



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 Kerala  
Report No. 2 of 2026  
(Compliance Audit - Civil)**



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## Preface

The Report of the Comptroller and Auditor General of India on State Revenues for the period ended March 2024 is prepared for submission to the Governor under Article 151(2) of the Constitution of India for being laid before the State Legislature.

This Report contains significant results of the Compliance Audit of the various Departments of Government of Kerala under Revenue Sector, including Motor Vehicles Department, Excise Department, Registration Department, Forest Department and State Goods & Services Tax Department.

The instances mentioned in this Report are those which came to notice in the course of test audit of records during the period 2023-24 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports.

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



# Overview



## Overview

The Report of the Comptroller and Auditor General of India on State Revenues for the period ended March 2024 covers Audit Observations under Revenue Sector including Tax on Vehicles, Excise duty, Stamp duty and Registration fees and Agricultural Income Tax. The Report contains 11 paragraphs including two Subject Specific Compliance Audits (SSCA) involving revenue impact of ₹603.53 crore.

Chapter-I deals with the general aspects of the revenue receipts of the State. The total revenue receipts of the State Government for the year 2023-24 amounted to ₹1,24,486.15 crore, consists of State's own revenue of ₹90,674.97 crore and receipts from Government of India (GoI) of ₹33,811.18 crore (27 *per cent*). Arrears of revenue under some principal heads amounted to ₹30,308.52 crore, which represented 24.35 *per cent* of the total revenue of the State. The Chapter also provides an overview of the audits conducted in the departments. As of June 2024, 15,021 paragraphs involving ₹4,978.61 crore, contained in 2,461 Inspection Reports issued up to December 2023, remained outstanding.

Chapter-II deals with a Subject Specific Compliance Audit (SSCA) on 'Functioning of Regional Transport Offices and State Transport Authority in the Motor Vehicles Department of Kerala'. It was conducted to seek an assurance that the RTOs/ SRTOs managed the issue, renewal, and cancellation of licences effectively, regulated and controlled the registration and use of vehicles, assessed, levied and collected the revenue effectively, and conducted enforcement activities with adequate follow-up to deter violations.

In the SSCA, Audit observed that the department initiated modernisation efforts by setting up nine Automated Driving Test Tracks (ADTTs) and nine Automated Testing Stations (ATSSs) aimed at improving transparency and minimizing human intervention. However, despite incurring ₹37.48 crore, only two ADTTs became functional while none of the ATSSs were operational, resulting in continued dependence on manual licensing and testing. Audit revealed non-levy of applicable Green Tax, during Certificate of Fitness (CF) and registration renewals amounting to ₹2.57 crore. This non-levy highlighted an overreliance on vehicle owners' self-declarations, amidst the absence of effective system-based validations.

Analysis of VAHAN database, revealed that while the Certificate of Fitness of 48,059 (2.63 *per cent*) active transport vehicles had expired, these vehicles were neither presented for inspection nor reported as non-use to the Registering Authority. Audit observed that even though payment of motor vehicle tax for the corresponding period indicated the vehicles' intended use, the Enforcement Wing neither issued notices to the defaulting owners nor initiated any action to cancel registrations or permits of such vehicles operating without a valid CF. This inaction led to non-collection of penalty and compounding fees of ₹23.12 crore. Comparison with the Accident data of the Police Department, revealed that 197 of these vehicles with expired CF met with accident, involving 19 fatalities.

Audit also noticed lack of action on operation of vehicles with expired Certificate of Registration (RC). While on one hand, the Registering Authority accepted tax beyond the registration validity and thereby permitted the use of such vehicles on public roads, on the other hand the Enforcement Wing failed to issue notices or initiate action against the defaulters. This combined lapse not only undermined statutory compliance but also resulted in non-collection of revenue of ₹24.57 crore, on account of non-imposition of fine and non-collection of renewal fees. Comparison with the Accident data of the Police Department, revealed that 147 of these vehicles with expired RCs met with accident, involving 13 fatalities.

Audit further observed that out of 1,27,100 contract carriage and goods carriage vehicles registered in the State, 1,620 vehicles (Contract carriages – 557 and Goods Carriage Tipper – 1,063) were operating after paying the prescribed Motor Vehicles tax but without a valid permit, in violation of Section 66. It was also observed that vehicle inspections by the Enforcement Wing turned up CF expiry in respect of 6,803 transport vehicles and the registration certificates expiry of 30,948 non-transport vehicles. However, even in such cases, while compounding fees for other violations were collected, the offences of operating vehicles without a valid CF or RC were ignored. Ensuring adherence to permit regulations, and certificate of fitness and registration requirements is essential for maintaining road safety, regulatory compliance, and safeguarding government revenue. Above non-adherences resulted in non-collection of compounding fees amounting to ₹12.18 crore.

### **Recommendations of Chapter II:**

- The Government should automate driver licence issuance and establish a structured, time-bound roadmap towards State-wide implementation of technology-driven driving tests across all RTOs and SRTOs, while simultaneously accelerating the establishment of the 19 planned ATS and upgradation of existing facilities, with clearly defined timelines to ensure full compliance with the Central Notification.
- The Government may instruct the Motor Vehicles department to take prompt action to recover the Green Tax in the identified cases.
- The Government may mandate regular reviews of the VAHAN database to identify vehicles operating with expired CFs, RCs, or permits, and ensure timely renewal or removal of such vehicles from road operations. This should be supported by strengthened enforcement through routine inspections, digital tracking of permit renewals via the VAHAN portal, and periodical reporting by field officials on action taken to ensure compliance.
- The Government may establish a monitoring mechanism to ensure that instruction issued to the officials regarding booking of offences are complied with, without exception.

**(Paragraph 2.4)**

Chapter-III includes a Subject Specific Compliance Audit (SSCA) on 'Manufacture and Sale of Foreign Liquor in Kerala'. It was conducted to ascertain whether the provisions of the Acts/ Rules governing the manufacture/ import, transportation, storage and sale of foreign liquor and beer were complied with. Audit also sought assurance that the realisable revenue was demanded and collected in time and the internal control mechanism existing in the department is adequate and effective.

The SSCA highlights significant revenue losses arising right from the sourcing of Extra Neutral Alcohol (ENA) through to the manufacture and sale of liquor. In a distillery in Thiruvalla, significant discrepancies in ENA stock during inspections by higher officials, conducted after a theft incident, highlights serious shortcomings in the monitoring and stock verification processes at the distillery's premises. While a Police FIR was filed for the theft, the department neither initiated any action to recover the revenue lost due to the shortage of ENA in the distillery's stock, nor did it pursue recovery from the individuals involved in the diversion of ENA, resulting in total unrecovered loss of ₹51.88 crore.

During the SSCA, Audit also reviewed the registration of dealers, scrutiny of returns, and the assessment, levy, and collection of Sales Tax and Turnover Tax (ToT) on the sale of foreign liquor under the Kerala General Sales Tax (KGST) Act, 1963 by the State GST department. The failure of the Assessing Authorities to include the sales tax component while computing the turnover tax, resulted in a short levy of ToT amounting to ₹1.65 crore. Further, a brewery in Kanjikode, claimed exemption from payment of ToT on the sale of beer by citing a Government Notification that was applicable only to liquor manufactured by distilleries and did not extend to beer produced by breweries. Hence, the exemption claimed by the assessee was irregular, and the failure of the Assessing Authority to initiate recovery proceedings resulted in non-levy of ToT amounting to ₹13.81 crore. Instances of short levy/ collection of Sales Tax due to application of incorrect rate of tax were also observed. While in one case, the assessee failed to revise the applicable tax rate for the financial year, in another case, the revised rate was not applied from the effective date of revision. In both these instances, the assessing officers accepted the returns filed by the assessees without verifying the correctness of the applicable rates. This resulted in short levy of tax of ₹3.71 crore.

Audit cross verified, the transit permits issued by Excise department for import of liquor into Mahe, with the records maintained at check points and found that 22 permits, involving 1,10,720 Bulk Litres of IMFL, had no corresponding records of exit, indicating possible diversion to Kerala market for illicit sale. The estimated revenue loss due to the possible diversion of 12,302 cases of IMFL amounts to ₹5.10 crore.

### **Recommendations of Chapter III:**

- Government may direct the Department to ensure that surprise and independent stock verifications in Distilleries are conducted at regular intervals, by separate departmental teams, to ensure unbiased assessments and early detection of discrepancies.

- Government may develop and circulate detailed standard operating procedures (SOPs) to Assessing Authorities of State GST, on common areas of error including exemption eligibility to ensure uniformity in assessments. Government may also institute accountability mechanisms for assessment errors and conduct regular internal audits to evaluate the quality of assessments.
- Government may introduce a GPS-enabled transit permit system with real-time tracking and automated for route deviations or delays alerts to Excise enforcement wing, to monitor whether consignments reach their intended destinations.

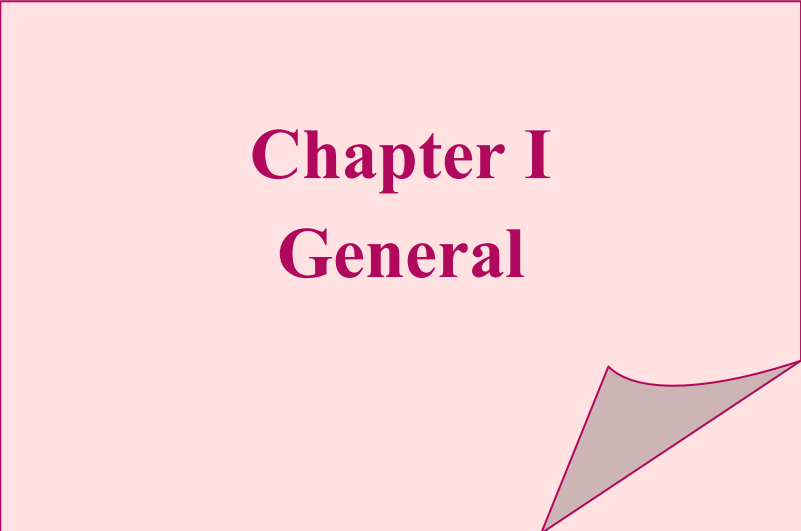
**(Paragraph 3.4)**

Chapter-IV deals with ‘stamp duty and registration fees’, wherein, instances of omission of adopting fair value of land and non-adoption of fair value available in the mother survey that resulted in short levy of Stamp duty and Registration fees were observed.

**(Paragraph 4.4 & 4.5)**

Chapter-V deals with ‘other Receipts’. The chapter discuss the observations such as non-levy of revised Licence fee from Government of Tamil Nadu for land assigned for Parambikkulam Aliyar Project and consequent shortfall in Forest Revenue amounted to ₹1.70 crore, along with a short collection of ₹27.40 crore from another lessee due to non-revision of lease rent.

**(Paragraph 5.1.1 & 5.1.2)**



**Chapter I**  
**General**



## CHAPTER-I GENERAL

### 1.1 Trend of Revenue Receipts

**1.1.1** The tax and non-tax revenue raised by Government of Kerala during the year 2023-24, the State's share of net proceeds of divisible Union taxes and duties assigned to the State, Grants-in-Aid received from Government of India (GoI) during the year and the corresponding figures for the preceding four years, are mentioned in **Table 1.1**.

**Table 1.1: Trend of Revenue Receipts**

(₹ in crore)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	<b>Revenue raised by the State Government</b>					
	<b>Tax revenue</b>	50,323.14	47,660.84	58,340.52	71,968.16	74,329.01
	<b>Non-tax revenue</b>	12,265.22	7,327.31	10,462.51	15,117.96	16,345.96
	Total	62,588.36	54,988.15	68,803.03	87,086.12	90,674.97
2	<b>Receipts from Government of India</b>					
	<b>Share of net proceeds of divisible Union taxes and duties</b>	16,401.05	11,560.40	17,820.09	18,260.68	21,742.92
	<b>Grants-in-Aid</b>	11,235.26	31,068.28	30,017.12	27,377.86	12,068.26
	Total	27,636.31	42,628.68	47,837.21	45,638.54	33,811.18
3	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>90,224.67</b>	<b>97,616.83</b>	<b>1,16,640.24</b>	<b>1,32,724.66</b>	<b>1,24,486.15</b>
4	<b>Revenue raised by State Government as a percentage of total revenue receipts</b>	<b>69</b>	<b>56</b>	<b>59</b>	<b>66</b>	<b>73</b>

Source: Finance Accounts prepared by AG (A&E), Kerala.

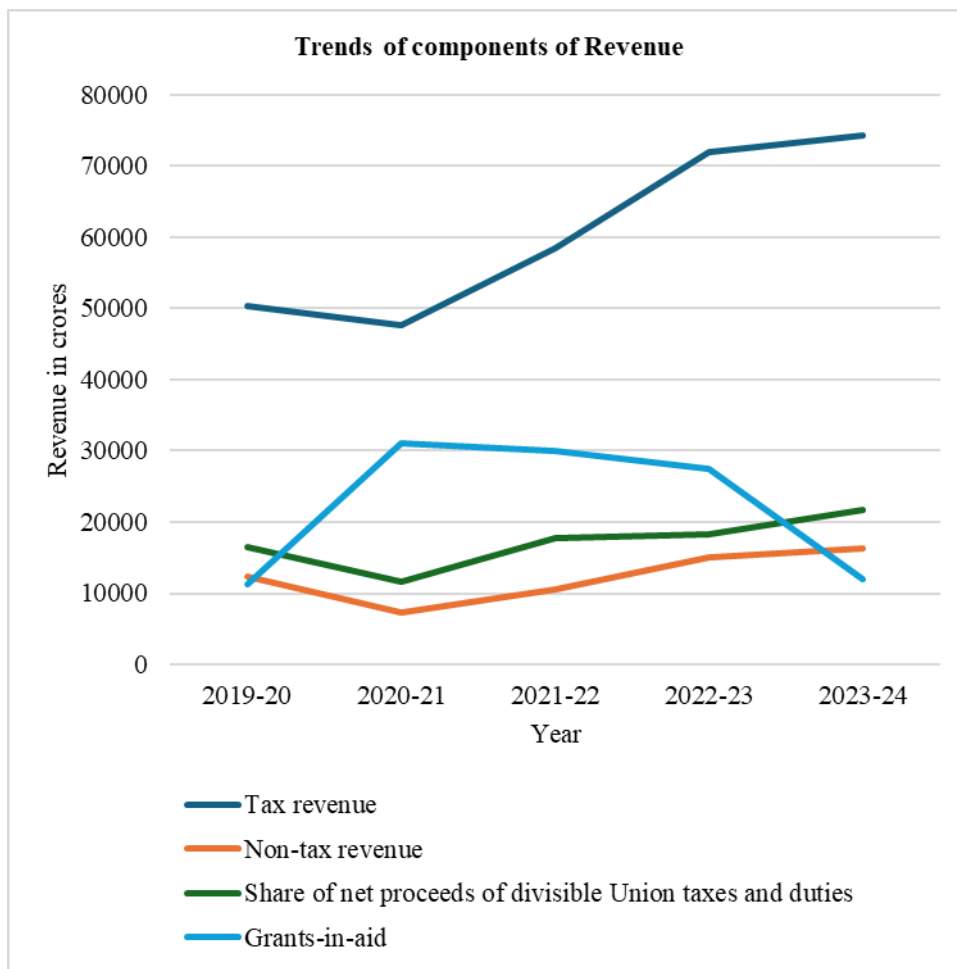
Though the revenue raised by State Government during the year increased, the total revenue receipts of the state decreased by ₹8,238.51 crore as the Grants-in-Aid reduced significantly compared to the previous year.

The Grants-in-Aid from GoI decreased by ₹15,309.60 crore (55.92 per cent) over the previous year, the reason for which was attributable to reduction in the Finance Commission Grants by ₹8,136.62 crore. Decrease in Finance Commission Grants during 2023-24 was mainly under Post Devolution Revenue Grant (₹8,425 crore). Grants under 'Other transfers/ Grants to States/ Union Territories with Legislature' also decreased by ₹6,504.06 crore mainly

due to decrease under compensation for loss of revenue arising out of implementation of GST by ₹6,508.09 crore.

**1.1.2** The trend of receipts from GoI (share of net proceeds of divisible Union taxes and duties and Grants-in-Aid) and revenue raised by Government of Kerala (Tax and non-Tax Revenue) for the last five years is shown in **Chart I** given below:

**Chart I: Trends of Components of Revenue for five years**



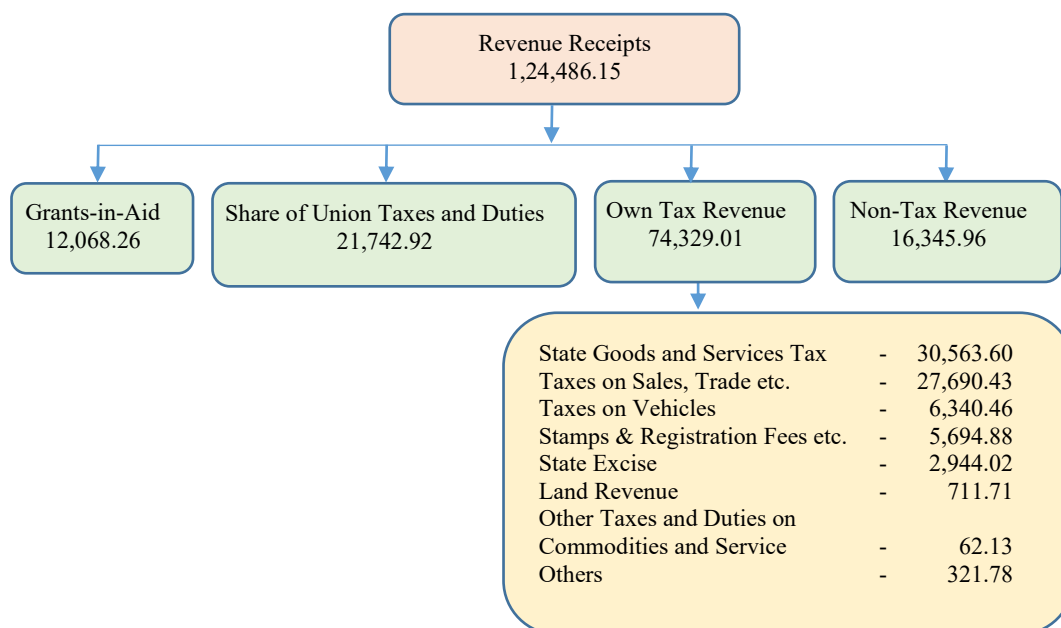
Source: Prepared by Accountant General (Audit II).

