

CHAPTER-IV
MOTOR VEHICLE RECEIPTS



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4.1 Tax Administration

The Additional Chief Secretary to the Government of Meghalaya, Transport Department is in overall charge of the Transport Department at the Government level. The Commissioner of Transport (CT) is the administrative head of the Department. He is assisted by an Assistant Commissioner of Transport (ACT) and the Secretary, State Transport Authority (STA). At the district level, the District Transport Officers (DTOs) have been entrusted with the registration of vehicles, issuance of permits including collection of duties. The collection of tax is governed by the provisions of the Motor Vehicles Act, 1988 and Rules made thereunder and the Assam Motor Vehicle Taxation Act, 1936.

4.2 Internal audit

The Transport Department has no separate Internal Audit Wing (IAW). Despite the same being pointed out in Audit Reports and the PAs from time to time, no action has been taken by the Department to create an IAW to monitor the working of the Department.

Recommendation: *The Department may look into the possibility of creating an Internal Audit Wing to effectively monitor the functioning of the Department.*

4.3 Results of Audit

Test check of the records of seven units relating to the Transport Department during 2015-16 revealed non-realisation of taxes, fees and fines, etc. involving ₹ 51.37 crore in 44 cases which fall under the following categories:

Table 4.1

Sl. No.	Category	Number of cases	(₹ in crore)	
			Amount	
1.	Non/Short realisation of revenue	21	13.33	
2.	Loss of revenue	08	33.27	
3.	Other irregularities	15	4.77	
Total		44	51.37	

During the course of the year, the Department accepted under assessments and other deficiencies of ₹ 8.85 crore in 20 cases. No recovery was intimated in any of the cases during the year 2015-16.

A Performance Audit on “*Functioning of Transport Department*” having financial impact of ₹ 579.46 crore is discussed in paragraph 4.4.

4.4 Performance Audit on “Functioning of the Transport Department”

Highlights

➤ *Weighbridge lessees were allowed undue benefit to the tune of ₹0.99 crore due to failure of the Government to incorporate pro-rata provisions in the contractual agreements.*

(Paragraph 4.4.9.1)

➤ *The Transport Department failed to set up Auto Emissions Testing Stations in the State due to which at least 2.12 lakh vehicles were plying in the State without necessary pollution under control certificates causing a major threat to the environment.*

(Paragraph 4.4.9.2)

➤ *The Transport Department irregularly registered ‘commercial vehicles’ as ‘private vehicles’ resulting in short realisation of road tax amounting to ₹1.17 crore.*

(Paragraph 4.4.10)

➤ *Essential information pertaining to vehicle registration were not captured in Vahan software. Database of stolen vehicles was not linked with Police Department. Vehicles from outside the jurisdiction including those from other States were irregularly registered.*

(Paragraph 4.4.22)

➤ *Injudicious positioning of the transport checkpoint at Rongmil resulted in non-detection of excess load of 30.98 lakh metric tonnes and consequent non-realisation of penalty amounting to ₹368.72 crore.*

(Paragraph 4.4.23.3)

➤ *Weak internal controls in the Transport Department resulted in under reporting of excess load at three checkpoints and short realisation of fine amounting to ₹92.31 crore.*

(Paragraphs 4.4.27.2 & 4.4.27.3)

4.4.1 Introduction

In Meghalaya, the functioning of the Transport Department including assessment, levy and collection of taxes, fees and fines on motor vehicles is governed by the provisions of the Motor Vehicle Act 1988, the Assam Motor Vehicles Taxation Act, 1936 (as adapted by the Government of Meghalaya) and the rules made thereunder. The Transport Department, Government of Meghalaya is responsible for regulating all transport vehicles in the State including issue of licences and permits in accordance with the provisions of the above Acts and Rules. In addition, the Transport Department also controls, supervises and regulates the working and

functioning of the STA and the Regional Transport Authorities (RTAs) and the DTOs.

4.4.2 Organisational set up

The Additional Chief Secretary is the head of the Transport Department. At the Directorate level, the CT is the administrative in-charge and is responsible for overseeing the functioning of the various wings of the Department. The CT is assisted by the ACT and the DTO (Enforcement). At the district level, there are 11 DTOs, one in each district, who are responsible for registration of vehicles, issue of driving licences, fitness certificates and collection of receipts under the provisions of the Acts and rules *ibid*.

The ACT as ex-officio Secretary, STA is responsible for issue of National, inter-State and inter-District permits for commercial vehicles and realisation of fees thereon. The DTO, at district level, in the capacity of Secretary, RTA is responsible for issue of intra-District permits for commercial vehicles and realisation of fees thereon and also responsible for enforcement of the Motor Vehicles Act, 1988 and realisation of fines for violation of the provisions of the Act *ibid*.

4.4.3 Audit objectives

The PA was conducted with a view to ascertain whether:

- the provisions of the Acts/Rules were adequate and effective in ensuring that no lapses occurred in effective management of the Department
- the Department was complying with the provisions of the regulatory Acts/Rules/ executive orders *etc.* and whether there were leakages of revenue as a result of non-compliance with the Acts/Rules
- the objectives of computerisation and application of ‘Vahan’, ‘Sarathi’ and ‘National Permit System’ were achieved
- the Department was equipped with proper infrastructure in terms of systems, networking *etc.*, to ensure adequate and effective internal controls

4.4.4 Audit Scope and Methodology

The PA was conducted during June 2016 to August 2016 covering the period from 2011-12 to 2015-16. The PA covered eight units¹ and five functional checkpoints² out of 11 units and six functional³ checkpoints.

The methodology adopted during the course of audit entailed discussing the audit objectives with the Department/Government during an ‘Entry Conference’ held on 03 June 2016, scrutiny of records at all selected unit offices and checkpoints, interaction

¹ The CT, DTO (E), Secretary, STA and DTOs, Shillong, Jowai, Nongpoh, Williamnagar and Mawkyrwat. The units were selected on the basis of Probability Proportional to Size Without Replacement method.

² Byrnihat, Rongmil, Ratacherra, Chasingre and 7th Mile Pasyih.

³ There are actually seven functional checkpoints in the State but Nengjagittim checkpoint in South Garo Hills was burnt down by miscreants in July 2015. Only Athiabari checkpoint in West Khasi Hills was left out due to security concerns.

with the auditee officials and staff, analysis of data with reference to audit criteria, raising of audit queries, issuing audit memos and seeking clarifications, and discussing the audit findings with the Department.

The draft report was issued to the Department on 16 September 2016 and thereafter an Exit Conference was held on 17 October 2016, wherein the views of the Department to the findings were discussed. The replies, wherever relevant, have been appropriately incorporated.

4.4.5 Audit Criteria

The following Acts/Rules were followed by audit for carrying out the PA:

- Motor Vehicles (MV) Act, 1988;
- Central Motor Vehicles (MV) Rules, 1989;
- Assam Motor Vehicles Taxation (AMVT) Act, 1936 (as adapted);
- Meghalaya Financial Rules (MFR), 1984;
- Motor Vehicles (High Security Registration Plates) Order, 2001;
- Meghalaya Installation, Regulation, Maintenance and Operation of Weighbridge (MIRMOW) Rules 2009;
- Rules/Direction for setting up of Private Auto Emission Testing Stations;
- IT Policy regarding 'Vahan' and 'Sarathi' software;

4.4.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation extended by the Transport Department in successful conduct and completion of the PA.

