,00,000	5,75,438
22.	Sahnewal	307/28.04.2022	R	4K 13.66M	85,00,200	19,92,000	5,36,747
23.	Sahnewal	308/28.04.2022	R	4K 13.66M	85,00,200	19,92,000	5,36,747
24.	Sahnewal	530/30.05.2022	R	7K 3M	1,29,77,250	30,40,000	8,19,724
25.	Sahnewal	2430/19.01.2023	R	5K	84,70,000	26,50,000	4,79,650
26.	Zirakpur	3056/27.05.2022	R	27B 0B 0B	11,75,04,000	6,36,00,000	39,08,040
27.	Zirakpur	3057/27.05.2022	A+R	4B 14B 5B	1,42,06,818	96,00,000	3,80,062
28.	Zirakpur	10824/02.01.2023	R	0B 16B 14B	1,67,00,000	35,00,000	8,25,000
29.	Zirakpur	10825/02.01.2023	R	0B 15B 0B	1,50,00,000	31,50,000	9,77,625
Total					80,63,78,237	31,20,61,000	3,38,97,054

Actual classification of property as per revenue record (A-Agricultural, R-Residential, C-Commercial)

* Stamp Duty, Social Infrastructure Cess, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee

Appendix 3.4

(Referred to in Paragraph 3.6)

Short levy of Stamp Duty and fees on agreements

Sr. No.	SR/JSR	Deed No. and Date	Collector value of land handed over to the developer		Consideration set forth in Agreement			Amount on which duties are leviable ('C' or 'F+G', whichever is higher)]	SD, RF, SIC, IDF & SIDF		(Amount in ₹)	
			Area of land	Collector value	Land in S.Y.	#	Collector value of [D]		Additional cash consideration	Leviable		Levied##
	[A]	[B]	[C]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
1.	Kharar	530/11.08.2022	60K	7,50,00,000	7,500.00 900.00	R C	7,39,72,500	18,75,000	7,58,47,500	41,81,994	2,04,000	39,77,994
2.	Kharar	62/19.04.2022	6K 12M	53,79,000	825.00 99.00	R C	49,29,375	1,23,750	53,79,000	3,36,188	57,790	2,78,398
3.	Kharar	74/21.04.2022	33K 3M	2,70,17,250	4,144.00 497.28	R C	2,47,60,400	5,18,000	2,70,17,250	16,18,407	2,04,000	14,14,407
4.	Kharar	538/12.08.2022	6K 5M	78,12,500	700.00 120.00	R C	85,24,100	97,656	86,21,756	5,38,861	81,092	4,57,769
5.	Kharar	566/22.08.2022	7K 7.5M	92,18,750	890.00 120.00	R C	93,72,070	1,61,350	95,33,420	5,95,839	94,638	5,01,201
6.	Kharar	8559/30.08.2022	7K 17.17M	98,23,125	1,050.00 93.00	R C	88,71,150	1,97,646	98,23,125	6,13,945	98,613	5,15,332
7.	Kharar	13667/06.12.2022	5K	62,50,000	400.00 100.00	R C	62,85,200	1,09,375	63,94,575	3,99,661	66,500	3,33,161
8.	Kharar	12890/23.11.2022	5K 0.59M	62,86,875	635.67 76.92	R C	62,98,395	0	62,98,395	3,93,650	66,984	3,26,666
9.	Majri	5360/22.03.2023	39K 2.8M	4,89,25,000	4,762.50 978.50	R C	3,92,73,238	25,00,000	4,89,25,000	16,67,750	2,04,000	14,63,750
Total				19,57,12,500			18,22,86,428	55,82,777	19,78,40,021	1,03,46,295	10,77,617	92,68,678

Classification of property as per agreements (R-Residential; C-Commercial)

Portion of excess amount of Registration Fee paid, if any, has been ignored in the column [J] 'levied' to avoid calculation misrepresentation because excess amount of Registration Fee is not being adjusted against short-levied Stamp Duty.