Upon analysing the Compound Annual Growth Rate (CAGR) of various components of Revenue Receipts, the Tax revenue component showed the best (10.24 per cent) growth while Grants-in-Aid exhibited the least growth (1.80 per cent) over the five years since 2019-20.

**1.1.3 Composition of the Revenue Receipts**

**Chart II** below depicts the composition of the revenue receipts of the State during 2023-24.

(₹ in crore)

**Chart II: Composition of Revenue Receipts**

Source: Prepared by Accountant General (Audit II).

**1.1.4 State's own revenue****1.1.4.1 Own tax revenue**

Own tax revenue of the State consists of state specific taxes like State GST, Excise etc. The trend of own tax revenue and analysis of its components during the period from 2019-20 to 2023-24 is shown in **Table 1.2**.

**Table 1.2: Components of the States' own tax revenue**

Sl. No.	Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	As percentage of total Own Tax Revenue during 2023-24
		(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	State Goods and Services tax	20,446.95	20,028.31	24,169.81	29,513.28	30,563.60	41.12
2	Taxes on Sales, Trade etc.	19,649.64	17,689.17	22,487.42	26,875.78	27,690.43	37.26
3	Stamps and Registration Fees	3,615.01	3,489.59	4,857.33	6,216.71	5,694.88	7.66
4	State Excise	2,255.28	2,329.22	2,032.23	2,875.95	2,944.02	3.96
5	Taxes on Vehicles	3,721.14	3,386.28	4,037.10	5,386.81	6,340.46	8.53
6	Land Revenue	332.42	493.35	470.84	718.90	711.71	0.96

Sl. No.	Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	As percentage of total Own Tax revenue during 2023-24
		(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
7	Other Taxes and Duties on Commodities and Services	39.31	48.80	56.04	67.89	62.13	0.08
8	Others	263.39	196.12	229.75	312.84	321.78	0.43
9	<b>Total Own Tax Revenue</b>	<b>50,323.14</b>	<b>47,660.84</b>	<b>58,340.52</b>	<b>71,968.16</b>	<b>74,329.01</b>	<b>100.00</b>
10	Total Revenue Receipts	90,224.67	97,616.83	1,16,640.24	1,32,724.66	1,24,486.15	
11	Own Tax Revenue as a percentage of Total Revenue Receipts	55.78	48.82	50.02	54.22	59.71	

Source: Statement 3 of Finance Accounts of respective years.

As a percentage to Total Revenue Receipts, the State's own tax revenue was 59.71 per cent during 2023-24. State Goods and Services Tax (SGST) was the single largest source of State's own tax revenue (41 per cent) followed by Taxes on Sales, Trade etc. (37 per cent) during the period 2023-24. Taxes on Vehicles is emerging as the next significant contributor, nearly doubling from ₹3,721 crore to ₹6,340 crore in five years. The revenue from State Excise increased moderately in the five years i.e. 31 per cent growth.

#### 1.1.4.2 Non-Tax Revenue

The details of Non-Tax Revenue raised during the period from 2019-20 to 2023-24 are indicated in **Table 1.3**.

**Table 1.3: Main components of the State's non-tax revenue**

Sl. No.	Revenue Heads	2019-20 (₹ in crore)	2020-21 (₹ in crore)	2021-22 (₹ in crore)	2022-23 (₹ in crore)	2023-24 (₹ in crore)	As percentage of total non tax revenue during 2023-24
1	State Lotteries*	9,973.67	4,873.01	7,134.93	11,892.87	12,530.91	76.66
2	Dividends and profits	100.33	110.19	227.98	48.93	242.68	1.48
3	Forest and Wildlife	255.85	236.61	200.57	290.61	262.43	1.61
4	Police	92.15	158.10	257.61	233.66	223.33	1.37
5	Interest receipts	84.95	246.64	177.05	171.95	175.35	1.07

Sl. No.	Revenue Heads	2019-20 (₹ in crore)	2020-21 (₹ in crore)	2021-22 (₹ in crore)	2022-23 (₹ in crore)	2023-24 (₹ in crore)	As percentage of total non tax revenue during 2023-24
6	Other non-tax receipts	1,758.27	1,702.76	2,464.37	2,479.94	2,911.26	17.81
7	<b>Total Non-Tax revenue</b>	<b>12,265.22</b>	<b>7,327.31</b>	<b>10,462.51</b>	<b>15,117.96</b>	<b>16,345.96</b>	<b>100</b>
8	Total Revenue Receipts	90,224.67	97,616.83	1,16,640.24	1,32,724.66	1,24,486.15	
9	Non-tax revenue as a percentage of Total Revenue Receipts	13.59	7.51	8.97	11.39	13.13	

Source: Statement 14 of Finance Accounts of respective years.

\*Expenditure on State Lotteries is ₹11,401.20 crore for the year 2023-24.

The non-tax revenue which ranged between 7.51 *per cent* and 13.59 *per cent* of the revenue receipts of the State during the last five years increased by ₹1,228 crore (8.12 *per cent*) during 2023-24 over the previous year. Receipt from the State Lotteries is the major source of non-tax revenue and its share in non-tax revenue ranged between 67 *per cent* and 81 *per cent* during the period from 2019-20 to 2023-24. During 2023-24, revenue from the State Lotteries (₹12,530.91 crore) increased by 5.36 *per cent* (₹638.04 crore) over the previous year. Though the revenue from lotteries constituted 76.66 *per cent* of the non-tax revenue, it was largely offset by an expenditure of ₹11,401.20 crore towards prize money and commission.

## 1.2 Analysis of Arrears of Revenue

The total arrears of revenue as on 31 March 2024 on certain principal heads of revenue amounted to ₹30,308.52 crore, as detailed in **Table 1.4** below:

**Table 1.4: Arrears of revenue as on 31 March 2024**

Sl. No.	Name of Department/ Heads of Account	Amount	Amount outstanding for more than 5 years
1	State Goods and Services Tax Department (MH 0006, 0040, 0022)	13,559.46	8,243.84
2	Finance Department-Arrears in interest receipts (MH 0049)	7,604.49	N.A.
3	Taxes and duties on electricity (MH 0043)	4,929.51	1,556.98
4	Motor vehicles Department (MH 0041)	916.53	140.34
5	Registration Department (MH 0030)	723.53	N.A.
6	Land Revenue Department (MH 0029)	542.14	118.41
7	Police Department (MH 0055)	494.20	274.94

Sl. No.	Name of Department/ Heads of Account	Amount	Amount outstanding for more than 5 years
8	Forest Department (MH 0406)	420.92	272.41
9	Finance Department-Arrears in Guarantee Commission (MH 0075)	395.94	N.A.
10	Excise Department (MH 0039)	303.50	303.50
11	Mining and Geology Department (MH 0853)	224.00	69.50
12	Kerala State Audit Department (MH 0070)	110.64	21.30
13	Printing (MH 0058)	51.41	40.49
14	Stationery (MH 0058)	30.36	25.53
15	Factories and Boilers (MH 0230)	1.49	0.03
16	Labour Department (MH 0230)	0.40	0
	<b>Total arrears</b>	<b>30,308.52</b>	<b>11,067.27</b>

Source: Information collected from departments.

The total arrears of ₹30,308.52 crore amount to 24.35 *per cent* of the total revenue of the State. The total arrears increased from ₹28,042.56 crore (2019-21) to ₹30,308.52 crore (2023-24). The largest component, State Goods and Services Tax remained mostly stagnant i.e. ₹13,410 crore in 2021-22 to ₹13,559 crore in 2023-24, while during the same period, arrears under Taxes and Duties on Electricity recorded a sharp increase from ₹2,929.11 crore to ₹4,929.51 crore.

Out of the total arrears of ₹30,308.52 crore, more than ₹11,000 crore has been pending for more than five years.

Pending arrears for more than five years show a sharp increase from ₹4,499.55 crore (2019-21) to 8,243.84 crore in 2023-24 in State Goods and Services Tax department. The pending arrears for more than five years in Taxes and duties on electricity also shows a rising trend, nearly doubling from ₹887.42 crore (2019-21) to ₹1,556.98 crore (2023-24).

This necessitates urgent intervention from the Government to clear the outstanding arrears and take measures to prevent mounting of arrears.

### 1.3 Analysis of cases in which stay was granted

An analysis of arrears of revenue which are under various stages of collection showed that the arrears pending collection as on 31 March 2024 included collections stayed by various authorities at various stages. Stages of stay granted in seven principal heads of revenue are detailed in **Table 1.5**.

Table 1.5: Stages of stay granted

Sl. No.	Head of revenue	Total arrear amount (₹ in crore)	Stage wise details of stay		Total amount under stay (₹ in crore)	Percentage of stay to total arrear	Total amount under stay for more than five years (₹ in crore)	Percentage amount under stay for more than five years to total amount under stay
			By Court and other Judicial Authorities (₹ in crore)	By Government (₹ in crore)				
1	State Goods and Services Tax Department	13,559.46	5,032.24	73.95	5,106.19	37.66	3,522.38	68.98
2	Forest Department	420.92	2.17	142.29	144.46	34.32	91.98	63.67
3	Excise Department	303.50	91.22	0	91.22	30.06	91.22	100.00
4	Land Revenue Department	542.14	466.67	21.13	487.80	89.98	115.16	23.61
5	Registration Department	723.53	4.06	0	4.06	00.56	0	0
6	Mining and Geology Department	224.00	44.74	44.22	88.96	39.71	31.85	35.80
7	Motor Vehicles Department	916.53	0.73	0	0.73	0.08	0.0081	1.11
<b>Total</b>		<b>16,690.08</b>	<b>5,641.83</b>	<b>281.59</b>	<b>5,923.42</b>	<b>35.49</b>	<b>3,852.60</b>	<b>65.04</b>

Source: Information collected from various Government departments.

An amount of ₹5,923.42 crore is pending under stay orders, which is 35.49 per cent of the total arrear amount in seven departments. Arrears under stay in State Goods and Services Tax department declined from ₹5,577.10 crore in 2019-21 to ₹5,106.19 crore in 2023-24. In contrast, departments like Land Revenue, Forest and Mining recorded a steady increase in stays.

Out of ₹5,923.42 crore that is pending under stay orders, ₹3,852.60 crore (65.04 per cent) has been pending for more than five years. Excise department has the entire amount (100 per cent) under stay, for more than five years. In addition, State Goods and Services Tax department and Forest department show high pendency, i.e. 69 per cent and 64 per cent respectively.

*Department in coordination with Advocate General's office may take necessary steps to vacate the stay in a time bound manner so that the stay orders do not remain in force indefinitely.*

#### 1.4 Arrears in Assessments

The particulars regarding the arrears in assessments, such as cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending for finalisation at the end of the year 2023-24 were furnished by the departments (March 2025) as shown in **Appendix I**.

During the year, the Revenue and Disaster Management (R&DM) department cleared 1,76,503 out of 2,02,678 cases of building tax and 156 out of 1,059 cases of plantation tax. The percentage of disposal of arrear cases by the R&DM department is 86.71 *per cent* which is higher than the clearance percentage in the previous year i.e., 2022-23. Analysis over the five-year period shows that the department disposed of 7,80,660 out of 8,07,732 cases, reflecting a high clearance rate of 97 *per cent*.

In the SGST department, 25,788 out of 39,182 cases were cleared. The percentage of disposal ranged from 18.18 *per cent* with respect to Taxes on Works Contract to 79.09 *per cent* with respect to Motor Spirit Tax. As compared to the previous year i.e., 2022-23, clearance has improved in the case of GST. The overall percentage of disposal in the SGST department has increased from 43.21 *per cent* in 2022-23 to 65.82 *per cent* in 2023-24. Over the five year period, the department cleared 1,38,485 cases out of 2,14,114 cases, achieving a disposal rate of 65 *per cent*.

*As delays in completing assessments may lead to cases becoming time-barred, the Department may institute a system of periodic monitoring to track progress and fix accountability for any lapses.*

## **1.5 Evasion of tax detected by departments**

The cases of evasion of taxes detected by department, cases finalised and demands for additional tax raised are important indicators of revenue collection efforts of the State Government. The promptness in disposal of these cases is an important indicator of the performance of the departments concerned.

The details of cases of evasion of tax detected by departments were called for by Audit from 15 heads of departments out of which seven<sup>1</sup> departments did not detect any case of evasion of tax. Cases of evasion of tax detected by five departments, cases finalised and demands for additional tax raised, as reported by departments are given in **Table 1.6** below:

**Table 1.6: Details of evasion of tax**

Sl. No.	Particulars	0030-Stamps & Registration fees	0041-Taxes on Vehicles	0406-Forest and Wildlife	0040-SGST	0029-Land Revenue
1	Number of cases pending as on 31 March 2023	1,41,850	26*	3	19,105	2,461
2	Number of cases detected during 2023-24	14,882	0	0	18,667	50
<b>Total</b>		<b>1,56,732</b>	<b>26</b>	<b>3</b>	<b>37,772</b>	<b>2,511</b>

<sup>1</sup> Animal Husbandry Department, Stationery Department, Department of Lotteries, Printing Department, Excise Department, Electrical Inspectorate, Public Works Department (Roads).

Sl. No.	Particulars		0030-Stamps & Registration fees	0041-Taxes on Vehicles	0406-Forest and Wildlife	0040-SGST	0029-Land Revenue
3	Cases in which assessment/ investigation completed and additional demand with penalty etc., raised	Number of cases	10,111	0	0	24,832	57
		Amount of demand (₹ in crore)	25.87	0	0	4,161.04	0.30
4	Number of cases pending for finalisation as on 31 March 2024		1,46,621	26	3	12,940	2,454

Source: Information collected from departments.

\* The opening balance of the year 2023-24 do not match with the closing balance of the year 2022-23. The department has not provided an explanation for the discrepancy.

The details from Health department and Public Works department (Bridges as well as Buildings) have not been received yet (September 2025).

## 1.6 Pendency of refund cases

As per Section 56 of the Kerala State Goods and Services Tax Act, 2017, if the tax ordered to be refunded is not refunded within a period of 60 days from the date of receipt of the application, interest at the rate of six *per cent* (nine *per cent* in case of refund made on order passed by an adjudicating authority or Appellate Tribunal or court which has attained finality) will become payable along with refund from the expiry of 60 days till the date of payment of refund. As per Section 89(4) of Kerala Value Added Tax (KVAT) Act, 2003, interest at the rate of 10 *per cent* per annum is applicable on refund cases after 90 days from the date of assessment order or receipt of the order in appeal or revision or the date of expiry of the time for preferring appeal or revision.

The details of refund cases pending at the beginning of the year 2023-24, claims received, refunds allowed during the year 2023-24 and the cases pending at the close of the year 2023-24, as reported by the SGST and Excise departments, are given in **Table 1.7**.

**Table 1.7: Details of pendency of refund cases**

Sl. No.	Particulars	State Goods and Services Tax		State Excise	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year 2023-24	767	187.62	71	2.85

Sl. No.	Particulars	State Goods and Services Tax		State Excise	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
2	Claims received during the year 2023-24	3,234	854.69	2,480	32.52
3	Refunds made during the year 2023-24	2,900	528.20	2,519	33.36
4	Refunds rejected during the year 2023-24	337	65.25	-	-
5	Balance outstanding at the end of the year 2023-24	764	448.86	32	2.00

Source: Details obtained from the respective departments.

In SGST department, the number of refund cases outstanding as at the end of March 2024 was 764 of which, 116 cases pertain to refund of Value Added Tax involving money value of ₹144.62 crore and 642 cases pertain to GST involving money value of ₹292.79 crore.

Excise Department's progress in disposing more than 99 *per cent* of claim cases is commendable.

## **1.7 Response of Government/ Departments to Audit**

The Accountant General (AG) (Audit II), Kerala, conducts periodical inspection of Government departments to test check the transactions and verifies the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the 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/ Government are required to furnish first reply within four weeks from the date of receipt of the IR. Even if final reply to certain paras in IR are not furnished within the prescribed time limit, an interim reply is to be furnished indicating the action taken to rectify the defects pointed out by Audit. Serious financial irregularities are reported to the heads of departments and Government.

As of June 2024, 2,461 IRs containing 15,021 paragraphs involving a money value of ₹4,978.61 crore, issued up to December 2023 is outstanding as mentioned below with the corresponding figures for preceding two years in **Table 1.8**.

**Table 1.8: Details of pending Inspection Reports**

	June 2022	June 2023	June 2024
Number of IRs pending for settlement	2,625	2,524	2,461
Number of outstanding audit observations	16,701	14,953	15,021
Amount of revenue involved (₹ in crore)	5,084.70	5,062.52	4,978.61

Source: Details compiled by Accountant General (Audit II).

### 1.7.1 Department-wise details of IRs

Department-wise details of the IRs and audit observations outstanding as on 30 June 2024 and the amounts involved are mentioned in **Table 1.9**.

**Table 1.9: Department-wise details of IRs**

Sl. No.	Name of department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	SGST	Taxes on sales, trade, etc.	1,635	10,828	4,079.05
		Taxes on agricultural income	63	195	74.11
2	Motor Vehicles	Taxes on Vehicles	318	2,267	388.91
3	State Excise	State Excise	103	390	105.87
4	Registration	Stamp duty and Registration fees	315	1,264	323.37
5	Lotteries	Receipts from lotteries	27	77	7.30
<b>Total</b>			<b>2,461</b>	<b>15,021</b>	<b>4,978.61</b>

Source: Details compiled by Accountant General (Audit II).