4.4.7 Trend of Revenue

The revenue earned by the Transport Department is derived mainly from registration of vehicles and issue of licences in the form of road tax, fees and fines. In addition, revenue is also derived in the form of annual fees from the weighbridges and concession fees from the affixation of High Security Registration Plates (HSRPs). The year-wise realisation of Motor Vehicle Receipts by the Department *vis-à-vis* the State Total Tax Receipts is shown in the following table:

Table 4.2 (Trend of Revenue)

Year	Motor Vehicle Receipts (MVR)	State Total Tax Receipts (TTR)	(₹ in crore)
			Percentage of MVR to TTR
2011-12	31.12	697.54	4.46
2012-13	35.82	847.72	4.23
2013-14	36.71	949.29	3.87
2014-15	39.38	939.21	4.19
2015-16	42.01	1056.82	3.98

(Source: Finance Accounts)

It may be seen that receipts from Motor Vehicles constitute around 4 per cent of the total tax collection of the State Government and form the third highest source of tax revenue for the Government of Meghalaya after Sales Tax and State Excise.

Budget Analysis

As per Chapter IV of the Budget Manual of Meghalaya, in estimating the fixed revenues, the calculations should be based upon actual demand, including arrears due for past five years and the probabilities of their realisations should be fully explained. In case of fluctuating revenues, the estimate should be based upon a comparison of the last three years' receipts. The Motor Vehicle receipts in Meghalaya is a fluctuating revenue model with no clear trends of collection over previous years.

The year wise budget estimates for revenue collection *vis-à-vis* actual realisation is shown in the following table:

Table 4.3

(₹ in crore)

Year	Revenue Estimates		Revenue Actual Realisation	Percentage variance between actuals and CT estimates ⁴	Year-on-Year growth in revenue
	Proposed by CT ⁵	Approved by Government			
(1)	(2)	(3)	(4)	(5) = [(4)-(2)]*100/(2)	(6)
2011-12	15.60	18.59	31.11	99	--
2012-13	19.37	31.62	35.82	85	15
2013-14	45.67	38.87	36.72	(-) 20	3
2014-15	48.29	50.00	39.38	(-) 18	7
2015-16	42.82	42.30	41.93	(-) 2	6

From the above it may be seen that:

- The Budget Estimates prepared by the Directorate were markedly different from the actual Budget Estimates approved by the Government in four of the five years covered in the PA. However during the year 2015-16 the estimates proposed, approved and realised had a variation of only two *per cent*.
- The Department could not achieve the targets fixed by the Government in any of the last three years with shortfall ranging between two *per cent* and 20 *per cent*. No reasons for the shortfall *vis-à-vis* target in any of the three years could be furnished to audit.

The Department stated (October 2016) that targets were fixed keeping in view the trend in increase in actual collection. The reply is not very convincing as in four of the five years, the trends were not followed to arrive at realistic estimates.

Audit findings

In course of audit, a number of systemic and compliance issues were observed. The same have been brought out in the ensuing paragraphs.

Adequacy and effectiveness of the provisions of the Acts and Rules

4.4.8 Provisions of the Carriage Act not enforced

Government of India (GoI) in October 2007 had enacted the Carriage by Road Act, 2007 to provide for the regulation of common carriers, in order to determine their

⁴ Expressed as a percentage of revenue estimates proposed by CT.

⁵ On the basis of collection of revenue during the last seven months of the preceding year and the first five months of the current year.

liability for loss of, or damage to goods in transit due to their negligence or criminal action. Section 3 provides that no person shall engage in the business of common carriers, unless he is registered or applies for registration⁶ within 90 days.

Section 18(1) of the Act further provides that whoever contravenes the provisions of Section 3 of the Act *ibid* shall be punishable for the first offence with fine which may extend to ₹ 5000. As per the notification issued (December 2011) by the Ministry of Road Transport and Highways, the Government of Meghalaya had to compulsorily register the transporters by 30 August 2011 while levying a token fine of ₹ 500 from such transporters.

It was seen that the Transport Department failed to enforce the provisions of the Carriage by Road Act, 2007 in the State and register the transporters as per the provisions of the Act. Although the Department identified 21 transporters and issued notices to the firms (April 2012), yet no further action was taken to register these transporters even after a lapse of more than four years. Cross-verification with the Taxation Department revealed that 72 transporters were registered with the Taxation Department. Transport Department, thus, failed to not only enforce the provisions of the Carriage by Road Act but even identify the actual number of transporters carrying on business in the State.

For non-implementation of the Act *ibid*, an amount of ₹ 0.90 lakh⁷ realisable as registration and processing fee could not be realised. In addition, token fine of ₹ 0.38 lakh⁸ was leviable but was not levied and subsequently resulted in loss of revenue to that extent.

4.4.9 Ambiguities in the rules

4.4.9.1 Weighbridges

Section 138(2) of the Motor Vehicle Act, 1988 provides that the State Government can make rules for installation and use of weighing devices. Accordingly, the Government of Meghalaya enacted the MIRMOW Rules, 2009 under which the private parties were allowed to operate weighbridges on behalf of the Transport Department on payment of lump sum annual lease amount to the Department as agreed upon.

During the period from December 2007 to March 2009, the Government had granted permission for operations of weighbridge to 10 private individuals on payment of annual lease amount ranging between ₹ 0.03 crore and ₹ 0.75 crore per lessee renewable (based on estimated traffic) after a period of three years.

Shortcoming in the MIRMOW rules resulted in loss of revenue to the State as discussed in the succeeding paragraphs.

⁶ Upon payment of registration fee of ₹ 1250.

⁷ 72 x 1000 + 72 x 250 (application of certificate of registration and processing fee)

⁸ 72 x 500

➤ **Undue benefit to the weighbridge lessees due to failure of the Government to incorporate pro-rata provisions**

Private parties were allowed to operate the weighbridges (**Annexure V**) on behalf of the Transport Department on payment of lump sum annual lease amount to the Department as agreed upon. The annual lease amount was calculated on the basis of the weighing fee of ₹ 30 per truck and the annual lease amounts of the weighbridge lessees was calculated accordingly, ranging between ₹ 0.03 crore and ₹ 0.75 crore. The MIRMOW rules provided for revision of the weighing fee at any time by a notification. The contractual agreements, however, did not provide for periodic revision of the lease amounts.

During the course of audit, it was seen the State Government revised the weighing fee from ₹ 30 per truck to ₹ 50 per truck from January 2010 and further revised the fee to ₹ 200 per truck from January 2015. While allowing the weighbridges to issue weighing slips and realise the revised weighing fees, the Department failed to take any action to revise the annual lease amounts of the weighbridges, thereby resulting in undue benefit to the lessees to the tune of ₹ 0.99 crore (**Annexure VI**).

The Department stated (October 2016) that the weighing fee was revised to ₹ 50 in January 2010 as the old rate of ₹ 30 was fixed five years back in March 2005. The rate was further revised to ₹ 200 per truck but the licences of weighbridges had not been renewed post May 2012. The reply failed to address the core issue of not revising the annual lease amounts on *pro-rata* basis consequent to the revision of the weighing fee resulting in grant of undue benefit to the lessees.

4.4.9.2 Auto Emission Testing Stations

Section 56 of the MV Act read with Rules 62 and 115 of the MV rules provides for all vehicles to obtain a fitness certificate, which is to be renewed after two years in case of new vehicles, only after conducting certain tests including exhaust emission tests for pollution control.

The Department framed the Private Auto Emission Testing Stations (PAETS) rules in July 2013 for setting up of Auto Emission Testing Stations (AETS). The AETS were to be set up under licences issued by the CT on the basis of applications. The AETS were allowed to issue Pollution Under Control (PUC) certificates (with a validity of six months) on realisation of testing fees between ₹ 15 to ₹ 70 per vehicle which included commission and Government dues.