Appendix 3.5

(Referred to in paragraph 3.7)

Details of deeds in which Stamp Duty and fees were short levied due to undervaluation of properties

Sr. No.	Deed No. and Date	Area of Property	No. of Buyers	Buyer's Gender	Share of Buyer in Property	Property Value as per condition of collector rate list	Property valued by JSR	SD+SIC+RF+IDF+SIDF* (Amount in ₹)		
								Leviable	Levied	Short Levied
1.	7066 14.09.2022	2 Bigha 1 Biswa (2,050 Sq. Yard)	6	Male	410.00 Sq. Yard	4,10,00,000	85,00,000	31,72,500	7,01,594	24,70,906
				Male	512.50 Sq. Yard					
				Male	512.50 Sq. Yard					
				Male	358.75 Sq. Yard					
				Male	205.00 Sq. Yard					
				Male	51.25 Sq. Yard					
2.	8493 01.11.2022	16 Biswa (800 Sq. Yard)	3	Female	240.00 Sq. Yard	1,60,00,000	34,00,000	12,24,000	2,60,776	9,63,224
				Male	240.00 Sq. Yard					
				Male	320.00 Sq. Yard					
3.	12143 03.02.2023	2 Kanal 10 Marla 6 Sarsahi (1,532.67 Sq. Yard)	6	Male	255.44 Sq. Yard	1,83,91,680	63,00,000	15,17,315	5,19,814	9,97,501
				Male	255.44 Sq. Yard					
				Male	255.44 Sq. Yard					
				Male	255.44 Sq. Yard					
				Male	255.44 Sq. Yard					
				Male	255.44 Sq. Yard					
Total							1,82,00,000	59,13,815	14,82,184	44,31,631

* Stamp Duty (SD): Five per cent for male, three per cent for female; Special Infrastructure Cess (SIC): One per cent; Registration Fee (RF): One per cent subject to maximum of ₹ 2 lakh; Infrastructure Development Fee (IDF): One per cent; Special Infrastructure Development Fee (SIDF): 0.25 per cent.

Appendix 3.6

(Referred to in Paragraph 3.8)

Details of remission granted to Hindu Undivided Family

(Amount in ₹)

Sr. No.	Sub Registrar	Deed No. and Date	Consideration value	Remissions granted		
				SD	SIC	RF
1.	Dera Bassi	5009 09.02.2023	17,49,960	17,500	17,500	17,500
2.	Dera Bassi	5010 09.02.2023	17,49,960	17,500	17,500	17,500
3.	Dera Bassi	5011 09.02.2023	18,00,000	54,000	18,000	18,000
4.	Dera Bassi	5012 09.02.2023	18,00,000	54,000	18,000	18,000
5.	Dera Bassi	5013 09.02.2023	18,00,000	54,000	18,000	18,000
6.	Dera Bassi	5014 09.02.2023	36,00,000	72,000	36,000	36,000
7.	Dera Bassi	5015 09.02.2023	18,00,000	54,000	18,000	18,000
8.	Dera Bassi	5016 09.02.2023	17,49,960	17,500	17,500	17,500
9.	Dera Bassi	5017 09.02.2023	17,49,960	17,500	17,500	17,500
10.	SAS Nagar	1309 02.05.2022	1,33,98,000	4,01,940	1,33,980	1,33,980
Total			3,11,97,840	7,59,940	3,11,980	3,11,980

GLOSSARY OF ABBREVIATIONS

ACST	Assistant Commissioner of State Tax
ATN	Action Taken Note
CAG	Comptroller and Auditor General of India
CST	Central Sales Tax
DPC	Duties, Powers and Conditions of Service
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IDF	Infrastructure Development Fee
JSR	Joint Sub-Registrar
PAC	Public Accounts Committee
PUC	Pollution Under Control
PUCC	Pollution Under Control Certificate
RF	Registration Fee
RTA	Regional Transport Authority
RTO	Regional Transport Office
SD	Stamp Duty
SGST	State Goods and Services Tax
SIC	Social Infrastructure Cess
SIDF	Special Infrastructure Development Fee
SR	Sub-Registrar
TDS	Tax Deducted at Source
VAT	Value Added Tax

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