Audit did not receive first replies for 117 IRs out of 126 IRs issued during 2023-24 within four weeks from the date of issue of the IRs from five heads of offices.

Government needs to put in place an effective system for ensuring prompt and appropriate response to audit observation within the time frame prescribed in the circular<sup>2</sup> issued by the Finance department.

<sup>2</sup> Circular memorandum No.57374/Ins.2/65/Fin. dated 15 November 1965.

### 1.7.2 Departmental Audit Committee Meetings

The Finance Department had directed all the Heads of department and offices to conduct Quarterly Audit Committee Meetings to clear outstanding Reports/ Draft Paragraphs.

The details of the Audit Committee Meetings held during the year 2023-24 and the paragraphs settled are mentioned in **Table 1.10**.

**Table 1.10:**  
**Details of Departmental Audit Committee Meetings**

Sl. No.	Name of department	Number of meetings held during 2023-24	Number of audit observations pending as on 31 March 2023	Number of paragraphs settled	Amount involved in settled paragraphs (₹ in crore)
1	State Goods and Services Tax Department	1	11,171	133	11.92
<b>Total</b>		<b>1</b>	<b>11,171</b>	<b>133</b>	<b>11.92</b>

Source: Details compiled by Accountant General (Audit II).

No meetings were held in respect of Excise, State Lotteries, Agricultural Income Tax, Stamps and Registration, and Motor Vehicles Department despite having 4,159 pending audit observations. The Government may issue strict instructions to the departments to devise periodic action plans to clear all the outstanding paragraphs in a time-bound manner by conducting regular Audit Committee Meetings.

One of the major reason for non-conduct of these meetings was the delayed response of the Departments towards the requests for conducting the Audit Committee Meetings.

### 1.7.3 Response of departments to the draft paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are sent by the AG (Audit II) to the Secretaries of the respective departments drawing their attention to audit findings and requesting their response within six weeks.

11 paragraphs including two Subject Specific Compliance Audit Reports were sent to the Secretaries of the respective departments by name between September 2024 and June 2025. The Secretaries of departments have furnished reply to all paragraphs.

### 1.7.4 Follow up on the Audit Reports - summarised position

As per notification (December 2002) of the Public Accounts Committee (PAC), after the presentation of the Report of the Comptroller and Auditor

General of India in the Legislative Assembly, Action Taken Explanatory Notes on Audit paragraphs should be submitted by the Government to the Legislature Secretariat within two months of tabling the Report, for consideration of the Committee. The status of follow up on the Reports of the Comptroller and Auditor General of India on Revenue Sector of the Government of Kerala for the year ended 31 March 2017 to the period 2021-22 (112 paragraphs including performance audit) placed before the State Legislative Assembly between 12 June 2018 and 14 September 2023 is as follows:

- The Action Taken Explanatory Notes on Audit paragraphs from the Departments concerned on 28 paragraphs were received late with delay ranging from 10 months to 75 months.
- Six departments did not submit Action Taken Explanatory Notes on audit paragraphs (March 2025) in respect of 67 paragraphs (58 individual and nine Performance Audits/ Review paragraphs), which includes 33 paragraphs of the Audit Report for the period 2021-22.
- The PAC discussed 17 paragraphs pertaining to the Audit Reports for the years from 2017 to 2022 and its recommendations on 15 paragraphs were incorporated in the reports during the respective tenure of the Committee during the period 2023-26.

The departments largely responsible for non-submission of Action Taken Explanatory Notes on Audit paragraphs were Taxes and Transport. The non-receipt of ATNs were brought to the notice of the Chief Secretary to the Government in the Apex Committee meetings held on 15 June 2017, 11 December 2017, 23 June 2018, 18 December 2018, 11 February 2020, 22 February 2022 and finally on 25 May 2023.

Action Taken Notes on PAC recommendations have not been received in respect of 155 out of 165 recommendations of the PAC from four Departments i.e., Taxes, Excise, Transport and Revenue and Disaster Management as mentioned in **Table 1.11** (March 2025).

**Table 1.11:**  
**Details of non-receipt of ATN from four Departments**

Year	Name of Department				Total
	Taxes	Excise	Transport	Revenue & Disaster Management	
2004-06	-	-	-	1	1
2006-08	-	-	-	2	2
2008-11	2	-	-	-	2
2011-14	-	-	-	-	-
2014-16	2	-	1	-	3
2016-19	17	11	7	2	37
2019-21	12	-	5	7	24

Year	Name of Department				Total
	Taxes	Excise	Transport	Revenue & Disaster Management	
2021-23	3	-	2	38	43
2023-26	18	18	-	7	43
<b>Total</b>	<b>54</b>	<b>29</b>	<b>15</b>	<b>57</b>	<b>155</b>

Source: Details compiled by Accountant General (Audit II).

## 1.8 Audit Planning

The Annual Audit Plan was prepared on the basis of risk analysis. The unit offices under various departments were categorized into high, medium, and low risk units according to their revenue position, past trends of audit observations, complaints, media reports and instances of non-production of records by department. During the year 2023-24, out of 1,166 auditable units, 126 units were audited, which is 10.81 *per cent* of the total audit units. In addition, one Performance Audit<sup>3</sup> and two SSCAs<sup>4</sup> were also taken up during the year.

## 1.9 Results of Audit

### Position of Audit conducted during the year

Test-check of the records of 126 units of State GST, Motor Vehicles, State Excise, Registration and other departmental offices conducted during the year 2023-24 showed under-assessment/ short-levy/ loss of revenue aggregating to ₹849.92 crore in 713 cases. During 2023-24, departments concerned accepted under-assessment and other deficiencies of ₹206.15 crore involved in 557 cases. Departments collected ₹11.13 crore in 219 cases during 2023-24, pertaining to the audit findings of previous years.

### 1.10 Coverage of the Report

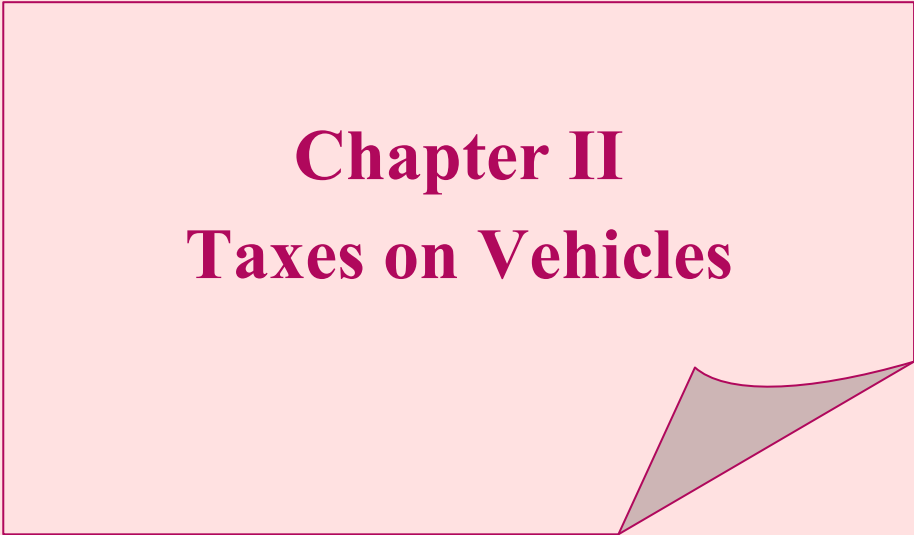
This Report contains 11 paragraphs (including two SSCAs) which came to notice in the course of test audit of records during the year 2023-24, as well as those in earlier years, involving revenue impact of ₹603.53 crore. These are discussed in the succeeding Chapters II to V.

#### **Recommendation 1**

*Government may ensure strict adherence to the Finance Department circular and direct all departments to conduct quarterly Audit Committee Meetings for clearance of pending audit paragraphs. Timely submission of replies to Inspection Reports, Action Taken Notes on Audit Reports and PAC recommendations may be enforced to strengthen accountability and improve overall functioning.*

<sup>3</sup> Performance Audit on Assessment, Levy, and Collection of GST on Minerals.

<sup>4</sup> One SSCA on Manufacture and Sale of Foreign Liquor in Kerala and another SSCA on Functioning of RTOs and STA in Motor Vehicles Department of Kerala.



**Chapter II**  
**Taxes on Vehicles**



## CHAPTER-II TAXES ON VEHICLES

### 2.1 Tax Administration

The Kerala Motor Vehicles department (MVD) is primarily established for enforcement of provisions of Motor Vehicle Act, 1988, Kerala Motor Vehicles Taxation Act, 1976 and the rules framed thereunder. Kerala Motor Vehicles department is entrusted with the responsibility of providing registration of vehicles in Kerala, issuance of driving licence, issuance of various permits, collection of road taxes and control of vehicular pollution. Safe Kerala Wing of Kerala MVD is for road safety activities and enforcement of Motor Vehicles Act. Through these regulatory activities, the Motor Vehicles department is one of the major sources of revenue for the State exchequer.

### 2.2 Internal Audit

Audit of the State Transport Authority, Regional Transport Offices (RTOs) and offices of the Deputy Transport Commissioner of each zone is conducted by the Senior Finance Officer of the Motor Vehicles department. Internal audit of Sub Regional Transport Offices (SRTOs) and Motor Vehicle Check Posts of department are conducted by the Senior Superintendent attached to the office of each of the Zonal Deputy Transport Commissioners. The Internal Audit team is comprised of one Accounts Officer, nine Senior Superintendents and 10 Clerks. Against the target of 110 units, 42 units were audited during 2023-24. Department stated that the periodicity of audit of all offices is annual, but it could not achieve the target due to shortage of manpower in Internal Audit Wing, and lack of Audit software. During 2023-24, department cleared 148 paragraphs which was 2.59 *per cent* of the outstanding 5,711 paragraphs.

### 2.3 Results of Audit

There were 91 auditable units in Motor Vehicles department out of which 43 units were selected for Audit during 2023-24. The audit is conducted through direct scrutiny by visiting the field offices, and also by analysing the data extracted from the VAHAN<sup>5</sup>. Test check of records revealed short/ non-levy/ payment of tax, fees, fines and penalties related to registration/ fitness of motor vehicles and other irregularities during the year 2023-24. In addition, a Subject Specific Compliance Audit on functioning of RTOs and State Transport Authority (STA) in Motor Vehicles Department of Kerala was also undertaken. Government needs to improve the internal control system including strengthening of internal audit so that occurrence/ recurrence of such cases can be avoided. Short/ non-levy of tax and other irregularities involving ₹705.00 crore observed in 553 cases that fall under the following categories, are given in **Table 2.1**.

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<sup>5</sup> The computerised software with integrated solutions for vehicle registration, fitness, taxes, permits and enforcement.

**Table 2.1: Details of under assessment of tax and other irregularities**

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	SSCA on functioning of RTOs and STA in Motor Vehicles Department	1	498.97
2	Short levy/ short collection and Non levy/ non collection of tax	552	206.03
<b>Total</b>		<b>553</b>	<b>705.00</b>

Source: Records maintained by the Accountant General.

The Motor Vehicles department fully automated its functions by implementing application software 'SMARTMOVE' with effect from January 2007, which was replaced by 'VAHAN' with effect from 2019 to automate the RTO operations related to Vehicle Registration, Permit, Taxation and Enforcement. Major findings of the SSCA on functioning of RTOs and STA in Motor Vehicles Department are mentioned in the succeeding paragraphs.

## 2.4 Subject Specific Compliance Audit on Functioning of RTOs and STA in Motor Vehicles Department of Kerala

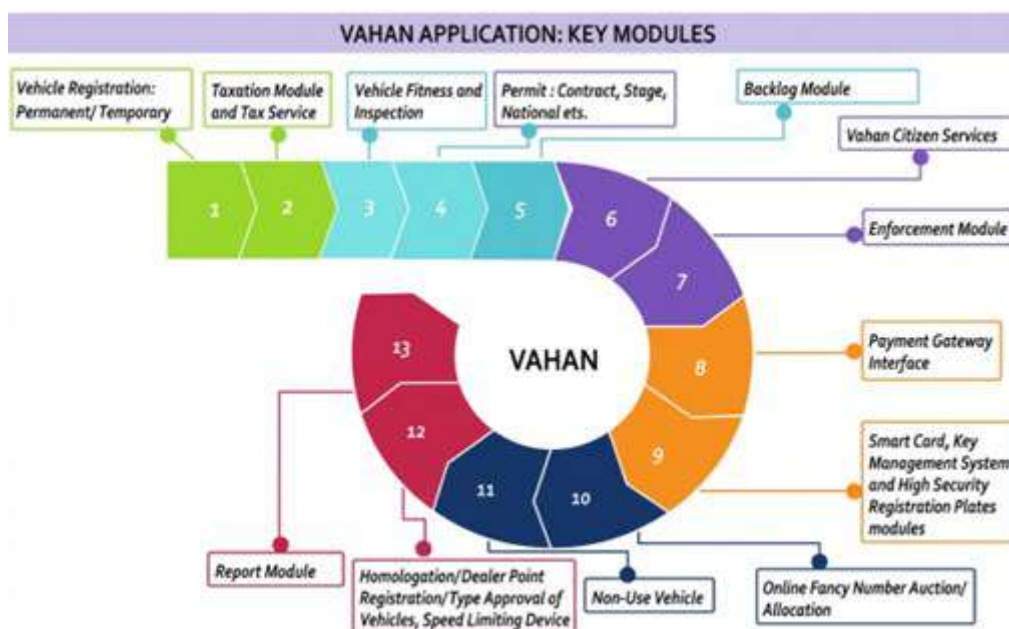
### 2.4.1 Introduction

The Motor Vehicles Act (MV Act), which consolidates and amends the law relating to motor vehicles, was enacted in 1988. The MVD, established under Section 213 of the MV Act, 1988, is responsible for enforcing the MV Act, 1988, the Kerala Motor Vehicles Taxation Act, 1976, and related rules. Its key functions include issuing driving licences, vehicle registration, permits, road tax collection, vehicle fitness and inspection, pollution control, and enforcement of traffic laws, under the policy framework of the Government of Kerala. At the national level, the Ministry of Road Transport and Highways (MoRTH) formulates transport policies and, in consultation with States, has introduced e-Transport initiatives such as VAHAN, SARATHI, and e-Challan to streamline registration, licensing, and fine collection.

#### 2.4.1.1 VAHAN

VAHAN is a centralised, web-enabled application, VAHAN provides easy online access to RTOs, vehicle dealers, citizens, transporters, and other stakeholders. The application's configurability allows for State-specific customisations. The vehicle insurance companies and Pollution Under Control Certificate (PUCC) centres are integrated with VAHAN. The key modules in VAHAN are outlined in **Figure 2.1**.

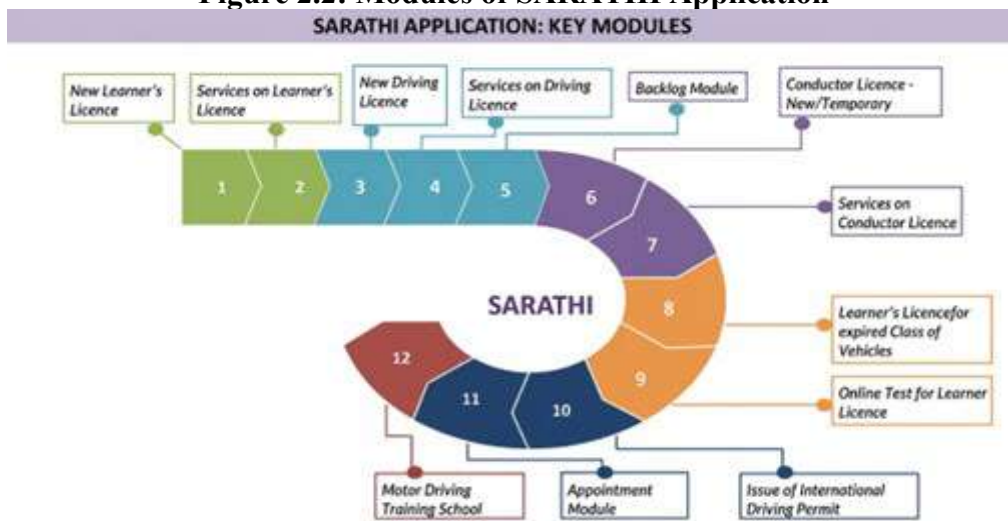
**Figure 2.1: Modules of VAHAN Application**



### 2.4.1.2 SARATHI

SARATHI is an application, designed to streamline and computerise driving licence-related services. It offers a comprehensive solution for issuing driving licences, learner licences, and other related services<sup>6</sup> provided by the Transport Department. SARATHI operates as a workflow-based, web-enabled, centralised application, featuring a wide range of configurable options to meet the specific needs of different States. It facilitates the management of driving, learner, conductor, and driving school licences. The application has been tailored to Kerala’s specific requirements and is currently operational in the State. The key modules in SARATHI are shown in Figure 2.2.

Figure 2.2: Modules of SARATHI Application



### 2.4.1.3 Faceless/ Contactless Services

Transport services have been shifted to a faceless mode using technologies like Aadhaar e-KYC, AI-based face recognition, and e-Sign, enabling online applications, payments, document uploads, and appointment scheduling. This has reduced queues and minimised middlemen involvement. In Kerala, 34 services under VAHAN and SARATHI have been adapted to this system in line with Central Motor Vehicles (CMV) Rules.

### 2.4.1.4 e-Challan System

The e-Challan system is a modern, digital solution designed to streamline the enforcement of traffic Rules and imposition of penalties under Section 136A of the MV Act, 1988. It replaces traditional paper-based challans with an electronic version, making the process more transparent, efficient, and user-friendly.