The lacunae in the PAETS rules have been discussed in the succeeding paragraphs.

➤ **Ambiguities in the rules for setting up of Emission Testing Stations**

The PAETS Rules do not provide for a timeframe by which AETS are to be set up in the State. During the course of audit, it was seen that for the period from February 2011 to May 2016, 17 applications⁹ for setting up of AETS were received by the CT;

⁹ East Garo Hills: 4; South Garo Hills: 3; West Garo Hills: 2; East Khasi Hills: 4; West Khasi Hills: 2; Jaintia Hills and Ri Bhoi: 1 each.

of which, 11¹⁰ were forwarded to the Government. In respect of the 11 applications forwarded to the Government, one was approved, while three¹¹ applications were rejected. The status of the remaining seven¹² applications was yet to be conveyed to audit (November 2016).

During the period from April 2011 to March 2016, it was observed that the Meghalaya State Pollution Control Board (MSPCB) operated the only functional AETS in the entire State. During the period from 2011-12 to 2015-16, MSPCB had tested a total of 26,029 vehicles.

As on March 2016 the total number of registered vehicles in the State was 2,63,541 of which, 2,37,809 vehicles were more than 2 years old (and mandatorily required to obtain PUC certificates). However, only 26,029 vehicles (11 *per cent*) got their vehicle emissions tested.

Furthermore, we noticed that the MSPCB had been continuously monitoring air quality data in Shillong, Dawki, Khliehriat, Nongstoin and Tura. From the data it was seen that the annual average of particulate matter (pm₁₀)¹³ in Shillong had constantly been exceeding the annual average standards; the main reason for which, as pointed out by MSPCB, was vehicular emissions.

Thus, due to non-setting up of the AETS, 2,11,780¹⁴ vehicles were plying in the State without necessary pollution certificates causing a major threat to the environment. Besides, the Government was also deprived of revenue due from pollution testing fees.

The Department stated (October 2016) that two more AETS had been set up; one each at Shillong and Jowai and that steps were being taken to set up AETS in each district. The reply, however, was silent regarding the reasons for delay in setting up of AETS and the time frame by when all the vehicles PUC certificates would be issued.

4.4.10 Irregular registration of commercial vehicles as private vehicles

In exercise of the powers conferred by Section 41(4) of the MV Act, the GoI has specified “Goods Carrier Trucks” as Transport Vehicles¹⁵ with effect from 05 November 2004. Further under Section 4 of the Assam motor Vehicles Taxation Act, 1936 (as adapted by Meghalaya) the annual road tax for goods carrying vehicles with gross laden weight between 7 metric tonnes (MT) and 12 MT was fixed at ₹ 4500 plus ₹ 150 for every additional MT beyond 7 MT.

¹⁰ East Garo Hills: 3; South Garo Hills: 2; East Khasi Hills: 3; West Khasi Hills, Jaintia Hills and Ri Bhoi: 1 each

¹¹ For East Khasi Hills

¹² East Garo Hills: 3; South Garo Hills: 2; Jaintia Hills and Ri Bhoi: 1 each.

¹³ Particulate matter is the sum of all solid and liquid particles suspended in air, many of which are hazardous and include dust, pollen, soot, smoke, etc.

¹⁴ 237809-26029

¹⁵ Transport Vehicles are those which ply for hire.

It was observed from the vehicle registration records that 5201 trucks were irregularly allowed by the DTOs in four¹⁶ districts to be registered as private carriers between April 2009 and March 2015, instead of being registered as goods carriers and realised road tax of ₹ 1.17 crore instead of ₹ 2.34 crore¹⁷, resulting in short realisation of road tax amounting to ₹ 1.17 crore.

The Department stated (October 2016) that the DTOs were not aware of the notification dated November 2004 until the same was pointed out by audit in 2015 and that remedial measures have since been taken. However, recovery of road tax from the commercial vehicles which were erroneously registered by the Department as private vehicles had not been intimated by the Department.

Recommendation No. 1: *The Government may amend the agreements made with the lessees under the weighbridge rules so that Government revenue can be protected in case of revision in weighing fees. Pollution Testing Stations may be set up at the earliest and vehicles plying without pollution certificates may be penalised.*

Compliance of Acts/Rules/Notifications/Orders

4.4.11 Irregular exemption of road tax

As per Section 4 of the AMVT Act (as adapted by Meghalaya), every owner of a registered vehicle is liable to pay road tax in advance either annually or in four equal instalments. The Transport Department fixed (September 2011) the road tax for various categories of passenger vehicles on the basis of seating capacity (**Annexure VII**).

In Meghalaya, all vehicles owned by the State Government are affixed with “ML 01” registration and are fully exempted from payment of road tax. The AMVT Act, however, does not provide any exemption on the road tax to be paid by passenger vehicles operated on commercial basis.

During the course of the PA, it was seen that 203 passenger vehicles, procured by the State Government under the Jawaharlal Nehru Urban Renewal Mission project were registered between September 2011 and May 2015 with the DTO, Shillong and were then transferred to various Self Help Groups run by private organisations to be operated on commercial basis. However, the vehicles were registered with “ML 01” prefix and were exempted from payment of tax. Since the vehicles (being passenger vehicles) were required to pay road tax, the same were irregularly registered without payment of road tax due to lack of clarity in the AMVT Act, thereby resulting in loss of revenue to the tune of ₹ 0.31 crore (**Annexure VIII**).

¹⁶ DTOs, Shillong, Jowai, Williamnagar and Nongpoh.

¹⁷ 5201 trucks X ₹ 4500 = ₹ 2.34 crore.

The Department stated (October 2016) that all the 203 vehicles were rightly assigned the 'ML 01' prefix and therefore exempted from road tax. The Department's reply was not acceptable as the fact remained that the exemption provision of the AMVT Act was not rightly interpreted and the passenger vehicles running on commercial basis were exempted from road tax.

4.4.12 Licences for weighbridges not renewed

The State Government in a meeting held in June 2010 under the Chairmanship of the Chief Minister decided to set up an integrated check post at the exit point of National Highway (NH) 62. Consequently all the existing weighbridges on NH-62 were allowed to operate till the term of their current leases and thereafter, no further extension was to be given. Out of the 10 weighbridges, only two¹⁸ weighbridges were located on NH-62.

The leases of all the weighbridges expired on various dates between April 2009 and March 2012 of which, two¹⁹ lessees did not apply for renewal while none of the remaining eight leases were renewed in the light of decision taken in June 2010. However, three²⁰ out of the eight weighbridges were allowed to continue operation on the basis of a Supreme Court order dated 21 June 2012.

Out of the remaining five weighbridges, only one²¹ weighbridge was situated on NH-62. However, the Transport Department rejected the applications for renewal of licences of all five weighbridges citing the Government decision of June 2010. Thus, erroneous application of the decision of June 2010 caused a revenue loss of ₹ 2.31 crore (**Annexure IX**) to the exchequer.

4.4.13 Non-payment of annual lease fee

The National Green Tribunal (NGT) in its orders dated 09 June 2014 and 07 October 2014 directed the Government of Meghalaya to fix weighing machines at all exit points of the State. The Transport Department accordingly notified nine (**Annexure X**) new weighbridges between November 2014 and June 2015.

As per the terms and conditions of the tender notices it was stipulated that before execution of the contract/lease, the successful tenderer shall have to furnish a Security Deposit of 15 *per cent* of the total bid amount on annual basis. The terms and conditions of the Executed Agreements stipulated that one-twelfth of the lump sum amount was to be deposited by the lessee into the Government Account on monthly basis within the seventh day of the succeeding month. In case of failure in payment of dues within three weeks from the due date, the contract/lease would stand terminated and the second highest bidder would be considered.