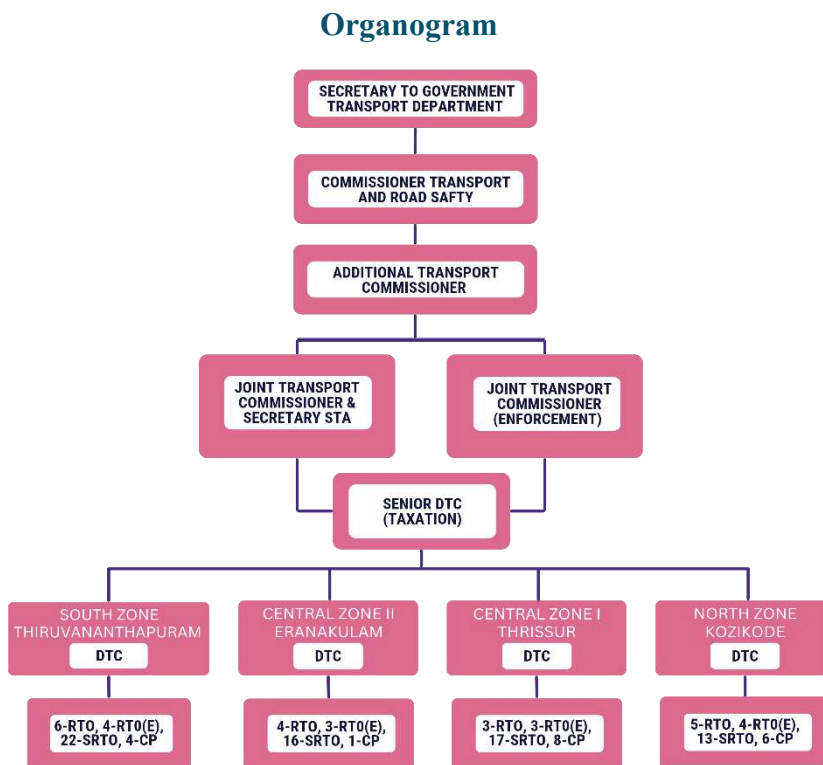
<sup>6</sup> Renewal of Driving Licences, issuing of International Driving Licences, conductor Licences, Motor Driving School Licences etc.

The key aspects of the e-Challan system are Automation of Traffic Violations, Real-time Updates, Online Payment Facility, Transparency and Accountability, Tracking Violations and Penalties, Increased Efficiency.

### 2.4.1.5 Organisational Setup

The Organisational Structure is depicted in **Figure 2.3**.

**Figure 2.3: Organisational Structure of Motor Vehicle Department**



### 2.4.1.6 Trend of Revenue

The Budget estimates and actuals for the last five years are as shown in **Table 2.2** below:

**Table 2.2: Budget estimates and actual revenue collection**

(₹ in crore)

Year	Budget estimates	Actual collection	Percentage of collection to budget estimates
2019-20	4,711.58	3,721.14	78.98
2020-21	3,968.22	3,386.28	85.33
2021-22	4,179.19	4,037.10	96.60
2022-23	4,138.59	5,386.81	130.16
2023-24	5,857.61	6,340.46	108.24

Source: Finance Accounts and Budget records.

In most years, revenue collection remained broadly in line with the budget estimates, indicating a consistent capacity to achieve revenue targets.

#### **2.4.1.7 Audit Objectives**

The Audit is conducted to ascertain whether:

1. RTOs managed the issue, renewal, and cancellation of licences effectively as per the Act/ Rules.
2. Regulation and control over the registration and use of vehicles through registration, issuing permits, and Certificate of Fitness was implemented by RTOs as per the Act/ Rules.
3. RTOs efficiently assessed, levied, collected, and remitted revenue (Motor vehicle taxes, fines, cess, etc. as per Act/ Rules) and took action on arrears.
4. Enforcement activities were effectively conducted by RTOs to ensure compliance with the Motor Vehicle Acts/ Rules with adequate follow-up to deter violations.
5. RTOs have been provided with the required manpower, equipment, and other resources to discharge the mandate and also to ensure public service delivery in a transparent and efficient manner.

#### **2.4.2 Audit Criteria**

The Audit criteria to be adopted include:

- i. The Motor Vehicles Act, 1988.
- ii. The Central Motor Vehicles Rules, 1989.
- iii. The Kerala Motor Vehicles Rules, 1989.
- iv. The Kerala Motor Vehicles Taxation Act, 1976.
- v. The Kerala Motor Vehicles Taxation Rules, 1975.
- vi. The Kerala Road Safety Authority Act and Rules, 2007.
- vii. Motor Vehicle Aggregator Guidelines, 2020.
- viii. Rent-a-Cab Scheme, 1989.
- ix. Kerala Financial Code, 1963.
- x. Notifications issued by the Ministry of Road Transport, GoI from time to time and Citizen's Charter of Motor Vehicles Department.

### 2.4.3 Audit Scope and Methodology

The Subject Specific Compliance Audit (SSCA) was conducted from August 2024 to January 2025, covering the period from 01 April 2019 to 31 March 2024. This audit covered the Transport Commissionerate and 19 field offices, including four check posts across Kerala, using a random sampling methodology with IDEA<sup>7</sup>. A two-pronged approach was adopted, focusing on data analysis of the VAHAN and SARATHI systems, as well as field verification. Back-end data from VAHAN, SARATHI, and e-Challan related to all RTOs and Sub-Regional Transport Offices (SRTOs) up to March 2024, were analysed for broad conclusions, with a detailed focus on sampled RTOs for in-depth verification.

An Entry Conference was held on 28 November 2024 with the Transport Commissioner (TC), during which the audit objectives, scope and methodology of the audit were explained. An Exit Conference was conducted on 19 June 2025 with the Secretary to the Government, where key audit findings and recommendations were discussed. The responses provided during the exit conference, as well as on other occasions, have been appropriately incorporated into the report.

### 2.4.4 Sampling

A total of 10 offices from the 86 RTO/ SRTO offices, were selected through a random sampling method using IDEA software. The sampling was done based on three parameters *viz.*, number of transport and non-transport vehicles registered in the RTOs/ SRTOs, revenue collected by RTOs over the past five years and number of transactions carried out through VAHAN and SARATHI. Based on the aggregate scores, the 86 offices were categorised into three risk strata and the following offices were selected.

Strata	Name of the office selected
<b>High Risk</b>	KL- 08 - RTO-Thrissur KL- 05 - RTO-Kottayam KL- 13 - RTO-Kannur KL- 40 - SRTO-Perumbavoor KL- 46 - SRTO-Guruvayur
<b>Medium risk</b>	KL- 31 - SRTO-Mavelikkara KL- 38 - SRTO-Thodupuzha KL- 47 - SRTO-Kodungallur
<b>Low Risk</b>	KL-12 - RTO-Wayanad KL-69 - SRTO-Udumbanchola

Additionally, the Transport Commissionerate, as the head office and the State Transport Authority, along with four check posts and four enforcement RTOs, has also been selected for audit.

<sup>7</sup> IDEA is a data analysis software.

### 2.4.5 Acknowledgement

We acknowledge the cooperation and support extended by the Transport Department, MVD, and the officials of the selected offices for providing the necessary information and records, which facilitated the smooth and timely conduct of the audit.

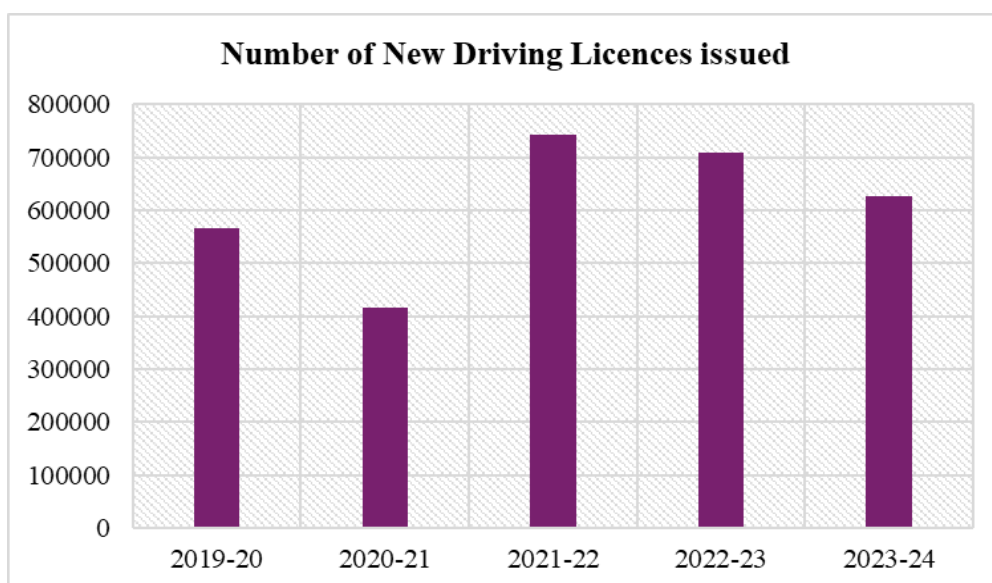
### 2.4.6 Audit Findings

The Audit findings based on the data analysis and scrutiny of the records in the selected offices are mentioned in the following paragraphs:

#### 2.4.6.1 Issue of Driving Licences

The different types of licences issued by MVD are learner's licence, driving licence, conductor licence and driving school licence. The issuance of driving licences is governed by Chapter II of the MV Act, 1988, the CMV Rules, 1989, and State-specific Rules under the Kerala Motor Vehicles Rules. The trend of driving licence issued during the period from 2019-20 to 2023-24 is given in **Chart 2.1** below:

**Chart 2.1: Trend of Driving Licence issued from 2019-20 to 2023-24**



There was a marked decline in the issuance of driving licences during 2020-21, which may be attributable to the disruptions caused by the COVID-19 pandemic. A substantial increase in the subsequent years indicated a recovery in operational activities. The marginal decline noted in 2023-24, in comparison to the preceding two years, suggests a stabilisation in the overall trend.

No individual is permitted<sup>8</sup> to drive a motor vehicle in any public place without holding a valid driving licence, and such a licence is issued<sup>9</sup> only upon the applicant successfully passing the prescribed driving test.

Audit obtained and analysed accident data for the year 2022-23 from State Crime Records Bureau (SCRB), which revealed that the cause of over 78 *per cent* of the accidents in the State were attributable to the fault of either the driver of the vehicle involved or that of another vehicle as detailed in **Table 2.3** below.

**Table 2.3: Cause wise details of accident**

Sl. No	Type of causes	No. of accidents	No. of death	Grievous injury
1	Fault of driver of motor vehicle	27,216	2,441	21,546
2	Fault of driver of other vehicle	8,418	612	6,891
3	Defect in mechanical condition of motor vehicle	24	7	17
4	Defect in road condition	57	11	40
5	Fault of cyclist/ pedestrian/ passenger/ stray animals	346	58	257
6	Drunken driving	216	34	98
7	Light condition/ weather condition/ Mobile talking	193	21	158
8	Cause not known	2,505	318	1,942
9	Other causes	6,422	758	4,975
	<b>Total</b>	<b>45,397</b>	<b>4,260</b>	<b>35,924</b>
	Percentage of accidents due to a driver's fault	78.49	71.66	79.16

Source: Details furnished by SCRB.

The high percentage of accidents due to the fault of drivers indicates that quality of drivers is critical in reducing accident.

The driving licence test is conducted in two phases, Part I, a ground test (on an 'H' track for Light Motor Vehicles (LMV) and an '8' track for two-wheelers) to assess fitness for the road test, and Part II, a road test to evaluate driving abilities. To enhance accuracy, transparency, and efficiency, MVD decided (October 2010) to establish Automated Driving Test Tracks (ADTTs) as part of its modernisation and e-governance initiatives, with circulars<sup>10</sup> prescribing track specifications, guidelines for slope and angular Reverse Parking Tests, and the use of checklists during road tests.

Audit identified the following shortcomings in ensuring driver testing quality as outlined in the subsequent paragraphs.

<sup>8</sup> Section 3 of the MV Act, 1988.

<sup>9</sup> Section 9(3) of the Act.

<sup>10</sup> Circulars 20/98, 04/13 and 05/17.

### 2.4.6.2 Non-Functioning of Automated Driving Test Tracks

The introduction of Automated Driving Test Tracks (ADTTs) was a key initiative intended to modernise and standardise the driving test process, enhance transparency and accuracy in the driving test process and minimise human intervention. These stations, equipped with advanced technology such as sensors and cameras, were designed to automate the testing procedure, ensuring a standardised assessment of driving skills.

Audit reviewed the progress of establishing ADTTs across RTOs and SRTOs and found that only nine ADTTs had been set up, despite the State having 86 RTOs/ SRTOs. As per information provided, only two of these nine centres are operating (January 2025), status is detailed in **Table 2.4** below:

**Table 2.4: Details of status of ADTTs**

Sl. No.	Name of RTO/ SRTO	Fund utilised (₹)	Date of starting operation	Current status of ADTTs	Remarks
1	Parassala	64,99,973	16/10/2015	Not working	KELTRON withheld service due to a payment issue.
2	Thiruvananthapuram	94,22,284	02/02/2017	Not working	
3	Muvattupuzha	67,79,973	05/03/2019	Not working	
4	Uzhavoor	94,22,284	01/03/2019	Not working	
5	Kasargod	1,00,00,000	Not become operational	Not working	M/s. SRIT, who was awarded the work, reluctant to provide services and hence the award was cancelled. Action is underway to identify new service provider.
6	Thrippunithura	1,00,00,000			
7	Taliparamba	1,00,00,000			
8	Kozhikode	9,74,060	2012	Working	Operational
9	Kannur	19,48,119	2013	Working	Operational
	<b>Total</b>	<b>6,50,46,693</b>			

Source: Departmental records.

Audit noticed that after the utilisation of ₹6.50 crore to establish nine ADTTs, seven of these facilities remain non-functional primarily due to contractor-related issues. Problems such as equipment malfunctions, frequent system downtimes, and inadequate maintenance have hindered their operation, resulting in the continued manual conduct of driving tests at these seven RTOs/ SRTOs (January 2025).

The expenditure of ₹6.21 crore incurred for establishing seven ADTTs did not serve its intended objective. Audit analysis of the cause of the three ADTTs that have not been made operational even for a single day are detailed below:

**Government sanctioned (October 2016) the establishment of ADTTs at Taliparamba, Kasargod and Thripunithura at a cost of ₹ one crore each, entrusting construction to KITCO (March 2017). Though KITCO completed and handed over the facilities in March and May 2022, the ADTTs could not be operationalised as M/s SRIT, the firm awarded the Annual Maintenance and Facility Management contract, refused to execute the agreement despite work orders in September – November 2022. Thus, despite spending ₹ three crore, all three ADTTs remained non-functional, with no further action taken by the Department (January 2025).**

The limited functionality and incomplete implementation of ADTTs have failed to ensure a fair and standardised driving licence testing process, potentially endangering overall road safety.

On this being pointed out, the Government stated (September 2025) that MVD constituted a committee to formulate detailed guidelines for implementing the Accredited Driver Training Centres (ADTC) as per the latest guidelines of MoRTH. It was also stated that a notice inviting Expression of Interest will be published soon and it is planned to establish one ADTC under each RTO and SRTO.

The delay in establishing ADTTs in the 77 RTO/ SRTO locations, non-functioning of ADTTs in the seven RTO/ SRTOs and non-issuance of an order inviting application for the establishment of ADTCs in the State, has forced the continued reliance on the manual testing system.

### ***Recommendation 2***

*Government should expedite the completion of the driving licence issuance automation and develop a structured, time-bound roadmap to achieve full automation of driving tests State-wide, ensuring technology-driven assessments are implemented across all RTOs and SRTOs.*

### **2.4.6.3 Non-adherence to the procedures mandated for conducting Manual Driving Tests**

The test of competence to drive referred in the MV Act is prescribed in the CMV Rules<sup>11</sup>. To assess whether the licensing authority or such other authorised person follow the Rules while conducting the driving test, the Audit team conducted Joint Physical Verification (JPV) with officials from the MVD, in the 10 selected RTOs and SRTOs. The JPV findings are summarised as follows:

- **Non-establishment of Parking Track**

The candidates driving a vehicle equipped with a reverse gear must demonstrate the ability to drive backward and reverse into a limited opening,

<sup>11</sup> Section 9(3) and Rule 15.

either to the right or left, with control and reasonable accuracy<sup>12</sup>. To adhere to this requirement, the TC issued Circular<sup>13</sup>, to establish a Parking Track alongside the 'H' track in all testing centres for the execution of Part I of the LMV test. Audit conducted JPV in the 10 selected RTO/ SRTOs and observed that Parking Track was not provided in any of the testing centres verified. In the absence of such a Parking Track, the skill to reverse the vehicle into a limited opening either to the right or left under control and with reasonable accuracy is not tested before issuing the licence.

- **Non-compliance of legal requirements in vehicles used for driving tests**

Operating a vehicle in a public place is permitted only if it is duly registered, covered by valid insurance, and accompanied by an up-to-date Pollution Under Control Certificate (PUC) to comply with emission standards<sup>14</sup>. As per TC's Circular<sup>15</sup> read with Government Orders<sup>16</sup>, vehicles older than 22 years are not allowed to be used for driving tests.

The JPVs conducted in the 10 selected RTO/ SRTOs revealed significant non-compliance of the Rules and directions at the testing centres, as shown in **Table 2.5** below:

**Table 2.5: Usage of non-permissible vehicles for driving test**

Sl. No.	Non-compliance	Centre	No. of vehicles checked	Number of non permissible vehicles used
1	Vehicles without valid registration	RTO Thrissur, SRTO Guruvayur, RTO Wayanad	92	3
2	Vehicles without a valid PUC	RTO Kottayam, SRTO Kodungallur	44	2
3	Vehicles over 22 years old	RTO Kottayam	24	5

Source: Departmental records.

These violations not only breach legal requirements but also undermine safety and environmental standards. The use of non-compliant vehicles for driving tests compromises candidate safety and sets a poor precedent for enforcement. Adherence to regulatory norms is critical to ensure road safety, environmental compliance, and the credibility of the testing process.