Scrutiny of records (July 2016) revealed that even after lapse of more than one year from the date of agreements, seven out of the nine lessees were yet to make full

¹⁸ Dobu Weighbridge and Momin Weighbridge

¹⁹ Shallang and Athiabari weighbridges

²⁰ Umling, Momin and 7th Mile weighbridges.

²¹ Dobu weighbridge

payment of the lease amounts. Out of ₹ 8.05 crore realisable, only ₹ 3.74 crore was realised by the Department leaving an outstanding amount of ₹ 4.31 crore (**Annexure X**).

Although the CT issued demand notices to the defaulting leases on various dates between August 2015 and March 2016, the lessees failed to comply with the notices and continued to operate the weighbridges without clearing the monthly fee in contravention of the agreements executed. None of the penal provisions stipulated in either the tender notices or the agreements were enforced by the Department on the lessees.

The Department stated (October 2016) that the six of the weighbridges had been taken over between September 2015 and June 2016 and were since being operated by the Department. Action taken to realise the unpaid dues from the lessees was, however, not intimated to audit.

4.4.14 Short realisation of road tax

Section 41(7) of the MV Act lays down that certificate of registration in respect of a personal motor vehicle shall be valid only for a period of 15 years and shall be renewable as per the provisions of the Act *ibid*.

Transport Department levies a one-time tax on all personal vehicles which is valid for 10 years. On expiry of the one-time tax period, additional tax is payable for every five years. The Department revised the rate of one-time tax and additional tax on personal vehicles with effect from 8 September 2011 to ₹ 3000 (for vehicles with original cost below ₹ 3 lakh) and ₹ 4500 (for vehicles with original cost above ₹ 3 lakh).

There exists no mechanism for renewal of licences against their original registration. During audit, it was observed that in 1368 cases²², renewal of registration after 10 years was done by levying a flat tax rate of ₹ 3000 per vehicle. However, based on the details of vehicles, it was seen that the original cost of these vehicles exceeded ₹ 3 lakh and as such, ₹ 4500 was to be realised per vehicle, resulting in short realisation of tax amounting to ₹ 0.21 crore²³.

4.4.15 Arrears of road tax

The AMVT Act and Rules, 1936 (as adapted by the Government of Meghalaya) and the MV Act, 1988 lays down that every owner of a registered vehicle is liable to pay road tax in advance either annually or quarterly in four equal instalments. In case of failure to pay the arrear road tax within the stipulated time, the following action can be taken:

- Suspension of Certificate of Registration (RC) of Motor Vehicle under Section 53 of the MV Act.

²² DTOs Shillong: 1000, Jowai: 146, Nongpoh: 152 and Williamnagar: 70

²³ Short realisation for 1368 vehicles at ₹ 1500 (₹ 4500 - ₹ 3000) per vehicle = ₹ 0.21 crore.

- Realisation of fine from defaulters which may extend to ₹ 5000 but shall not be less than ₹ 2000 under Section 192 of the MV Act.
- Seizure and detention until such time as the entire amount of tax is paid.
- Recovery of tax through the Certificate Officer (*Bakijai Officer*) proceedings as arrear of land revenue.

4.4.15.1 *Registration certificates not renewed for private vehicles*

It was seen in audit that the RCs in respect of 42,579 private vehicles had expired between November 1988 and March 2016 in respect of four DTOs²⁴, but the same had not been renewed. It was also noticed that none of the vehicles were off-road on the basis of 'H' forms²⁵. Despite information being available with the DTOs, no action was taken to issue notices to these vehicle owners for re-registration of the vehicles and levy fine on them. Failure of the DTOs to re-register the vehicles, thus, resulted in minimum road tax amounting to ₹ 8.15 crore (**Annexure XI**) not being realised. In addition, fine amounting to ₹ 8.52 crore²⁶ was also leviable.

4.4.15.2 *Commercial vehicles plying without renewing registration certificates*

The Transport Department notified (September 2011) the fees payable for re-registration of different types of commercial vehicles.

Examination of records in the five DTOs revealed that during the period upto March 2016, the RCs of 36,817 commercial vehicles had expired but the same had not been renewed. Scrutiny of the H-Form registers²⁷ indicated that a total 22 vehicles were off road. The remaining 36,795 vehicles were thus plying irregularly without renewal of registration and payment of road tax thereon. Absence of an institutional mechanism for identifying and initiating action against vehicles without proper RCs resulted in loss of revenue amounting to ₹ 74.80 crore (**Annexure XII**) in the form of road tax. In addition, minimum fine amounting to ₹ 7.36 crore²⁸ was also leviable but has not been levied yet.

4.4.15.3 *Issue of demand notices*

Scrutiny of records in the five DTOs revealed that three²⁹ out of the five DTOs issued demand notices for payment of the outstanding road tax.

➤ During the period from May 2011 to November 2014, only 4498 demand notices with a tax implication of ₹ 7.65 crore in respect of the period from January 1990 to December 2014 were issued by the DTOs out of the 35108 cases of default during the period. Out of the total demand notices issued,

²⁴ DTOs Shillong, Jowai, Nongpoh and Williamnagar.

²⁵ Sections 8 and 9 of the AMVT Act, provide for surrender of certificate of registration and exemption of tax to that extent by submitting a declaration in Form 'H' if the vehicle is off-road for a period exceeding three months.

²⁶ 42579 vehicles x ₹ 2000 = ₹ 85158000

²⁷ DTOs Shillong, Williamnagar and Jowai. There were no vehicles off road in the remaining two DTOs i.e., Nongpoh and Mawkyrwat.

²⁸ 36795 x ₹ 2000 = ₹ 73590000

²⁹ DTOs Shillong, Nongpoh and Jowai. No demand notices was issued by DTOs Williamnagar and Mawkyrwat.

- 115 cases (2.6 per cent) were responded to and tax amounting to ₹ 0.07 crore was recovered.
- 428 demand notices having revenue implication of ₹ 0.77 crore were returned by the postal authorities as addresses of the defaulters could not be traced. Since the defaulters were not traceable, the recovery of the arrear taxes was remote, thereby resulting in further loss of revenue to the tune of ₹ 0.77 crore.
- For the remaining 3955 cases, the demand notices evoked no response from the defaulters and no further action was taken by the DTOs to realise the Government dues.

Reasons for not issuing demand notices or taking further necessary action under the provisions of the AMVT Act for realisation of Government dues could not be furnished to audit.

4.4.15.4 Non-recovery of arrear tax by Bakijai Officer

The DTOs are to refer the list of defaulters to *Bakijai*³⁰ Officer for recovery of dues as arrears of land revenue.

During the course of the PA it was seen that out of the five DTOs, only DTO, Jowai referred (January 2014) a list of 266 defaulting vehicle owners (3.1 per cent) to the *Bakijai* Officer for recovery of the arrear tax amounting to ₹ 0.72 crore. Reasons for not furnishing the list of remaining 8228 cases to *Bakijai* Officer was not furnished to audit.

In respect of the cases referred to *bakijai*, no recovery was affected even after a lapse of more than two years, resulting in loss of revenue to that extent.

4.4.16 Failure to take follow-up action on time-barred bank drafts

Section 88 of the Motor Vehicle Act, 1988 stipulates that a permit granted in any one State shall not be valid in another State unless the permit is countersigned by the STA of the other State on payment of Composite Fee³¹. The Composite Fee is payable by bank draft and remitted to the STA, Meghalaya when vehicles which have been issued permits by other States are authorised to ply in Meghalaya.