<sup>12</sup> Rule 15(3)(k) of the CMV Rules, 1989.

<sup>13</sup> No.04/2013 dated 12 March 2013.

<sup>14</sup> Section 39 and Section 146 of the MV Act and Rule 115 of CMV Rules.

<sup>15</sup> Circular dated 26 June 2024.

<sup>16</sup> G.O.(Rt.) No.181/2024/Trans dated 23 May 2024 and G.O.(Rt.) No.170/2024/Trans dated 04 May 2024.

- **Non-Conducting of Road Safety Classes**

The TC, with a view to mould out competent and safety-conscious drivers, issued a Circular<sup>17</sup>, mandating that individuals obtaining learner's licences must undergo road safety awareness classes. This directive was based on the department's assessment that imparting road safety education is a critical component in developing responsible and skilled drivers. The Circular also directed the examining authorities that before allowing the candidates to take the driving test, they must ensure that the candidate had attended the road safety classes.

During JPVs, it was observed that in seven out of 10 selected RTOs/ SRTOs, venues were not available to provide road safety classes to the candidates.

- **Absence of Video Recordings at Testing Grounds**

The TC vide letter dated 26 March 2012, directed to undertake complete video recording of the Part I test to ensure transparency and correctness of the tests. In cases where two individuals are tested simultaneously and only one camera is available, video recordings will be conducted for each track on alternate days. These recordings may be randomly reviewed by the District Transport Commissioners (DTCs) and called for by the TC for verification. These instructions were effective starting from 01 April 2012.

The department provided video recording cameras to each RTO/ SRTOs for recording the Part-I test process. During JPVs, it was observed that no such video or dashboard camera recordings were carried out in any of the selected RTOs/ SRTOs.

The JPV conducted on manual testing procedures highlights non-compliance of mandated Rules including the use of non-compliant vehicles, the absence of required testing tracks, and the failure to conduct essential road safety classes.

On these being pointed out, the Government stated (September 2025) that directions have been given to all RTOs/ SRTOs to provide road safety classes to all applicants and only those applicants who have participated in such classes are permitted to attend the driving test. It was also added that a proposal is in place to fix CCTV cameras in all RTOs/ SRTOs and training halls to monitor the road safety classes.

The reply addressed only the failure to conduct road safety classes. The reply is silent on the shortfall in legal requirements for vehicles used for driving tests, and absence of video recordings at Testing Grounds.

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<sup>17</sup> No. 19/2011 issued on 13 September 2011.

### **Recommendation 3**

*Government may direct the department to ensure that, until automated testing stations are fully established, manual testing is conducted strictly in accordance with prescribed procedures and within the mandated infrastructure.*

#### **2.4.6.4 Issuance of Driving Licences in violation of the provisions of the MV Act**

The validity period of non-transport vehicle licences is determined by the applicant's age at the time of issuance or renewal<sup>18</sup>, with the amended<sup>19</sup> provisions coming into effect from 01 September 2019. The amendment stipulated that, if the person:

- (i) is under thirty years old at the time of issue or renewal, the licence will remain effective until they reach the age of forty.
- (ii) is between thirty and fifty years old at the time of issue or renewal, the licence will be valid for a period of ten years.
- (iii) is between fifty and fifty-five years old at the time of issue or renewal, the licence will remain effective until they reach the age of sixty.
- (iv) is fifty-five years old or older at the time of issue or renewal, the licence will be valid for five years from the date of issuance or renewal.

The data from the SARATHI database shows that during the period between 01 September 2019 and 31 March 2024, the MVD had issued **27,78,399** driving licences. Detailed analysis of the data revealed that **7,524** of these licences were found deviated from the prescribed validity periods as shown below:

- In **3,819 licences** the validity period exceeded from two to 4,383 days as detailed in **Appendix II**.
- In **3,705 licences** the validity period is shorter by two to 4,336 days as detailed in **Appendix III**.

These inconsistencies undermine the legal framework of the MV Act, as licences may not accurately reflect the holder's eligibility as determined by their age. Five illustrative cases identified in the selected offices are as given in **Table 2.6** below:

<sup>18</sup> Section 14(2)(b) of MV Act.

<sup>19</sup> MV Amendment Act, 2019.

**Table 2.6: Illustrative cases of Driving Licences, issued with irregular validity**

Sl. No.	Name of the Office	Licence number	Date of issue of Driving Licence	Date of birth	Age as on the date of issue	Validity given upto	Validity to be given
1	RTO Kottayam	KL05 20190002715	28-10-2019	25-04-1993	26	27-10-2039	24-04-2033
2	RTO Thrissur	KL08 20190002560	23-11-2019	18-05-1989	30	17-05-2039	22-11-2029
3	RTO Wayanad	KL12 20210004654	22-10-2021	03-07-1994	27	29-05-2035	02-07-2034
4	RTO Kannur	KL13 20190003164	28-12-2019	18-09-1986	33	17-09-2036	27-12-2029
5	SRTO Mavelikkara	KL31 20190001155	22-11-2019	17-12-1995	23	21-11-2039	16-12-2035

Source: SARATHI Database.

On this being pointed out (January 2025) the Government stated (September 2025) that although the number of errors is minimal in comparison to the total number of licences issued during the period, the matter has been taken seriously. This error occurred due to the changeover from erstwhile SMARTMOVE software to new SARATHI based software. It was also ensured that the identified cases will be rectified. In this regard, direction has already been issued to all RTOs and Joint RTOs for constituting a special team in each office, to rectify the anomalies and a compliance report to be forwarded within ten days. It was also stated that the National Informatics Centre (NIC) has been requested to explore the possibility of auto checking the Drivers Licence validity period in the SARATHI database to ensure accurate licence validity period. Ideally, validation controls on the licence validity period should be part of the software to prevent such errors.

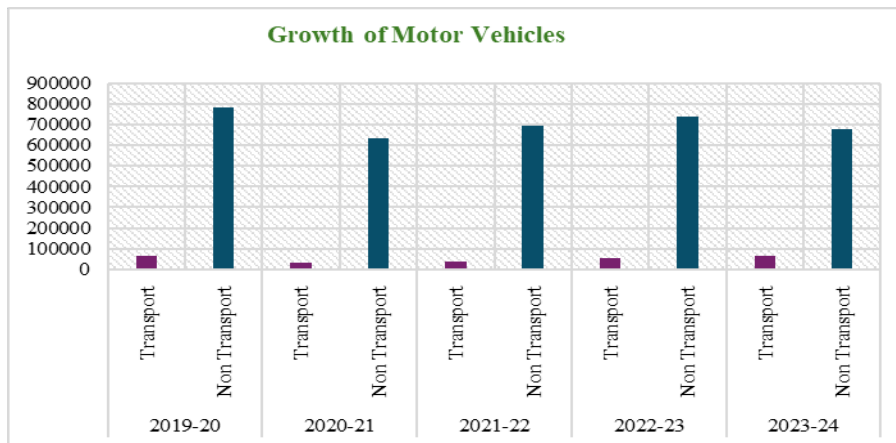
#### **Recommendation 4**

*Government may ensure the incorporation of validation controls in the SARATHI database by the NIC is completed within a defined timeframe.*

#### **2.4.6.5 Vehicle Registration and Regulations**

As per the statute, no person shall drive a motor vehicle, nor shall the owner permit or cause it to be driven, in any public or other place unless it is duly registered and the vehicle's registration certificate must remain valid and not be suspended or cancelled. The vehicle must display the registration mark in the prescribed manner. The number of motor vehicles registered in Kerala from 2019-20 to 2023-24 is detailed in **Chart 2.2** below:

**Chart 2.2: Number of Motor Vehicles registered from 2019-20 to 2023-24**



Source: Prepared by Accountant General (Audit II).

The decline in the number of registrations during 2020-21 appears to be due to COVID-19 pandemic and the steady growth in the two succeeding years indicates its recovery.

The statute stipulates that every motor vehicle must be registered with the appropriate authority in the jurisdiction where it is normally kept<sup>20</sup>, and no vehicle can be driven in public places unless its registration certificate is valid<sup>21</sup>. In the case of transport vehicles, registration is considered valid only if the vehicle holds a valid Certificate of Fitness<sup>22</sup>.

#### **2.4.6.6 Misclassification of Goods Carriages with Tipping Mechanism as standard Goods Carriage**

The Kerala Finance Act, 2010, introduces separate tax rates for goods carriages with tipping mechanism and without tipping mechanism. The rate of tax for goods carriages equipped with tipping mechanisms were outlined in Sl. No.3(ii) of the Schedule attached with the Kerala Motor Vehicle Taxation Act, 1976.

In the VAHAN software, to identify the class, permit type and category of vehicle, separate numerical codes were assigned. As per this, vehicle class '59' and permit type '105' are assigned to all goods carriages, including those equipped with tipping mechanisms. However, goods carriages with tipping mechanisms (Tippers) are specifically identified by assigning them an additional permit category '31'.

Audit analysis of tax remittance data in the VAHAN database for the period from 01 April 2022 to 31 March 2024 revealed that 46,040 vehicles were classified under vehicle class '59' and permit type '105'. However, a detailed examination of the 'vehicle details' indicated that 2,153 of these goods carriages, though equipped with tipping mechanisms, were not assigned the prescribed 'Tipper' permit category '31'. This misclassification led to the levy

<sup>20</sup> Section 40 of MV Act, 1988.

<sup>21</sup> Section 39 of MV Act, 1988.

<sup>22</sup> Section 56 read with Section 59 and 60 of MV Act, 1988.

and collection of motor vehicle tax at the lower rate applicable to standard goods carriages, resulting in short collection of revenue amounting to **₹0.94 crore** as detailed in **Appendix IV**.

On this being pointed out, the Government stated (September 2025) that instructions had already been issued to all the RTOs and Joint RTOs through various directions to verify the class of vehicles and permit categories while rendering services in office. Further stated that in view of the audit observation, a separate directive would be issued to all offices. In addition, NIC has been addressed to stick to vehicle class terminology used under the MV Act while classifying vehicles in the software, which would prevent recurrence of such issues.

#### **Recommendation 5**

*Government may instruct the Motor Vehicle Inspectors to conduct physical verification of the vehicles in which the defects were pointed out and ensure that appropriate permit codes are assigned so as to prevent the misclassification of permit categories and the resultant short collection of tax.*

#### **2.4.6.7 Violation of Permit conditions**

A transport vehicle can be used in public places only with a valid permit issued by the competent authority<sup>23</sup>, and such permits are subject to conditions relating to fitness, safety, and roadworthiness of the vehicle<sup>24</sup>. A permit also becomes invalid if the applicable tax is not paid within the prescribed period<sup>25</sup>, and operating a vehicle without a valid permit is punishable<sup>26</sup>. Government prescribes<sup>27</sup> the compounding fee applicable for offences under Section 192A (1) and the compounding fee leviable for the offences are as shown in **Table 2.7** below:

**Table 2.7: Compounding fee leviable for violating permit conditions**

<b>Vehicle Type</b>	<b>Compounding fee for using motor vehicles without a permit</b>
Light Motor Vehicle/ Two and three-wheeler.	₹3,000 for the first offence. ₹7,500 for any subsequent offence.
Medium Goods Vehicles, Medium Passenger Vehicles, Heavy Goods Vehicles and Heavy Passenger Motor Vehicles.	₹7,500 for the first offence. ₹10,000 for any subsequent offence.

<sup>23</sup> Section 66 of MV Act, 1988.

<sup>24</sup> Section 84(a) and 84(f) of MV Act, 1988.

<sup>25</sup> Section 15 of KMVT Act, 1976.

<sup>26</sup> Section 66(1) read with 192A(1) of MV Act, 1988.

<sup>27</sup> Vide G.O.(P) No.37/2019/Trans dated 26 October 2019.

An analysis of the permit data in the VAHAN database, related to RTOs/ SRTOs across the State, for the period from 01 April 2019 to 31 March 2024 revealed that out of **6,71,965** permits issued, **53,384** permit holders violated permit conditions mandated either under Section 84 of the Motor Vehicles Act, or under Section 15 of the KMVT Act, 1976, or both. Cross-verification with data on non-use of vehicles revealed that none of the vehicle owners had submitted non-use intimation for the above period. The details of the violations are categorised in **Table 2.8** below:

**Table 2.8: Cases of violation of permit conditions**

Violations	Cases	Compounding fee (₹ in crore)
CF, and tax expired cases	29,903	11.11
CF expired cases	14,370	4.78
Tax expired cases	9,111	3.23
<b>Total</b>	<b>53,384</b>	<b>19.12</b>

Source: VAHAN Database.

Audit noticed that despite the violations and vehicle details being available in the VAHAN MIS reports, the Department did not take corrective actions such as suspending or cancelling permits or issuing notices to the defaulters. This has also resulted in non-collection of compounding fees for operating motor vehicles without adhering to the conditions of a valid permit, amounting to **₹19.12 crore**, as detailed in **Appendix V**.

Audit obtained the FIR details of accidents from Police Department and cross verification of this revealed that 609 of these 53,384 vehicles met with accident during the period of violation of permit conditions as shown in **Appendix VI**. Illustrative cases noticed in the selected offices are detailed in **Table 2.9** below:

**Table 2.9: Illustrative cases of accidents occurred during the period of violation**

Sl. No.	Name of the Office	Registration number	Permit validity upto	CF/ Tax paid upto	Date of accident	Remarks
1	RTO Kottayam	KL05AC9707	07-01-2026	10-01-2021	17-12-2022	Grievous injury
2	RTO Thrissur	KL03K3045	12-02-2026	31-12-2019	26-04-2021	
3	RTO Wayanad	KL12J9372	29-12-2028	30-12-2023	10-02-2025	
4	SRTO Guruvayur	KL46P4993	08-03-2027	30-09-2021	12-06-2023	
5	SRTO Guruvayur	KL46P6781	26-01-2027	31-12-2021	07-04-2023	

Source: Records of Police Department.

On this being pointed out, the Government stated (September 2025) that directions have been issued to RTO/ SRTO officials to strictly enforce

statutory steps like suspension or cancellation of permits of those vehicles that are failing to comply with the stipulated permit conditions. It was also added that training was given to all RTOs/ SRTOs in VAHAN based MIS report generation module to collect such data. Periodical Special Drive checking is also being conducted to curb such violations.

#### **Recommendation 6**

*Government may consider instituting a mechanism to regularly track the status of periodic special drives and monitor compliance with follow-up actions, including suspension or cancellation of permits of vehicles violating the stipulated conditions.*

#### **2.4.6.8 Deficiencies in Vehicle Fitness Testing Procedures**

A transport vehicle is considered validly registered only if it has a certificate of fitness<sup>28</sup> confirming compliance with prescribed requirements, which is issued after conducting specified tests on key components such as lights, brakes, speedometers, and steering<sup>29</sup>. Further, no certificate of fitness can be granted after such date as may be notified by the GoI, unless the vehicle has been tested at an automated testing station<sup>30</sup>. GoI vide G.S.R.663(E), notified that fitness testing for transport vehicles must be conducted exclusively through Automated Testing Stations (ATS) with effect from 12 September 2023, provided that an ATS is operational in the jurisdiction of the registering authority. In areas where an ATS is not operational, the deadline for mandatory ATS testing was extended to 01 April 2025.

Audit identified several shortcomings in vehicle fitness testing procedures, as outlined below:

- **Absence of Automated Testing Stations**

To ensure uniformity in vehicle fitness assessment and eliminate arbitrariness in inspections, the department proposed (May 2011) to establish ATS for conducting vehicle fitness tests. As per the information provided, ATSs were established in nine out of the 86 RTOs/ SRTOs across the State. However, Audit observed that none of these ATSs were operational (January 2025). The computerised vehicle testing stations in the State were established before the issuance of MoRTH notifications. As a result, they do not fully comply with certain requirements and standards prescribed by MoRTH for vehicle testing. The status of these nine ATSs is as shown in **Table 2.10** below:

<sup>28</sup> Section 56 read with 39 of MV Act, 1988.

<sup>29</sup> Rule 62 of CMV Rules, 1989.

<sup>30</sup> Second proviso below Section 56(1) of MV Act, 1988.

**Table 2.10: Details of the status of ATS**

Sl. No.	Name of the Office	Status of ATS	Date of commencing	Fund utilized (₹)
1	Parassala	Not working	Light Motor Vehicle 23/01/2017 Heavy Motor Vehicle 06/08/2019	5,76,55,619
2	Thiruvananthapuram	Not working	04/11/2014	2,45,70,000
3	Uzhavoor	Not working	Light Motor Vehicle 25/02/2019 Heavy Motor Vehicle 30/03/2019	5,92,81,348
4	Muvattupuzha	Not working	25/02/2019	2,29,44,271
5	Thrippunithura	Not working	Not started functioning	2,57,00,000
6	Kozhikode	Not working	Light Motor Vehicle 18/06/2012 Heavy Motor Vehicle 02/08/2019	3,47,11,348
7	Kannur	Not working	01/07/2013	1,79,38,157
8	Taliparamba	Not working	Not started functioning	3,30,00,000
9	Kasargod	Not working		3,40,00,000
<b>Total</b>				<b>30,98,00,743</b>

Source: Departmental records.

Audit observed that though the Government had incurred an expenditure of **₹30.98 crore** for establishing nine ATSS, intended to modernise and standardise the vehicle testing process, the continued non-functioning of these facilities, resulted in ineffective utilisation of funds. Audit analysed the process of establishment of ATSS in three locations where the facility is not yet operational (January 2025) and the findings are shown in box below:

**Government sanctioned (October 2016) the establishment of ATSS at Taliparamba, Kasargod and Thripunithura at a cost of ₹3.50 crore each, entrusting construction to KITCO (March 2017) and an agreement was executed on 25 March 2017. Though completed and handed over during March and May 2022, the stations remained non-functional as M/s SRIT, awarded the Facility Management Contract, failed to execute the agreement despite work orders issued in September – November 2022. Government neither cancelled the contract by forfeiting the EMD as per rules, nor initiated any action to re-entrust operations. Consequently, the expenditure of ₹9.27 crore on the three ATSS remained unfruitful, with no further steps initiated to operationalise them (January 2025).**

Due to the lack of functional ATSS, vehicle fitness tests cannot be conducted as per the mandated standards, leading to non-compliance with regulations and also impact road safety.