4.4.16.1 Non-receipt of bank drafts sent for revalidation

Scrutiny of records of STA revealed that 239 bank drafts amounting to ₹ 0.17 crore pertaining to the period from March 2014 to October 2015 had become time-barred. The STA returned these bank drafts on various dates between May 2015 and February 2016 to the concerned STAs of other States. Neither were the bank drafts received back after re-validation, nor did the STA, Meghalaya initiate any follow up action to get back the revalidated bank drafts, thereby resulting in non-realisation of revenue to the said extent.

³⁰ The *Bakijai* officer is a quasi-judicial authority under the Bengal Public Debt Recovery Act, 1913 for adjudication and realisation of amounts recoverable under the said Act.

³¹ Composite Fee is a fee levied on passenger vehicles covered by All India Permits, granted by State Transport Authorities of other States, other than the State of Meghalaya.

4.4.16.2 Bank drafts issued with incorrect drawee bank details

The STA, Meghalaya received 11 bank drafts amounting to ₹ 0.65 lakh (**Annexure XIII**) with incorrect drawee bank address or without dates of issuance from STA, Assam between March 2015 and October 2015. These bank drafts were sent back for revalidation between May 2015 and November 2015. However, none of the bank drafts sent for revalidation was received back by the STA, Meghalaya. No follow up action was taken by STA, Meghalaya to get back the bank drafts, resulting in non-realisation of revenue to that extent.

4.4.17 Non-renewal of permits

Under Section 81(1) and (2) of the MV Act, 1988, the validity of a commercial permit is for five years and may be renewed on an application made not less than 15 days before the date of expiry of the permit. Plying of vehicles without a valid permit attracts the provisions of Section 192 A of the Act, under which a minimum penalty of ₹ 2000 shall be levied.

In respect of the five DTOs and the STA, permits of 5284 commercial vehicles³² had lapsed between January 2011 and March 2016 but the same had not been renewed (July 2016). For not renewing permits despite expiry of the validity period, penalty of ₹ 1.06 crore as stipulated in Section 192 A was leviable but not levied. Thus, inaction of the DTOs and the STA resulted in penalty of ₹ 1.06 crore³³ not being realised.

4.4.18 Fitness of vehicles

Section 56 read with Rule 62(1)(b) of the MV Act and Rules made thereunder provide that a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness issued by the prescribed authority which shall be valid for the period of one year. The Government of Meghalaya fixed the fee for inspection of fitness of various classes of transport vehicles as under:

Table 4.4

Type of vehicle	Rate of fitness fee (₹)
Three wheelers	200
Light motor/Goods vehicle	300
Medium motor/Goods vehicle	500
Heavy motor/Good vehicle	500

Scrutiny of records of the five DTOs revealed that fitness certificates in respect of 28,191 commercial vehicles had expired between June 1982 and March 2016, but had not been renewed. No action had been taken by the DTOs to get the fitness of the vehicles checked. Due to non-renewal of fitness certificates, the vehicles were plying in violation of the MV Act, besides posing a threat to road safety. In addition, this resulted in non-realisation of inspection fee of ₹ 1.04 crore.

³² DTOs Shillong: 741, Jowai: 831, Nongpoh: 816, Williamnagar: 631, Mawkyrwat: 72 and STA: 3612

³³ 5284 X ₹ 2000 = ₹ 10568000.

4.4.19 High Security Registration Plates

The Motor Vehicles (New High Security Registration Plates) Order, 2001 stipulates that all the State Governments should take action to complete the process of implementation of the HSRPs on or before 31 October 2006 in case of newly registered vehicles, and thereafter within a period of two years for already registered vehicles. The Transport Department, Government of Meghalaya issued (October 2006) a notification intimating the process of implementation of HSRPs. Scrutiny of records relating to implementation of the order revealed the following deficiencies.

4.4.19.1 Target for affixation of HSRP not achieved

For implementing HSRPs in Meghalaya, the Transport Department entered into an agreement (November 2005) with M/s Shimnit Utsch India Private Limited. As per clause 2.6.1 of the agreement, the vendor was to pay to the Government, a concession fee³⁴ equal to 5 per cent of the price of each HSRP.

During the course of the PA it was seen that out of the total number of 2,63,541 vehicles registered in the State upto 2015-16, only 1,68,335 (64 per cent) were affixed with HSRPs. Thus, 95,206 registered vehicles were plying in the State with number plates in violation of the GoI order resulting in minimum loss of revenue in the form of concession fee amounting to ₹ 0.32 crore³⁵.

4.4.19.2 Overcharging of HSRP

Information was obtained from the Transport Department, Government of Mizoram regarding the process followed while awarding the HSRP contract. Based on the information received from Mizoram, it was seen that an agreement was executed (December 2011) by the Government of Mizoram with M/s Shimnit Utsch for affixation of HSRP.

The difference between the HSRP rates in Meghalaya and Mizoram are as under:

Table 4.5

Sl. No	Vehicle	Rates (₹)		Difference (₹)
		Meghalaya	Mizoram	
1	Two wheeler Scooters/Scooty	692.32	669	23.32
2	Two wheeler/ Motor cycles	682.43	668	14.43
3	Three wheeler	959.35	940	19.35
4	Light/Medium/Heavy Motor Vehicles	1681.29	945	736.29

From the above it may be seen that the same vendor had been charging different rates in the two States with difference ranging between ₹ 14.43 and ₹ 736.29 per plate.

Since the process of affixation of HSRP was implemented in totality from April 2007, it was observed that allowing the vendor to carry on business without proper analysis of rates in other States allowed undue benefit to the vendor by way of overcharging the same from the general public.

³⁴ A fee payable by a contractor or a vendor to the Government against grant of rights or for right to use property.

³⁵ 95206 vehicles x ₹ 682.43 = ₹ 64971431 x 5 per cent = ₹ 3248572

During the same period, 1,64,864 vehicles belonging to the above categories were affixed with HSRP in the State. Compared with Mizoram, the vendor was allowed undue benefit to the tune of ₹ 7.17 crore.

The Department stated (October 2016) that the agreement with the vendor was executed six years before Mizoram and hence comparison could not be made. Moreover, the Government was earning ‘concession fee’ from the vendor for HSRP affixation. The reply is not acceptable as the Transport Department did not opt for revision of rates for affixation of HSRP based on prevailing market rates even after 11 years of award of the contract, resulting in overcharging of HSRP fee by the vendor from the consumers and undue benefit to the vendor to that extent.

Recommendation No. 2: *The Department may recover the outstanding dues from the defaulting weighbridge lessees; road tax, permit and fitness fee defaulters and ensure that Government’s revenues are protected. Enforcement mechanism may be strengthened to ensure stricter compliance of the MV Act and Rules and to penalise vehicles plying illegally.*

Implementation of computerisation and application of ‘Vahan’, ‘Sarathi’ and ‘National Permit System’

To achieve faster and better services, transparency and better monitoring of revenue generated from implementation of the MV Act and Rules, Government of India provided the Transport Department with standardised software ‘Vahan’ and ‘Sarathi’, and National Permit System developed by National Informatics Centre (NIC) which are in use throughout the country.

4.4.20 Description of the software

Vahan

Vahan software is an application for registration of vehicles, collection of taxes, issuing various certificates and permits and recording fitness of vehicles. The software captures detailed information about the registered vehicles and its owner, vehicle description such as date of registration, chassis and engine number, type and class of vehicle, etc.

Sarathi

Sarathi software is an application for issue of Learner’s Licence, Permanent driving licence, conductor’s licence and driving school licence and to collect in each case, the amount of fee as applicable. The software captures detailed information about the licence holder viz., name, permanent and temporary address, licence number, class of vehicles authorised to drive, validity period of the licence, etc.

National Permit System

In order to implement a new National Permit (NP) composite fee regime, a National Web Portal (NWP) for issue of NP was developed by NIC. The portal enables the applicant to make online transactions through internet payment gateway. The

concerned authority after entering details of the vehicles and verification issues the online permit to the applicant.

Scrutiny of the process of implementation of software and defects noticed in the implementation are discussed in the succeeding paragraphs.

4.4.21 Data Reliability and data integrity

4.4.21.1 Registration number of vehicles starting with “TN”

For Meghalaya the Central Government has allotted ‘ML’ for use as Registration number. Analysis of the database of registered vehicles during the period under PA revealed that in four out of the selected five DTOs, the first two letters of 197 vehicles were assigned with the letter ‘TN’ instead of the letter “ML”.

Mention was made in Para 4.7.9.5 of the C&AG report for the year 2010-11 regarding non-generation of the letters “ML” by the system while registering the vehicles in the State. The Department stated (October 2011) that validation was being put in place to ensure that only the letters “ML” were entered during data entry. Despite such assurance, the fact that the codes were being wrongly entered and accepted by the software is a matter of concern and raises doubts about the correctness of the State Register of registered vehicles.

The Department stated (October 2016) that the deficiency had since been rectified at the instance of audit.

4.4.21.2 Vehicles registered with same Registration Number in more than one DTO

Under Section 49 of the MV Act, if the owner of a motor vehicle ceases to reside or have his place of business changed from the address recorded in the certificate of registration of the vehicle, he has to apply for change of address in the registration certificate to the new Registering authority in whose jurisdiction his new address falls and after effecting the change of address the new registering authority is to intimate the altered address to the original registering authority who then deletes the registered vehicle from his data base.

It was noticed that though the ‘Vahan’ software had a validation check to prevent duplicate entry of registration numbers, the DTOs have a standalone database, which is not linked to any State wide database. As such, the validation checks put in place had not completely addressed the problem of having duplicate registration number across different DTOs of the State. Analysis of the consolidated *Vahan* data of the selected DTOs revealed that 17 vehicles were registered with same registration number under two different DTOs. As a result of the duplicate registration, the combined database of the selected DTOs depicted 34 vehicles sharing 17 registration numbers. Out of these, 16 pairs of vehicles shared the same registration and chassis numbers while two vehicles had different chassis numbers but the same registration number.

Absence of this basic check rendered the process of digitisation of records ineffective as it made it possible for a vehicle owner to shift his vehicle to another region within the State and get the vehicle re-registered since the control systems in place do not provide for any checks to prevent the system from accepting duplicate records.

4.4.21.3 *Registration of vehicles on Sundays and National Holidays*

In two³⁶ out of the five selected DTOs, five vehicles were registered on Sunday and 66 vehicles were registered on a National Holiday (Gandhi Jayanti). The fact that the vehicles were registered on holidays indicated that the Department did not take any action to verify the dates of registration with respect to the original records.

The possibility that the system was being operated on holidays, raises concern on the security of the IT system which needs to be verified and strengthened.

4.4.22 *Data sufficiency*

4.4.22.1 *Essential information not captured in the system*

As per MV Act, tax is levied based on parameters like laden and unladen weight in respect of private motor cars, motor cycles, etc., seating capacity in case of passenger vehicles like stage carriages and contract carriages and laden weight in the case of goods vehicles. Further, calculation of road tax on motor vehicles is based on the percentage of the original cost price of the vehicle.

It was seen that the Transport Department failed to make entries in all the relevant fields of *Vahan* software, rendering the purpose of digitising the vehicle details futile.

Details of incomplete key fields noticed during analysis are shown below:

Table 4.6

Name of the selected DTOs	Engine No left blank	Fitness date left blank	Maker model left blank	Unladen weight left blank	Laden weight left blank	Manufacture year left blank	Sale amount left blank	Laser code left blank
Jowai	25	2	28	10	18	19	7021	11360
Shillong	227	3	401	49	80	98	12991	4392
Nongpoh	25	Nil	210	72	303	23	4794	1171
Williamnagar	49	9	182	7	49	48	5762	6456
Mawkyrwat	--	--	2	--	--	--	128	10

With such key data fields missing in the database, it would be difficult for the DTOs to keep a check on the vehicles and also for the police to trace vehicles in case of theft. Besides, the Department would have no information to rely upon in case of re-registration of vehicles, especially in cases where the sale value had not been entered.

4.4.22.2 *Database relating to stolen vehicles not linked with Police Department*

As per Section 62 of the MV Act, the State Government may, if it thinks necessary, direct the Police Department to furnish returns regarding vehicles which have been stolen and stolen vehicles which have been recovered to the Transport Department.

³⁶ DTOs Shillong and Jowai

During analysis of database, it was noticed that between 2011-12 and 2015-16, information pertaining to 57 stolen vehicles was captured in the database of the DTOs, Jowai and Shillong. No record of stolen vehicles was captured in the other three selected DTOs. However, information furnished by Police Department of four districts³⁷ revealed that 428 vehicles were stolen and 103 vehicles (**Annexure XIV**) were recovered during the same period.

Thus, unavailability of an automated information sharing system between Police Department and Transport Department is fraught with the risk of subsequent re-registration of these stolen vehicles within the State.

4.4.22.3 Registration of vehicles from outside the jurisdiction

Section 40 of the MV Act requires that every owner of a motor vehicle shall cause the vehicle to be registered by a registering authority in whose jurisdiction he has the residence or place of business or where the vehicle is normally kept. For registration of vehicles, *inter alia*, a valid proof of address is mandatory.

Analysis of the *Vahan* data of selected DTOs revealed that 4240 vehicle owners with addresses outside the area of jurisdiction of the concerned DTOs were registered with such DTOs out of which, 1850 vehicles owners (**Annexure XV**) were from outside the State.

This indicated that the DTO failed to verify the addresses of the vehicle owners while registering the vehicles. Registering a motor vehicle without correct address would render it difficult to trace the vehicle in the event of theft or its involvement in any illegal activity especially in the case of vehicles registered from outside the State.

Recommendation No. 3: *Vahan software may be updated to make data entry of all fields mandatory at the time of registration. Strict monitoring may be ensured for accurate and proper data entry in the system and the software may be provided with mandatory validation controls. The databases of individual DTOs may be linked to a State wide database.*

Internal controls

Transport Department is not only a revenue earning Department, but also a strategic Department in the sense that it enforces the provisions of the MV Act and rules which govern the movement of vehicles. Hence it is imperative that the Department is equipped with proper infrastructure along with an efficient internal control mechanism so as to enable it to discharge all its core functions effectively.

During audit, an assessment was made of the infrastructural conditions of the Department including the efficacy of its internal control mechanism and the same has been discussed in the succeeding paragraphs.

³⁷ Districts: East Khasi Hills, Shillong; South West Khasi Hills, Mawkyrwat; Ri-Bhoi, Nongpoh; and East Garo Hills, Williamnagar.

INFRASTRUCTURE

4.4.23 Checkpoints

The system of checkpoints is a control mechanism to enforce the provisions of MV Act and rules and to impose penalties on violators. There are seven checkpoints in Meghalaya, of which six are functional and are operated under the control of the DTO, Enforcement Branch. The revenue earned from checkpoints during the last five years was ₹ 24.60 crore which was 13 *per cent* of the total revenue earned by the Department.