On this being pointed out, the Government stated (September 2025) that tender has been floated for establishment of 19 ATS in the private sector. All ATSS are proposed to be operated in Build-Own-Operate-Maintain-Revenue share model and the process of bid opening is in process. Bid for operationalising the existing nine ATS is also in progress. It is targeted to be operationalised within six months.

**Recommendation 7**

Government may expedite the establishment of the 19 planned ATSs and the upgradation of existing ones to ensure compliance with Central Notification. Clear timelines should be set for making the ATSs fully operational, with strict adherence to the implementation roadmap.

- **Deficiencies in manual vehicle fitness testing**

To evaluate the procedures for the manual vehicle fitness tests, Audit conducted Joint Physical Verification (JPV) with Motor Vehicle Department (MVD) officials at the 10 selected RTOs/ SRTOs, and the JPV reveals the following shortfalls from the regulations<sup>31</sup>.

Motor Vehicle Inspectors, who were authorised to conduct fitness tests, were not provided any electronic or technical devices and dedicated tracks or roads to conduct the tests. The absence of these compromised the accuracy and thoroughness of vehicle assessments that include verifying the functionality of speed governors, headlamp beams, lights, horns, silencers, and dashboard equipment and hindered the effective evaluation of the braking systems and other critical components.



**Figure 2.4: RTO Thrissur**



**Figure 2.5: SRTO Guruvayur**

Audit collected the number of fitness tests conducted during the three years from 2022-23 to 2024-25, through ATS and through manual procedure in RTO Kannur, a selected office under which an ATS was established. The details are as shown in **Table 2.11** below:

**Table 2.11: Details of driving tests conducted in both automated and manual procedure**

Sl. No.	Year	Total number of CF Issued	
		Through ATS	Manual
1	2022-23	2,880	8,231
2	2023-24	2,910	9,919
3	2024-25	0 <sup>32</sup>	12,435

Source: Details provided by RTO Kannur.

<sup>31</sup> Rule 118, Rule 96(4) and Rule 62 of CMV Rules, 1989.

<sup>32</sup> RTO, Kannur informed that the ATS facility became inoperative from 26 March 2024.

It was observed that, although the ATS was available during the period 2022-23 and 2023-24, only about 25 per cent of the total Certificate of Fitness tests were conducted through it. This limited utilisation undermines the very purpose for which the facility was established.

On these being pointed out, the Government stated (September 2025) that tenders for upgradation of nine existing ATSs and establishment of new 19 ATSs have been floated. It was also intimated that all ATSs will be operated on revenue sharing model.

**Recommendation 8**

*Government may prepare a timeline for the establishment of Automated Testing Centres so as to adhere to the regulation and after fixing a timeline, request GoI to extend the timeframe for conducting fitness tests only through ATS, to that extend.*

**2.4.6.9 Irregular issuance of Certificate of Fitness with extended validity**

Certificate of Fitness<sup>33</sup> shall be valid for a period of two years for transport vehicles up to eight years old and one year for vehicles older than eight years. GoI had revised<sup>34</sup> the fees for conducting fitness test and grant or renewal of certificate of fitness. An analysis of data relating to Certificate of Fitness from the VAHAN database, shows that during the audit period from 01 April 2019 to 31 March 2024, Certificate of Fitness was issued to 10,90,765 transport vehicles registered in the State. Audit observed that the Certificate of Fitness for 953 transport vehicles over eight years old were issued with validity periods exceeding the one-year limit prescribed, as detailed in **Appendix VII**.

Granting an extended validity period allows these vehicles to operate on the road without undergoing mandatory tests after the expiry of the prescribed period. The extension of validity also results in financial loss to the government, as it enables the vehicles to skip one fitness tests. The non-collection of fees for one fitness tests skipped by the 953 vehicles comes to ₹0.08 crore.

Audit obtained the accident data from the Police Department and analysis of the data shows that eight vehicles out of these 953 vehicles met with accident during the currency of the extended validity period, the details of which are given in **Table 2.12** below:

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<sup>33</sup> Section 56 of MV Act, Rule 62(1) and 81 of the CMV Rules, 1989.

<sup>34</sup> Notification No.G.S.R.1183(E) dated 29 December 2016 and G.S.R.714(E) dated 04 October 2021.

**Table 2.12: Details of accidents occurred during CF extended period**

Sl. No.	Name of the Office	Registration number	CF validity granted up to	CF validity permissible up to	Date of accident	Remarks
1	RTO Attingal	KL08CA1414	23-03-2025	23-03-2024	15-05-2024	Minor injury
2	RTO Ernakulam	KL41U1407	10-08-2025	10-08-2024	23-09-2024	Grievous injury
3	SRTO Mattancherry	KL43Q5126	29-06-2025	29-06-2024	30-08-2024	Grievous injury
4	SRTO Perinthalmanna	KL55AG0679	31-10-2024	31-10-2023	16-02-2024	Grievous injury
5	SRTO Koyilandy	KL56X2197	15-06-2024	15-06-2023	16-08-2023	Fatal
6	SRTO Tirurangadi	KL65S2210	28-04-2024	28-04-2023	04-12-2023	Grievous injury
7	SRTO Tirurangadi	KL65S2874	16-05-2024	16-05-2023	27-06-2023	No injury
8	RTO Malappuram	KL85A8382	31-10-2024	31-10-2023	22-12-2023	No injury

Source: Data provided by Police Department.

This shows that the practice of granting extended validity of fitness not only compromises vehicle safety but also poses significant risks to the lives and property of other road users.

On this being pointed out, the Government stated (September 2025) that contrary to Rule 62(1) of CMVR some vehicles older than eight years were issued Certificate of Fitness for two years. This happened as CF validity period was not set in the VAHAN software in relation to the age of vehicles. It was also stated that proper validation checks with VAHAN database will be enabled to avoid such glitches in software. In addition, checks will also be undertaken by Internal Audit team. Further, the matter will be communicated to NIC for necessary changes.

**Recommendation 9**

*Government may ensure that the VAHAN database is immediately updated with proper validation checks to prevent issue of Certificate of Fitness in violation of Rule 62(1) of CMVR. Coordination with NIC may be expedited to implement the necessary software changes without delay.*

### 2.4.6.10 Existence of unregulated motor vehicle service providers in the State

No person is permitted to operate as a travel ticket agent, goods forwarding agent, aggregator, or Rent-a-Cab operator without obtaining the required licence from the designated authority, subject to conditions prescribed by the State Government<sup>35</sup>. The State Transport Authority (STA)/ Regional Transport Authority (RTA) are the authorities to issue such licences.

Audit observed compliance deviations as outlined in the subsequent paragraphs.

- **Non-regulation of Agents or Canvasser Licence**

The licence obtained for engaging as an agent is subject to conditions prescribed by the State Government, including the payment of fees for issuance or renewal and the deposit of a security amount up to ₹50,000 for agents handling goods and up to ₹5,000 for other agents or canvassers. Section 193 of the MV Act, 1988, prescribes penalties<sup>36</sup> for non-compliance of provisions relating to agents or canvassers.

Scrutiny of the available records and information provided by the STA, Audit found that no agent or canvasser licences have been issued in the State. However, data retrieved from the GST portal shows that as on 31 March 2024, there were **2,343** agents or canvassers registered with GST for providing services, as shown in **Table 2.13** below:

**Table 2.13: Details of Agents/ Canvassers registered with GST**

HSN Code	Description	Number of registered agencies
9965	Goods Transport Services	965
996511	Road transport services of goods, including letters, parcels, live animals, containers, and the like in refrigerated vehicles, trucks, trailers, or other motor vehicles by a goods transport agency	625
9967	Supporting Services in Transport	233
998551	Reservation Services for Transportation	520
	<b>Total</b>	<b>2,343</b>

Source: GST portal.

Audit noticed that these agents or canvassers are actively providing services and regularly filing GST returns without obtaining licences as required. Though this information was available with Kerala GST Department, the MVD did not use it for identification of unlicensed agents or canvassers. The

<sup>35</sup> Section 93 of MV Act, 1988 and the rent-a cab-scheme of 1989.

<sup>36</sup> ₹1,000 for first offence and ₹2,000 or imprisonment or both for second or subsequent offences.

unlicensed activities of the 2,343 agents or canvassers had also resulted in non-collection of security deposits and fines amounting to **₹8.56 crore**, as shown in **Appendix VIII**.

The non-compliance of statutory requirements weakens the regulatory framework and results in non-collection of security deposit and fine. Five illustrative cases noticed in the districts under which the selected offices situated are given in **Table 2.14** below:

**Table 2.14: Details of unlicensed agents/ canvassers**

Sl. No.	District	Trade Name/ Legal Name	Date of GST registration	HSN Code
1	Ernakulam	AI Chem	09-01-2023	9965
2	Palakkad	U.M.S. Industries Group	01-07-2017	9965
3	Alappuzha	Connections Sales & Services Private Ltd.	01-07-2017	9967
4	Aluva	MM Logistic Solutions	20-11-2023	9967
5	Aluva	S V A Logistics	22-01-2022	996511

On this being pointed out, the Government stated (September 2025) that directions have been issued to STA and to all RTOs to identify unlicensed agents/ canvassers operating in the State and a final reply would be furnished after receiving responses from these offices.

- **Non-Regulation of Aggregators**

The MV Act, 1988, defines<sup>37</sup> ‘Aggregators’ as digital intermediaries connecting passengers with drivers, and empowers<sup>38</sup> States to issue licences as per GoI guidelines. The GoI issued such guidelines<sup>39</sup> in November 2020 which requires State Government to notify the competent authority to issue aggregator licence and to hear appeals. In July 2024 the State Government notified<sup>40</sup> the TC as the competent authority and the Secretary, Transport Department as the Appellate Authority. Aggregator licences are valid for five years, with fees fixed at ₹5.00 lakh for grant and ₹2,500 for renewal.

The aggregators are also required to deposit security amount as shown in **Table 2.15**:

**Table 2.15: Security Deposit applicable to aggregators**

Sl. No.	Particulars	Amount in ₹
1	Upto 100 buses or 1,000 other motor vehicles	1,00,000
2	Upto 1,000 buses or 10,000 other motor vehicles	2,50,000
3	More than 1,000 buses or 10,000 other motor vehicles	5,00,000

<sup>37</sup> Section 2(1A) of MV Act, 1988.

<sup>38</sup> Section 93 of MV Act, 1988.

<sup>39</sup> F.No.16011/9/2019-T dated 27 November 2020.

<sup>40</sup> S.R.O. No.672/2024 and S.R.O. No.671/2024 dated 30 July 2024.

The MV Act<sup>41</sup> stipulates that whoever engages himself as an aggregator in contravention of the provisions of Section 93 or of any Rules made thereunder shall be punishable with fine up to one lakh rupees but shall not be less than twenty-five thousand rupees.

Audit observed that there was a delay of approximately four years on the part of the State Government in notifying the competent authority and even after notifying the authority, no aggregator licences had been issued in the State (January 2025). Audit obtained data from the GST portal, which revealed that as on 31 March 2024, a total of 47 service providers had obtained GST registration exclusively for rendering the services as detailed in **Table 2.16** below:

**Table 2.16: Details of GST registration taken for aggregator services**

HSN/ SAC Code	Description	Number of registered suppliers
996411	Local land transport services of passengers	15
996412	Local land transport- Radio Taxi and other similar services for passengers	29
87039090	Motor vehicles principally designed for the transport of persons – others	3
	<b>Total</b>	<b>47</b>

Source: GST portal.

The existence of 47 unlicensed aggregators in the State had resulted in non-collection of fees amounting to **₹2.35 crore** as shown in **Appendix IX**. Security deposit at the prescribed rate shown in Table 2.15 is also collectable from these aggregators. The absence of licence fee and security deposit collection has resulted in potential revenue loss for the State.

On this being pointed out, the Government stated (September 2025) that the Department has now streamlined the procedure of issuing licence to aggregators and have begun entertaining applications for aggregators licence. Further, notices will be issued to other commonly known aggregators to adhere to licensing conditions. It was ensured that steps will be taken to penalise and restrict their activities.

**Recommendation 10**

*Government may develop a system in MVD to collect information from other departments and implement a mechanism to identify unlicensed agents, canvassers, and aggregators through cross-verification of the collected data. Action may be initiated to collect the applicable fees, security deposits, and fines from unlicensed agents, canvassers, and aggregators.*

<sup>41</sup> Section 193(2) of MV Act, 1988.

- **Non-Regulation of Rent-a-Cab services**

The Central Government is empowered to frame schemes for regulating the business of renting motor cabs, whether for self-drive or for use through drivers, and for matters connected therewith<sup>42</sup>. GoI vide notification<sup>43</sup>, introduced the Rent-a-Cab Scheme, 1989, and as per the scheme, the operators of Rent-a-Cab must maintain a fleet of at least 50 motor cabs, each holding an All-India Tourist permit granted under Section 74 and 88(9) of the MV Act, 1989.

Thus, to obtain a licence as a Rent-a-Cab operator, the applicant must possess a fleet of 50 motor cabs with All-India Tourist permits and must obtain a licence by paying a prescribed fee of ₹5,000 to the State Transport Authority (STA). As such, a registered motor cab cannot be rented out to another person unless the operator obtained a licence under the Rent-a-Cab scheme.

Scrutiny of the records available with STA shows that only nine Rent-a-Cab licences had been issued in the State by STA. However, data retrieved from the GST portal shows that, as on 31 March 2024, there were **461** agencies registered under the HSN code - 00440048-Rent-a-Cab Operator for providing rental services in the State.

Audit noticed that these agencies, engaged in providing rental services for passenger vehicles, regularly filed GST returns without obtaining the required licence from the STA. Audit observed that lack of enforcement mechanism to identify Rent-a-Cab operators resulted in unlicensed operators providing services in the State. Further, licence fee @₹5,000 per operator amounting to **₹0.23 crore** was also realisable from the 461 unregulated operators as shown in **Appendix X**. Audit test checked the GST Returns filed by 50 of these operators and found that 25 of them filed Annual Returns. The total annual turnover of the 25 operators comes to ₹120.35 crore.

The significant discrepancy between licensed operators and GST-registered agencies highlights a critical gap in the enforcement of the Rent-a-Cab Scheme, 1989.

**An accident occurred at Kalargode in Alappuzha District on 02 December 2024, resulted in the death of five medical students and serious injuries to six others. Audit obtained the details of vehicles involved, the FIR, and report from the MVD. It was observed that all the eleven medical students were travelling in a motor car (KL-29C-1177) owned by an individual who had no relation to any of the passengers. The joint inspection report by the DTC, RTO (NC) and RTO Alappuzha concluded that the accident occurred due to multiple factors, including the presence of eleven passengers in a vehicle with a seating capacity of only seven, excessive speed and low visibility due to adverse weather condition. The report underscored the need to regulate the operations of illegal Rent-a-Cab services in the State.**

<sup>42</sup> Section 75 of MV Act, 1988.

<sup>43</sup> No. S.O.437(E) dated 12 June 1989.

Government stated (September 2025) that instructions have been given to enforcement officials to collect information on Rent-a-Cab operations in the State from various sources, including from online sources, websites etc. It was stated that a list of agencies engaged in such unauthorised operations have been collected through field sources and circulated to all DTCs and Regional Transport Officers with instructions to conduct enquiries and initiate appropriate legal action against the violators. It was added that directions have been issued to all RTOs/ SRTOs to verify unauthorised functioning of Rent-a-Cab through on-site inspections of the operator's premises through periodical returns and act upon it to ensure that no unlicensed Rent-a-Cab business runs in the State.

Further, it was stated that a proposal to reduce the threshold limit for applying for Rent-a-Cab licence from 50 vehicles to five vehicles has been requested to Central Government as it was found to be the major reason for rampant violation of the scheme.

The operation of unregulated Rent-a-Cab services poses concerns relating to regulatory non-compliance and passenger safety. Therefore, it would be prudent to revisit the licensing norms and formulate a policy framework that encourages wider compliance by bringing more operators under the licensing ambit.

#### ***Recommendation 11***

*Government may ensure enforcement officials collect and verify information on Rent-a-Cab operations through on-site inspections, and instruct STA to act against unlicensed operators, and consider revising the scheme to reduce the minimum cab requirement for licences in consultation with GoI.*

#### **• Non-regulation of Registered Vehicle Dealers under Rule 55A**

No individual or entity is allowed to operate as a dealer of registered vehicles without holding a valid authorisation certificate issued by the registering authority in the jurisdiction of their business<sup>44</sup>. The fee for granting or renewing this authorisation certificate is ₹25,000 as specified in Rule 81, and it remains valid for five years from the date of issuance or renewal.

Audit of available records, including the VAHAN database, MIS reports, and related documents, revealed that as on 31 March 2024, the MVD had issued only two authorisation certificates in Form 29B to registered vehicle dealers across the State.

However, data retrieved from the GST portal shows that, as on 31 March 2024, there were 471 dealers registered under GST Act, 2017. They are traders in goods categorised under HSN code 8703, which covers motor cars and other vehicles principally designed for the transport of persons. These dealers were regularly filing GST returns, indicating active operations. Audit

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<sup>44</sup> Rule 55A of CMV Rules, 1989.

noticed that out of these 471, none of them obtained authorisation certificate from MVD.

Despite their active engagement in the sector, 471 dealers failed to obtain the necessary authorisation certificates from the Regional Transport Authority. The disparity between the number of GST-registered dealers and the authorisation certificates issued by the MVD highlights significant lapses in enforcement. Audit observed that there is no mechanism that prevailed in the Department to identify unauthorised vehicle dealers in the State. In the absence of such a system, the Department failed to identify even the 471 dealers, whose details were available with another Department of GoK.