During the PA, five checkpoints were covered.

4.4.23.1 *Inconsistency in manpower allotment in checkpoints*

The Transport Department had not fixed norms for assessing the staff requirement and posting of staff in the checkpoints. The manpower position of the Transport checkpoints is as follows:

Table 4.7

SI No	Name of the Checkpoint	Number of personnel posted				Total	Revenue earned (₹ in crore)
		Enforcement Inspector(EI)/Asst. EI	Time Keeper	Enforcement Checker	Gate Chowdikar		
1	Ratacherra	2	2	0	2	6	1.98
2	Rongmil	1	3	0	2	6	6.59
3	Chasingre	1	3	2	4	10	0.46
4	Byrnihat	2	6	2	1	11	1.93
5	7 th Mile	1	2	0	1	4	13.64
Total		7	16	4	10	37	24.60

From the table above it may be seen that:

- 7th Mile checkpoint which generated the maximum revenue was manned by only four enforcement staff whereas Byrnihat and Chasingre checkpoints having generated less revenue were allotted 11 and 10 staff respectively.
- The duration for which the staff was posted at the checkpoints was not available with the CT. In such a situation, the CT was unaware of the work being performed by the checkpoints' staff and unable to assess their performance *vis-à-vis* the targets fixed.

4.4.23.2 *Inadequate security at checkpoints*

In Meghalaya, most of the checkpoints were situated in hostile areas and prone to extremist threats. Out of the five checkpoints that audit visited, it was seen that security personnel were deployed only in Ratacherra checkpoint.

- During the period of PA, the checkpoint at Nengjagittim (South Garo Hills) was burnt down by miscreants (July 2015). All the valuable documents/records pertaining to the checkpoints including financial records such as receipt books, cash books *etc.*, were damaged. The checkpoint remains non-functional till date (January 2017).

- The checkpoint at Rongmil (East Garo Hills) was attacked on 17 April 2014 by armed miscreants and Government revenue was forcibly taken away. Thus, lack of proper security at the checkpoints resulted in loss of Government revenue.

Considering the threats faced by the checkpoint staff, lack of security is a matter of grave concern affecting the efficiency of the checkpoint staff.

4.4.23.3 Injudicious positioning of checkpoint

The Transport Department issued licence for setting up of a weighbridge at Dainadubi on the National Highway 62. The Department also operated a checkpoint at Rongmil on the same highway at a distance of 26 kilometres before the weighbridge.

During audit, it was seen that the DTO, North Garo Hills district requested (November 2013) the CT to approve the shifting of the checkpoint to a location after the weighbridge, as the checkpoint at Rongmil could not detect overloading. The proposal of the DTO was forwarded to the Government by the CT on March 2014 after a delay of more than four months. Approval of the Government to shift the checkpoint to the location as suggested by the DTO was, however, not on records, but it was apparent that the proposal was not acceded to as was evident from the fact that the checkpoint was still functioning from the same location.

During the period from 2011-12 to 2013-14 the total revenue collected from fines and penalties by the Enforcement staff posted at the checkpoint amounted to ₹ 6.59 crore. The Mining Department, Government of Meghalaya operated a checkgate at Dainadubi at the same location as the weighbridge. Cross checking with the records of mining checkgate revealed that during the same period a total of 3.28 lakh trucks carrying 30.98 lakh MT of overloaded coal (on the basis of weighment slips) passed through the checkgate.

Thus, for failure of the Transport Department to shift the checkpoint to a more strategic location, extent of actual overloading by trucks could not be ascertained by the enforcement staff manning the checkpoint at Rongmil. This resulted in non-detection of 3.28 lakh trucks carrying 30.98 lakh MT of overloaded coal, for which, penalty amounting to ₹ 375.32 crore³⁸ was leviable. However, the checkpoint during the aforesaid period realised penalty of only ₹ 6.59 crore thereby resulting in loss of revenue of ₹ 368.72 crore³⁹.

INTERNAL CONTROLS

Internal controls are safeguards that are put in place by the management of an organisation to provide assurance that its operations are proceeding as planned. Internal controls help in strengthening the public accountability of an organisation and maintaining standards of probity, prudence and ethics.

³⁸ 327558 trucks x ₹ 2000 + 3098114 x 1000 = ₹ 3753230000

³⁹ ₹ 3753230000 – ₹ 65930050 = ₹ 3687299950

The fact that Transport contributes the third highest source of tax revenue to the State exchequer calls for effective internal controls over the operations of the Transport Department.

4.4.24 Control mechanism in respect of receipt books

Receipt books are records on the basis of which, Government receipt in the form of fines, penalties, *etc.*, levied are realised. In Transport Department, annual requirement of receipt books are indented by the CT and DTOs. Receipt books registers are maintained where details of receipt books received against indent, issued and returned are entered.

4.4.24.1 Receipt books remaining untraceable

As per the extant practice in other departments in Meghalaya, receipt books are issued from the Directorate to the field offices upon indent. Any field office indenting receipt books has to verify the details in the Directorate and give an account of the receipt books previously issued. The field offices also are required to maintain a register of receipt books to account for receipt and utilisation of receipt books received from the respective Directorates.

It was seen that in case of Transport Department, receipt books are directly indented by the field offices from the Government Press without the same being routed through the CT. Absence of this control mechanism to keep a watch on the receipt books has rendered the CT without any knowledge about the status of receipt books in field offices.

Scrutiny of stock register of receipt books in DTO, Williamnagar revealed that the register of receipt books for the period before June 2012 was untraceable and could not be furnished to audit. In the absence of the Register, accounting of receipt books for the period prior to June 2012 could not be verified by audit.

Between the period from June 2012 till date (July 2016) a total of 237 receipt books were received by the DTO, of which 227 receipt books were found to have been issued to enforcement on different dates between June 2012 and May 2016. The remaining 10 receipts books⁴⁰ were yet to be issued and were lying in the possession of the DTO. A physical verification of the 10 unused receipt books was carried out by audit. It was observed that nine⁴¹ receipt books were untraceable and could not be shown to audit.

Since the receipt books in stock were untraceable, possibility of misappropriation of Government money through fraudulent use of the receipt books cannot be ruled out.

The Department stated (October 2016) that the nine receipt books had since been traced in the office. The fact however remains that the same could not be produced at the time of audit which indicated that the office did not have a mechanism for safe custody and accounting of receipt books.

⁴⁰ Receipt Books 374, 659, 660, 992, 999, 1057, 1087, 1268, 1354 and 1549,

⁴¹ Only Receipt Book No. 660 was found in stock during physical verification.

4.4.24.2 Receipt books issued yet to be returned

Scrutiny of receipt books register maintained in CT revealed that five⁴² receipt books issued between 2011-12 and 2015-16 were yet to be returned till August 2016. The delay ranged between four months and 53 months. No efforts were however, taken by the CT to ensure timely submission of the receipt books by the officials concerned.

The Department stated (October 2016) that the receipt books had since been returned. The fact however remains that there is no mechanism in the Department for timely receipt and submission of receipt books.

4.4.24.3 Irregular maintenance of receipt book registers

Scrutiny of receipt books registers maintained at DTOs, Shillong and Williamnagar revealed the following:

- The register maintained in DTO, Williamnagar did not record details of issue/return of receipt books. In absence of this information, it could not be verified as to whether the receipt books which had been issued to various officials had actually been returned.
- In DTO, Shillong a total of 4907 number of receipt books had been received upto October 2012 and thereafter no receipt books had been received. However, details of issue of the receipt books was not recorded in the register. Consequently, the status of use of the receipt books and the physical verification of the stock in hand could not be carried out by audit.