These unregulated activities undermine statutory compliance, obstruct the fair regulation of the vehicle dealership sector, weaken the legal accountability of unauthorised dealers and also resulted in a non-collection of fees of **₹1.18 crore** to the State as detailed in **Appendix XI**.

On this being pointed out, the Government stated (September 2025) that a Circular<sup>45</sup> was issued, which made it mandatory for registered vehicle dealers to obtain authorisation certificates with effect from 15 April 2023. However, in compliance with the direction of Hon'ble High Court of Kerala and representation from Kerala Used Vehicle Dealers and Brokers Association, the time limit was extended upto 02 August 2025. The Department assured that once the time period is over, the licensing will be undertaken and coercive measures such as blacklisting of vehicles in unregistered vehicle dealers yard will also be undertaken.

#### **Recommendation 12**

*Government may strengthen the enforcement mechanism to ensure strict compliance with Rule 55A and take coordinated action with GST authorities against unauthorised dealers. Government may also initiate action to recover the outstanding licence fees from the 471 unauthorised dealers.*

#### **2.4.6.11 Revenue Management**

The sources of revenue of the Motor Vehicle Department are taxes on motor vehicles, fees, service charges, fines, penalties and compounding fees.

The SSCA reveals certain shortcoming in collection of revenues as detailed in the subsequent paragraphs.

- **Excess Collection of One-Time Tax from Hybrid Vehicle Owners**

GoK introduced<sup>46</sup> the Electric Vehicle Policy to encourage the adoption of electric vehicles. To attain the goal of reducing carbon emissions, improving air quality, and fostering a more sustainable transportation system and to

<sup>45</sup> Circular 7/2023 dated 29 March 2023.

<sup>46</sup> Vide G.O.(Ms.) No.24/2019/Trans dated 10 March 2019.

attract more people to buy electric vehicles, GoK notified<sup>47</sup> (February 2021) a tax reduction of 50 per cent for all new electric vehicles for a period of five years, with effect from 01 April 2021. It was further notified<sup>48</sup> that Fully Hybrid Battery Electric Vehicles and Fuel Cell Electric Vehicles were included in the category of new electric vehicles. Government withdrew<sup>49</sup> the said tax rebate for fully hybrid electric vehicles and fuel cell electric vehicles with effect from April 2023.

Analysis of the tax remittance data for the period from 17 December 2021 to 31 March 2023 from VAHAN database, revealed that 2,139 Fully Hybrid Battery Electric Vehicles were registered in the State during the period and in 2,139 cases, one-time tax for 15 years was collected without applying the 50 per cent tax reduction for the first five years. This resulted in excess collection of tax of ₹15.16 crore, as detailed in **Appendix XII**.

Despite the clear provisions in the Government Orders regarding the 50 per cent tax reduction for new electric and hybrid vehicles, the intended benefit was not given to the 2,139 ‘Fully Hybrid Battery Electric Vehicle’ owners. This has resulted in the denial of tax benefits meant to encourage the adoption of environment friendly vehicles and reflects a gap in enforcement of Government policies. Five illustrative cases noticed in the selected offices are given in **Table 2.17** below:

**Table 2.17: Illustrative cases of excess collection of MV Tax in selected offices**

Sl. No.	Office Name	Regn. Number/ Model Name	Date of purchase	Sale amount (₹)	Rate of tax	Tax collected (₹)	Tax collectable (₹)	Excess collection (₹)
1	RTO Kottayam	KL05BA0333 Toyota Vellfire Hybrid	15-03-2023	96,55,000	21%	20,27,550	16,89,625	3,37,925
2	RTO Thrissur	KL08CA2233 Toyota Vellfire Hybrid	28-03-2023	96,55,000	21%	20,27,550	16,89,625	3,37,925
3	RTO Wayanad	KL12P4455 Toyota Camry Hybrid	28-12-2022	45,40,000	21%	9,53,400	7,94,500	1,58,900
4	RTO Kannur	KL13AW9999 Innova Hycross Hybrid Vx(8s)	02-02-2023	24,15,500	21%	5,07,255	4,22,712	84,543
5	SRTO Thodupuzha	KL38K7045 Innova Hycross Hybrid Zx(7s)	27-03-2023	29,81,500	21%	6,26,115	5,21,762	1,04,353

Source: VAHAN Database.

On this being pointed out, the Government stated (September 2025) that Government allowed a tax rebate of 50 per cent for the first five years for all kinds of electric vehicles including fully hybrid battery electric vehicles and fuel cell electric vehicles. However, Government withdrew the said tax rebate for fully hybrid electric vehicles and fuel cell electric vehicles. It was also stated that either the CMV Rules or the Kerala Motor Vehicles Taxation Act

<sup>47</sup> G.O.(P) No.12/2021/Trans dated 23 February 2021.

<sup>48</sup> G.O.(P) No.38/2021/Trans dated 17 December 2021.

<sup>49</sup> Notification Number G.O.(P) No.6/2023/Trans dated 31 March 2023.

did not include a specific definition for Hybrid Vehicles. Without a clear statutory definition, it was difficult to consistently apply 50 per cent tax reduction across all relevant vehicles including fully Hybrid Battery Electric Vehicles. Further, for the imposition of new tax structure, legislation in the form of Finance Act and Kerala Motor Vehicle Taxation Act have not been amended, without which the Government order could not be implemented.

The reply is not acceptable as the reduction of tax rate was notified by Government in exercise of the powers conferred by Section 22 of Kerala Motor Vehicle Taxation Act, 1976. Hence the Department is bound to implement it, irrespective of whether clear definition exists or not.

**Recommendation 13**

*Government may issue instructions to MVD officials to regularise the tax collection in respect of 2,139 fully Hybrid Battery Electric Vehicles by following the Government Notifications in its letter and spirit.*

• **Short Collection of Fee for Grant/ Renewal of Vehicle Registration**

The CMV Rules, 1989, prescribes the rate of fees for the grant or renewal of registration of motor vehicles. During the Audit period the rate was revised twice as detailed in the Amendment Notification<sup>50</sup>. An analysis of data relating to grant and renewal of vehicle registration for the period from 01 April 2019 to 31 March 2024 from the VAHAN database revealed that new registration or renewal of vehicles was granted in **51,54,623** cases. Out of this, it was observed that in **4,06,886** instances, the fees collected were lower than the prescribed revised rates, leading to short collection of fees of **₹98.69 crore**, as detailed in **Appendix XIII**.

Thus, the short collection of fees represents delays in updating revised fee structures in the IT system, indicating lack of synchronisation between policy updates and system configurations. This not only undermines compliance of provisions but also impacts State's revenue.

The Government stated (September 2025) that the reason for the non-collection of enhanced fee is due to lack of timely updation in VAHAN software which is handled by NIC. Hence, the NIC was requested to introduce a mechanism to ensure real time updates in the software, whenever fee structures are revised. It was also stated that the Hon'ble High Court of Kerala has directed to accept the renewal of the certificate of registration and Certificate of Fitness without insisting for additional fees and enhanced fees with an undertaking from the applicants to pay the additional fees and enhanced fees in case the decision of the Hon'ble Supreme Court is against them.

<sup>50</sup> G.S.R.1183(E) dated 29 December 2016 and G.S.R.714(E) dated 04 October 2021 of Ministry of Road Transport and Highways.

The Hon'ble High Court directed that registration may be renewed for those willing to submit an undertaking to pay the enhanced fees if the decision of the Hon'ble Supreme Court goes against them. Hence, the relief is limited to petitioners who have challenged the enhanced fees before the Hon'ble Supreme Court and does not constitute a general directive.

**Recommendation 14**

*Government in consultation with NIC may introduce a mechanism to ensure real-time updates in the VAHAN system whenever fee structures are revised and the system have automated alerts and systematic reconciliation procedures. Government may also instruct the MVD officials to initiate a mechanism to realise the revenue loss, if any.*

• **Non/ Short Imposition of Penalty for Delayed Renewal of Certificate of Fitness for Transport Vehicles**

A transport vehicle is considered validly registered only if it carries a valid Certificate of Fitness<sup>51</sup> (CF), and failure to present the vehicle for CF renewal by the due date attracts a penalty<sup>52</sup>. The penalty, effective from 18 July 2019, is leviable for each calendar month or part thereof, depending on the vehicle category, at the rates detailed in **Table 2.18** below:

**Table 2.18: Rate of penalty to be imposed for belated renewal of Certificate of Fitness**

Type of Transport Vehicle	Penalty Rate (₹/ Month)
Two-wheelers and Autorickshaws	100
Motor Cabs	150
Other Transport Vehicles	200

Source: Kerala Motor Vehicles (4<sup>th</sup> Amendment) Rules, 2019.

An analysis of the 'VAHAN' database for the period from 01 April 2022 to 31 March 2024 revealed that during the period **5,41,840** transport vehicles renewed their Certificate of Fitness in the State. It was observed that though **34,869** vehicles renewed the Certificate of Fitness belatedly, penalties for the delay were either not imposed or under-imposed, resulting in a revenue shortfall of **₹1.27 crore**, as detailed in **Appendix XIV**.

On this being pointed out, the Government stated (September 2025) that the office-wise list of observation has been forwarded to the offices concerned to recover the shortfall and seek an explanation/ reason for the non-collection of the penalty. It was also stated that this shortfall will be made good by consistent follow up.

<sup>51</sup> Section 56 of MV Act read with Rule 62 of CMV Rules, 1989.

<sup>52</sup> Rule 105(5) of KMV Rules, 1989.

**Recommendation 15**

*Government may issue directions, to the officers responsible for issuing Certificate of Fitness, for the strict compliance of Rule 105(5) of the Kerala Motor Vehicles Rules, 1989, so as to ensure that penalties for delayed renewal of Certificate of Fitness are imposed as per the stipulated rates for each category of transport vehicle.*

- **Short collection due to application of Incorrect Rates of Motor Vehicle Tax on goods carriages fitted with Tipping mechanism**

The Kerala Finance Act, 2010, introduces distinct tax rates for goods carriages with and without tipping mechanisms and the applicable tax rate for vehicles equipped with tipping mechanisms is specified under Sl. No. 3(ii) of the Schedule attached with the Kerala Motor Vehicle Taxation Act, 1976.

In the 'VAHAN' system the class, permit and category of vehicle were denoted by numerals. Vehicle class '59' and permit type '105' are uniformly assigned to goods carriages, including those fitted with tipping mechanisms whereas permit category '31' is specifically designated for goods carriages with tipping mechanisms (Tippers).

An analysis of tax remittance data from the VAHAN database, for the period from 01 April 2022 to 31 March 2024, revealed that out of the **43,301** tipper carriages, that were assigned the permit category '31', tax of **2,098** tippers was levied at the rate applicable to ordinary goods carriages. This resulted in short levy of MV tax of **₹0.87 crore**, as detailed in **Appendix XV**.

Though the vehicles were assigned the specific permit category applicable for goods carriages with tipping mechanisms in VAHAN, tax rate was applied incorrectly.

The Government stated (September 2025) that the anomalies in tax collection happens due to delay in timely updation of VAHAN software, which is handled by NIC. Hence, a request has been forwarded to NIC to suggest a mechanism to ensure real time updation in the software whenever tax structure are revised so that system sends automated alerts and applies current rates and prevents manual intervention in the calculation of tax. It was further stated that progress has been made to enhance compatibility of the VAHAN system with the tax structure of Kerala through regular meetings and coordination.

**Recommendation 16**

*Government may ensure that the request to NIC for introducing necessary process control in the system software for real time updation whenever tax structures are revised is taken up and implemented in a time bound manner. Government may also instruct the MVD officials to initiate steps to recover the short-paid tax, if any, from the 2,098 tipper owners.*

- **Non-collection of Green Tax**

It is mandatory<sup>53</sup> to levy and collect Green Tax on newly purchased diesel-powered motor vehicles (excluding motorcycles). Green Tax is also applicable to other categories of vehicles based on their age at the time of renewal of registration or renewal of the Certificate of Fitness and the rate of Green Tax was revised with effect from 01 April 2022 (Finance Act, 2022). The revenue generated is intended to support various measures aimed at controlling air pollution. The applicable rates are specified in **Appendix XVI**.

An analysis of the vehicle registration data from the VAHAN database for the period from 01 April 2022 to 31 March 2024 revealed the following:

- i) **Non-levy at the time of new registration**

Audit noticed that **91,952** diesel-powered vehicles (excluding motorcycles) were registered during the above period in the State. Out of this, in the case of **20,692** vehicles, Green Tax was not levied. This resulted in a non-levy of Green Tax amounting to **₹2.08 crore**, as detailed in **Appendix XVII**.

- ii) **Non-levy during renewal of registration of Non-Transport Vehicles**

It was noticed that during the above period **11,36,596** non-transport vehicles with four or more wheels, which had completed 15 years from their initial registration, had renewed the registration. Out of this, in **7,358** instances, the applicable Green Tax was not collected. This resulted in non-levy of Green Tax amounting to **₹0.44 crore**, as detailed in **Appendix XVIII**.

- iii) **Non-levy during renewal of Certificate of Fitness of Transport Vehicles**

During the period of audit **1,95,739** transport vehicles with four or more wheels, which had completed 10 years or 15 years since their first registration, were issued Certificates of Fitness. However, in **764** cases, the applicable Green Tax was not levied. This resulted in non-levy of Green Tax amounting to **₹5.44 lakh**, as detailed in **Appendix XIX**.

The total Green Tax not levied and collected comes to **₹2.57 crore**. The non-levy of Green Tax during Certificate of Fitness and registration renewals appears to have stemmed from an overreliance on vehicle owners' self-declarations, highlighting the absence of effective system-based validations.

On this being pointed out, the Government stated (September 2025) that the VAHAN software is since been modified by NIC to automatically calculate the admissible Green Tax for the vehicle and online remittance is facilitated to the public.

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<sup>53</sup> Section 3A of KMVT Act, 1976.

**Recommendation 17**

*Government may instruct the Motor Vehicles Department to take prompt action to recover the Green Tax in the identified cases.*

- **Non-collection of Service Charge at the MV Check Posts**

The Government vide order<sup>54</sup> directed to collect service charges while issuing temporary permits and special permits to vehicles in check posts. The service charge to be collected for issuing temporary permits (all classes) and special permits (all classes) was increased to ₹110<sup>55</sup>, with effect from 01 April 2019.

On an analysis of the SMARTMOVE database of the selected MV check posts and related records for the period from 01 April 2022 to 31 March 2024 in four selected check posts, it was observed that the prescribed service charge was not collected in **62,506** cases during this period while issuing Temporary permits and Special permits including permit validity extension allowed to both temporary and special permits as detailed in **Table 2.19** below:

**Table 2.19: Non levy of services charges for temporary and special permits**

Check Post	No. of permits				Service charge due (₹)
	Validity extended	Special permit	Temporary permit	Total	
MV CP Thalappady	8,457	5,074	2,910	16,441	18,08,510
MV CP Kattikkulam	5,609	797	2,506	8,912	9,80,320
MV CP Kumily	13,815	2,564	2,774	19,153	21,06,830
MV CP Amaravila	14,323	3,270	407	18,000	19,80,000
<b>Total</b>	<b>42,204</b>	<b>11,705</b>	<b>8,597</b>	<b>62,506</b>	<b>68,75,660</b>

Source: Departmental records.

Non collection of Service Charge resulted in a loss of **₹0.69 crore** to the State exchequer.

On this being pointed out, the Government stated (September 2025) that short collection is due to software glitch in erstwhile SMARTMOVE software which was used by the Department. It was also ensured that all short collection cases have been taken into account as ‘Not to be Transacted’ (NTBT) cases. Further Department stated that it has decided to convert all border check posts to virtual check posts incorporating the latest technological features using Automatic Number Plate Recognition (ANPR) cameras of GST. This will further enhance the collection potential. Department has also sent a proposal to the NIC to show short collection automatically in the total due for the latest application fee without obstructing the application submission and service.

<sup>54</sup> G.O.(P) No.28/2019/Fin dated 08 March 2019.

<sup>55</sup> Prevailed rate was ₹105 with effect from 24 September 2018.

**Recommendation 18**

Government may ensure timely system enhancements with automated validation to prevent short collection and recover dues in 'Not to be Transacted' (NTBT) cases.

• **Non-realisation of Motor Vehicles Tax**

All motor vehicles used or kept for use in the State are liable to tax, with goods and contract carriages taxed as per the prescribed schedule<sup>56</sup>. The tax is generally payable quarterly within one month, though certain goods carriages may opt for annual payment or a five-year lump sum<sup>57</sup>. Vehicle owners seeking tax exemption for non-use must submit Form G to the jurisdictional RTO. To mitigate the financial impact caused by the COVID-19 pandemic GoK allows tax concessions for contract carriages.

The MVD officers (not below the rank of Assistant Motor Vehicle Inspector) are empowered<sup>58</sup> to seize vehicles operated without tax payment, and if dues remain unpaid within 30 days, recover them by selling the vehicle after due notice and hearing. Tax arrears may also be recovered as arrears of public revenue on land<sup>59</sup>.

Analysis of tax remittance data of Goods Carriages and Contract Carriages, registered in the State, for the quarter ending 31 March 2024, from VAHAN database reveals the following as shown in **Table 2.20** below:

**Table 2.20: Details of goods/ contract carriages failed to pay tax**

Sl. No.	Type of vehicle	Total No. of vehicles	No. of vehicles failed to pay tax	Tax arrear (₹ crore)	Appendix
1	Goods Carriage without tipping mechanism	3,42,447	10,920	16.30	XX
2	Goods Carriage with tipping mechanism	50,815	4,447	9.52	XXI
3	Contract Carriage	76,285	2,198	24.14	XXII
	<b>Total</b>			<b>49.96</b>	

Audit observed that vehicle owners did not file Form G for tax exemption, and the Department failed to act under Sections 11 or 13 of the KMVT Act, even though the VAHAN database continued to show these vehicles as 'Active'. This indicated systemic weaknesses in monitoring and enforcing compliance with motor vehicle tax requirements. The inaction of MVD authorities in recovering dues led to significant revenue shortfall for the State.