4.4.25 Absence of mechanism to monitor encashment of bank drafts received from other States

It was seen that 34 bank drafts received from STA, Assam amounting to ₹ 2.72 lakh (**Annexure XVI**) on various dates between April 2015 and September 2015 had not been remitted into the Government account till date (July 2016).

Since bank drafts have a validity of three months, delay in encashing the bank drafts for more than 10 months have rendered the bank drafts invalid, resulting in non-realisation of Government revenue to that extent. This happened due to absence of a control mechanism to oversee the receipt of bank drafts and their encashment within the stipulated time period.

The Department stated (October 2016) that a Register of Valuables had since been maintained at the instance of audit.

4.4.26 Absence of mechanism for supervision and inspection

Scrutiny revealed that the Department had not devised any mechanism for supervision and inspection of field offices including checkpoints by an independent officer. In course of PA, audit had come across only one report in respect of the inspection conducted (December 2009) by the DTO (Enforcement) in two⁴³ checkpoints and

⁴² 65096, 70554, 103016, 74188, 74189

⁴³ Umkiang and Byrnihat

three⁴⁴ weighbridges wherein gross anomalies were detected. Despite this, no further inspections were found to have been carried out either by the DTO or any other officer from the Directorate. Even in respect of the Inspection Report, no action was taken by the CT against the officials responsible.

Lack of supervision by the senior management indicated weak controls of the Department over the field offices.

4.4.27 Weak control mechanisms to monitor the functioning of checkpoints and weighbridges

In order to enforce the provision of the MV Act, the Transport Department has set up nine check points at different locations in the State under the control of the DTO, Enforcement Branch. Other than Transport Department, Taxation and Mining Departments have also set up checkgates at entry/exit points to State. All these checkpoints rely on the weighing slips issued by weighbridges to levy penalties for overloading.

During course of PA, five checkpoints were inspected by audit.

4.4.27.1 Deficiencies in maintenance of records in checkpoints

- Out of five checkpoints, three checkpoints⁴⁵ did not maintain any receipt books register. In absence of the receipt books register, details of receipt books received, utilised and returned could not be ascertained.
- Although fines were imposed on instances of overloading in all the checkpoints, details of weighing slips and the quantity of overloading was not indicated in any of the checkpoints. In absence of such records, the accuracy of the fines collected by the checkpoints could not be verified by audit.

4.4.27.2 Incorrect reporting of excess load

As per rule 10(f) of the MIRMOW Rules, 2009 each and every weighbridge has to submit a monthly statement of details of vehicles checked to the CT.

It was seen from the monthly reports submitted by the Transport Weighbridge at Umling and 7th Mile to the CT that between January 2012 and December 2015, 69640 trucks carrying 4.36 lakh MT of excess load beyond the permissible limit of 9 MT passed through the weighbridges on which fine amounting to ₹ 57.50 crore⁴⁶ was leviable. Examination of the records furnished by the CT revealed that during the same period, a total amount of ₹ 1.74 crore⁴⁷ was realised by the enforcement staff at Byrnihat and 7th Mile checkpoints. Thus, the check points under reported overloading resulting in short realisation of fine amounting to ₹ 55.76 crore.

Despite having information pertaining to the quantity of overloading, no action was taken by the CT against the checkpoint officials and fix responsibility on the

⁴⁴ 7th Mile, Thangskai and Umling.

⁴⁵ 7th Mile, Byrnihat and Rongmil.

⁴⁶ (69640 vehicles x ₹ 2000) + (435678 MT x ₹ 1000) = ₹ 574958000

⁴⁷ Details of vehicles detected and quantity of excess load not available on record.

checkpoint officials for such massive underreporting, resulting in non-realisation of revenue to that extent. In case of the checkpoint at 7th Mile, the underreporting was inexplicable, considering the fact that the checkpoint is situated within the premises of the weighbridge itself.

4.4.27.3 *Lack of controls resulting in underreporting of excess load by check points to CT*

In case of the weighbridge at Umkiang, monthly statements detailing the number of vehicles and quantity of excess load was not submitted by the weighbridge. No action was taken by the CT against the authority of weighbridge concerned. Consequently, the CT was in no position to determine the actual overloading and accordingly assess the performance of the checkpoint.

During the period from 2011-12 to 2015-16, the Transport checkpoint at Umkiang realised a total revenue of ₹ 1.98 crore as penalty on overloading. Cross check with the records of the DMR checkpoint at Umkiang revealed that during the same period, 3.85 lakh MT of overloaded coal and limestone was detected by the DMR checkpoint. Thus, against due penalty of ₹ 38.53 crore, the Transport checkpoint realised only ₹ 1.98 crore, resulting in under reporting and consequent short realisation of revenue amounting to ₹ 36.55 crore.

4.4.27.4 *Submission of incorrect returns by the weighbridges*

The weighbridge at Umling had been submitting monthly statements of vehicles checked, to the CT as per the provisions of the weighbridge rules. Based on the monthly statements, it was seen that from April 2014 to March 2016, no excess load was transported through the weighbridge.

Cross check with the records of the Mining and Taxation checkpoints at the same location revealed that during the same period, at least 81,311 MT of excess load was carried by transporters on which appropriate fees/penalties were realised by both the checkpoints.

The detection of excess load by the checkpoints was on the basis of the weighing slips issued by the Umling weighbridge. The weighbridge, thus, deliberately furnished incorrect statements to the CT. In such an event, the probability of falsification of information and submission of incorrect weighing slips to the trucks by the weighbridge with a view to defraud the Government exchequer cannot be ruled out.

Recommendation No. 4: *The Department may take steps to improve the manpower position and security of the check points, and ensure that these are positioned strategically. Internal controls should be strengthened by way of regular monitoring of reports submitted by the weighbridges and those submitted by the checkpoints.*

4.4.28 Conclusion

- There were ambiguities in the rules, notifications, executive orders issued by the Transport Department resulting in mismanagement of outsourced activities such as weighbridges and Pollution Testing Stations.
- There were several cases of non-compliance with the Acts and rules in place resulting in short/non-realisation of revenues etc.
- The IT system in place suffered from deficiencies resulting in issues with respect to data reliability and data security.
- The Transport Department failed to provide proper infrastructure, particularly in checkpoints by way of manpower, security *etc.*, resulting in ineffective management and consequent loss of revenue to the exchequer. Internal Controls in the Transport Department were inadequate and the management failed to exercise control on the functioning of the field offices.

4.4.29 List of recommendations

- The Government may amend the agreements made with the lessees under the weighbridge rules so that Government revenue can be protected in case of revision in weighing fees. Pollution Testing Stations may be set up at the earliest and vehicles plying without pollution certificates may be penalised.
- The Department may recover the outstanding dues from the defaulting weighbridge lessees, road tax, permit and fitness fee defaulters and ensure that Government's revenues are protected. Enforcement mechanism may be strengthened to ensure stricter compliance of the MV Act and Rules and to penalise vehicles plying illegally.
- *Vahan* software may be updated to make data entry of all fields mandatory at the time of registration. Strict monitoring may be ensured for accurate and proper data entry in the system and the software may be provided with mandatory validation controls. The databases of individual DTOs may be linked to a State wide database.
- The Department may take steps to improve the manpower position and security of the check points, and ensure that they are positioned strategically. Internal controls may be strengthened by way of regular monitoring of reports submitted by the weighbridges and those submitted by the checkpoints.