<sup>56</sup> Section 3(1) of KMVT Act, 1976.

<sup>57</sup> Section 4(1) of KMVT Act, 1976.

<sup>58</sup> Section 11 of KMVT Act, 1976.

<sup>59</sup> Section 13 of KMVT Act, 1976.

The Government stated (September 2025) that directions had been issued to book all vehicles operating without paying road tax and to enforce seizure and recovery provisions within a defined timeframe, with recovery steps taken in coordination with district magistrates. It, however, highlighted constraints in executing seizures due to lack of storage space at police stations and MVD premises, and informed that a proposal to establish Approved Vehicle Seizure Yards under PPP mode had been approved by Government.

#### **Recommendation 19**

*Government may instruct the MVD officials to conduct regular reviews of the VAHAN database for the quick identification of tax defaulters and then enforce the seizure and recovery provisions stipulated in Sections 11 and 13 of the KMVT Act to recover the tax arrears in a time bound manner. Government may also monitor the implementation progress of Approved Vehicle Seizure Yards by MVD.*

#### **2.4.6.12 Enforcement Activities**

Deviations/ deficiencies noticed in the enforcement activities of the Department are discussed in the succeeding paragraphs:

- **Lack of action on Certificate of Fitness expired Transport Vehicles**

No motor vehicle can be driven in public places without valid registration, and transport vehicles are treated as validly registered only if they hold a Certificate of Fitness, which is also mandatory for vehicles operating under a permit<sup>60</sup>. The validity of a CF is two years for new transport vehicles and those up to eight years old, and one year for vehicles older than eight years<sup>61</sup>. Failure to present a vehicle for CF renewal within the prescribed timeline attracts monthly penalties of ₹100 for two-wheelers/ autorickshaws, ₹150 for motor cabs, and ₹200 for other transport vehicles<sup>62</sup>.

The penalty is in addition to action for operating without a valid CF, but no penalty is levied if the owner gives prior written notice to the registering authority before the CF expiry, declaring the vehicle not in use for the specified period. Operating a motor vehicle in violation of statute is punishable under section 192(1) of the MV Act, with a fine for the first and any second or subsequent offence. The offence can be compounded under Section 200 of the Act and the compounding fee prescribed is as detailed in **Table 2.21** below:

**Table 2.21: Compounding fee prescribed for offence under Section 192**

Category of vehicle	First offence (₹)	Second or subsequent offence (₹)
Two and Three-Wheeler	2,000	7,500
Light Motor Vehicle (LMV)	3,000	7,500

<sup>60</sup> Section 39, Section 56 and Section 84(a) of MV Act, 1988.

<sup>61</sup> Rule 62(1) of CMV Rules, 1989.

<sup>62</sup> Rule 105(5) of KMV Rules, 1989.

Category of vehicle	First offence (₹)	Second or subsequent offence (₹)
Medium Motor Vehicles	4,000	7,500
Heavy Motor Vehicles	5,000	7,500

An analysis of the VAHAN database for the period from 01 April 2022 to 31 March 2024 revealed that the Certificate of Fitness (CF) of **48,059** out of **18,25,802** active transport vehicles had expired, but these vehicles were neither presented for inspection nor reported as non-use to the Registering Authority, despite motor vehicle tax being paid for the period, indicating their intended use. Audit observed that although this information was available in the VAHAN database, the Enforcement Wing did not issue notices to the defaulting owners or initiate action to cancel registrations or permits of vehicles operating without a valid CF. This inaction led to non-collection of penalty and compounding fees of **₹23.12 crore** as detailed in **Appendix XXIII**.

The operation of CF expired vehicles in public roads poses a significant risk to public safety and has environmental implications. Audit collected the accidents details from Police Department and on analysis, it was noticed that 197 out of these 48,059 vehicles met with accidents after the expiry of the CF as shown in **Appendix XXIV**. Illustrative cases noticed in the selected offices are shown in **Table 2.22** below:

**Table 2.22: Illustrative cases of vehicles without CF met with accidents**

Sl. No.	Name of the Office	Registration number	CF validity upto	Date of accident	Remarks
1	RTO Kottayam	KL05AF5936	25-04-2023	13-01-2024	Grievous injury
2	RTO Kottayam	KL05N1738	06-10-2022	16-04-2024	
3	RTO Thrissur	KL08AT7252	08-12-2022	08-01-2023	
4	RTO Thrissur	KL08AV0302	16-02-2023	29-12-2023	
5	RTO Thrissur	KL08BE5976	18-12-2022	01-02-2023	

Source: Data collected from Police Department.

On this being pointed out, the Government stated (September 2025) that Enforcement Wing has only 85 squads for 85 *Taluks* against a vehicle population of 170 lakh and proposed to increase this to three squads per *Taluk* to cover all shifts, including nights. It further assured that MIS reports would be used for precise enforcement.

**Recommendation 20**

*Government may instruct the MVD officials to conduct regular reviews of the VAHAN database to identify vehicles with expired CFs and action to be taken either to renew the CF or to ensure that such vehicles are not plying on the roads. Government may also strengthen the Enforcement Wing by enforcing routine inspections of transport vehicles.*

- **Lack of action on Certificate of Registration expired Non-Transport Vehicles**

The registration certificate for non-transport vehicles is valid for 15 years from the date of issue and may be renewed for five years upon application<sup>63</sup>. Operating a motor vehicle without registration shall be punishable with a fine of ₹3,000 for the first offence and ₹7,500 for a second or subsequent offence. The Government issued Orders that the validity of motor vehicle documents expiring between 01 February 2020 and 30 December 2021, be extended upto 31 December 2021.

An analysis of the VAHAN database for the period from 01 April 2019 to 31 March 2024 revealed that the Certificate of Registration of **43,418** out of **12,09,790** active non-transport vehicles had expired. However, their owners continued to pay Motor Vehicle Tax beyond the validity period, indicating continued use, thereby raising road safety concerns. Audit noticed that while the Registering Authority accepted tax beyond the registration validity and thereby permitted the use of such vehicles on public roads, the Enforcement Wing failed to issue notices or initiate action against the defaulters. This combined lapse not only undermined statutory compliance but also resulted in non-collection of revenue of **₹24.57 crore**, by way of non-imposition of fine and non-collection of renewal fees as detailed in **Appendix XXV**.

Audit obtained the accident data from Police Department and compared it with the vehicle details in VAHAN and found that 147 of these vehicles met with accident after their validity of registration expired as shown in **Appendix XXVI**. Illustrative cases noticed in the selected offices are shown in **Table 2.23** below:

**Table 2.23: Illustrative cases of vehicles without registration met with accidents**

Sl. No.	Name of the Office	Registration number	Registration validity upto	Date of accident	Remarks
1	RTO Kannur	KL13R8698	26-06-2021	26-05-2024	Grievous injury
2	RTO Kannur	KL14A8888	29-06-2022	03-07-2024	
3	RTO Kottayam	KL05K8587	25-06-2021	12-11-2021	
4	RTO Thrissur	KL08AF2737	31-07-2020	17-05-2022	
5	RTO Thrissur	KL08AM4098	28-05-2022	05-07-2022	

Source: Data collected from Police Department.

On this being pointed out, the Government stated (September 2025) that VAHAN software has been recently enabled to send automatic SMS to the registered mobile number in advance on the expiry of validity of Certificate of Fitness, Registration, permit, PUCC etc. It was also stated that ANPR cameras and MIS reports will be used together to track such vehicles.

<sup>63</sup> Section 41(7) of MV Act, 1988.

**Recommendation 21**

*Government may direct the MVD officials to take action on Certificate of Registration expired vehicles and to ensure compliance by introducing periodical returns on the action taken by the officials.*

• **Operation of Transport Vehicles without a valid permit**

A transport vehicle can be operated in public places only with a valid permit issued by the competent authority<sup>64</sup>, and operating a vehicle without such a permit is a punishable offence that may also be compounded<sup>65</sup>. The Government prescribed<sup>66</sup>, the compounding fee leviable for offences under Section 192A(1). Analysis of data from VAHAN database, for the period from 01 April 2019 to 31 March 2024, revealed that out of 1,27,100 Contract carriage/ Goods carriage vehicles registered in the State, 1,620 (Contract carriages - 557 and Goods Carriage Tipper – 1,063) were operating, after paying the prescribed Motor Vehicles tax, but without a valid permit as required under Section 66. Cross-verification with data on the intimation of non-use of vehicles revealed that none of the vehicle owners had submitted the required non-use intimation. Ensuring adherence to permit regulations is crucial for maintaining road safety, regulatory compliance, and revenue collection for the government and has also resulted in non-collection of compounding fees for operating motor vehicles without a valid permit, amounting to **₹0.85 crore**, as detailed in **Appendix XXVII**.

On this being pointed out, the Government stated (September 2025) that VAHAN software has been recently enabled to send automatic SMS to the registered mobile number in advance on the expiry of validity of Certificate of Fitness, Registration, permit, PUC etc. It was also assured that MIS reports will be generated and owners of expired permits will be penalised as a special drive.

**Recommendation 22**

*Government may implement a digital tracking system through the VAHAN portal for permit renewals and ensure compliance through monitoring and strengthening the enforcement mechanisms so as to identify and penalise vehicles operating without valid permits.*

• **Failure to impose penalty or compound the offences during checking of vehicles**

A Certificate of Fitness is valid for two years for new vehicles and one year for vehicles over eight years<sup>67</sup>, while the Certificate of Registration for non-transport vehicles is valid for 15 years and renewable for five years<sup>68</sup>. Driving

<sup>64</sup> Section 66 of MV Act, 1988.

<sup>65</sup> Section 200 read with Section 193A(1) of MV Act, 1988.

<sup>66</sup> G.O.(P) No.37/2019/Trans dated 26 October 2019.

<sup>67</sup> Section 56 of MV Act, 1988.

<sup>68</sup> Section 41(7) of MV Act, 1988.

without valid fitness or registration attracts fines, which may be compounded<sup>69</sup>. The revised rate for violations were stated in paragraph 2.4.6.12 of this Report. The Government issued orders that the validity of motor vehicle documents expiring between 01 February 2020 and 30 December 2021, be extended upto 31 December 2021.

Audit examined **81,68,953** challans generated by MVD officials through the ‘e-Challan’ software during the audit period for the collection of fines related to motor vehicle offences in the State and noted the following observations.

**i) Non-compounding of offence for driving transport vehicles without a valid Certificate of Fitness**

Audit observed that CF was expired in the cases of **6,803** transport vehicles at the time of inspection. However, compounding fee was collected for other violations ignoring the offence of driving the vehicle without a valid certificate of fitness. As a result, the compounding fee of **₹2.05 crore** was not imposed, as detailed in **Appendix XXVIII**.

**ii) Non-compounding of offence for driving vehicles without valid registration**

Audit found that the registration of **30,948** non-transport vehicles had expired at the time of inspection. However, compounding fee was collected for other violations ignoring the offence of driving the vehicle without valid registration certificate. As a result, compounding fees of **₹9.28 crore** were not imposed, as detailed in **Appendix XXIX**.

The audit findings reveals that a substantial number of offences related to driving transport vehicles without valid Certificate of Fitness and driving non-transport vehicles without valid registration were not compounded. The oversight of the enforcement wing of MVD in booking these offences resulted in the non-imposition of compounding fees as detailed above. This not only represents a financial loss to the government but also undermines the legal mandate to ensure road safety and compliance with statutory requirements.

On this being pointed out, the Government stated (September 2025) that the Enforcement Wing had been instructed to book all detectable offences and collect compounding fees wherever possible. It was further stated that compounding fees are collected only on admitted charges, while admitted offences are compounded and the remaining non-admitted offences are referred to court through a check report.

**Recommendation 23**

*Government may establish a monitoring mechanism to ensure that instructions issued to the officials regarding booking of offences without exception are complied with.*

<sup>69</sup> Section 200 read with Section 192 of MV Act, 1988.

- **Irregular compounding of offence**

Certain motor vehicle offences are eligible for compounding<sup>70</sup>; however, this does not include offences under Section 190(3), which prescribes penalties of fine or imprisonment for violations relating to the carriage of dangerous or hazardous goods. To enhance road safety, the TC directed<sup>71</sup> Enforcement officials to carry out strict inspections of vehicles transporting such goods.

Audit analysis revealed that **1,972** e-challans were generated to collect compounding fees for the offence of carrying dangerous or hazardous goods, as detailed in **Appendix XXX**. The transportation of dangerous or hazardous goods without complying with prescribed safety standards presents significant risks to public safety and the environment. Despite the clear provisions and specific direction from the TC, the Enforcement Wing irregularly compounded the offences and permitted the vehicles to continue operating with the hazardous goods, after issuing a challan to collect the compounding fee.

On this being pointed out, the Government stated (September 2025) that instructions have already been issued to the officials of the Enforcement Wing to strictly comply with the provisions related to carrying of dangerous or hazardous goods. It was also added that a special drive checking is also being conducted in this regard every quarter.

**Recommendation 24**

*Government may establish a monitoring mechanism to ensure that instructions issued to the officials regarding the procedure to be adopted for booking the offence of carrying dangerous or hazardous goods are strictly complied with as it poses a threat to the life and property of the general public.*

- **Short collection of penalty for carrying overload in vehicles**

No motor vehicle shall drive or cause or allow to be driven in public places if its laden weight exceeds the gross vehicle weight specified in its registration certificate<sup>72</sup>. Violation of this requirement attracts a minimum fine of ₹10,000<sup>73</sup>. Government imposed<sup>74</sup> an extra penalty of ₹1,500 per tonne of excess load, along with the obligation to pay charges for offloading the excess load.

Analysis of the 'e-Challan' data for the audit period reveals that a total of **27,889** challans were issued under Section 194 of the MV Act in the State for carrying excess load in vehicles. The offences were booked under the offence code '7233' (driving or permitting a vehicle to be driven with a laden

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<sup>70</sup> Section 200 of MV Act, 1988.

<sup>71</sup> Circular No.25/2013 dated 13 November 2013.

<sup>72</sup> Section 113(3) of MV Act, 1988.

<sup>73</sup> Section 194(1) of MV Act, 1988.

<sup>74</sup> G.O.(P) No.37/2019/Trans dated 26 October 2019.

weight exceeding the gross vehicle weight specified in the Certificate of Registration). Of these, **19,398** challans were paid by vehicle owners. Audit verified these paid challans and found that in **204** cases, the penalty amount collected was lower than the prescribed amount to be collected for the detected excess weight. This has resulted in short collection of penalty of **₹0.29 crore** as detailed in **Appendix XXXI**.

On this being pointed out, the Government stated (September 2025) that compounding offences of excess vehicle load was hindered by dependency on offenders to get the load weighed, challenges to the challan by drivers/owners, and reluctance to pay the compounding fee. It was also stated that, apart from compounding, penal actions such as permit suspension under KMVR or prosecution before courts were also available. The department further added that the e-Challan software has already been enabled with an automated system to calculate penalties based on detected excess weight.

The reply is not tenable as the observation is about cases where the offenders pleaded guilty and the compounding fee collected was lower than the prescribed amount to be collected for the detected excess weight. The reply is silent on this aspect.

#### **Recommendation 25**

*Government may instruct the MVD officials to strictly enforce the penal provisions to ensure that penalties for overloading are levied as per the prescribed rate.*

#### • **Shortfalls in the implementation of Camera Surveillance System**

State Governments are required to ensure electronic monitoring and enforcement of road safety through technologies such as speed cameras, CCTV cameras, speed guns, and body-worn cameras<sup>75</sup>. As per the GoK guidelines<sup>76</sup>, Project Management Consultants (PMC) act only as advisors and facilitators, while works contracts are executed through a tripartite agreement involving the Client Department, Project Management Consultant, and the lowest bidder, with payments made by the Client Department based on the PMC's recommendations.

To mitigate and decrease the occurrence of accidents on public roads, the Government of Kerala launched the Safe Kerala Project in June 2018, with the objective of introducing camera-based surveillance and establishing an Advanced Automatic Traffic Enforcement System with Facility Management Services (FMS). For this purpose, administrative sanction was granted<sup>77</sup> for installing AI cameras across the State at a total cost of ₹235.82 crore (CAPEX ₹168.90 crore and OPEX ₹66.92 crore, including taxes), and the MVD subsequently entered into a Service Level Agreement (SLA) with KELTRON on 28 May 2020, appointing it both as the Project Management Consultant and the implementing agency under the Built Operate Own

<sup>75</sup> Section 136A of MV Act, 1988.

<sup>76</sup> G.O.(P) No.118/2018/Fin. dated 03 August 2018.

<sup>77</sup> G.O.(Rt.) No.134/2020/Trans dated 27 April 2020.

Transfer (BOOT) model for a period of five years. Audit, however, observed that such dual appointment of KELTRON contravened prescribed guidelines, and despite the project's operationalisation on 05 June 2023, significant concerns remain regarding agreement revisions, revenue collection, and the actual effectiveness of the AI camera system as stated below:

**i) Non-execution of revised agreement**

As there were significant delays in implementation of the project and the SLA is for five years, Government directed<sup>78</sup> to revise the agreement with KELTRON. Audit noticed that the agreement was not updated even after 20 months (December 2024) and the system continues to be operated without a valid agreement, potentially exposing the department to legal and financial risks.

**ii) Revenue Pending Collection**

As per the details shown in **Table 2.24** below, revenue collection is only about 29 *per cent* of the total collectable revenue.

**Table 2.24: Details of collection against collectable compounding fees for the offences detected by various types of surveillance cameras**

(₹ in crore)

Enforcement System	Collectable revenue	Collected revenue	Percentage collected	Pending revenue	Percentage pending
AI Cameras	351.00	100.70	28.69%	250.30	71.31%
Fixed Speed Violation Detection	0.19	0.06	31.58%	0.13	68.42%
Mobile Speed Violation Detection	0.93	0.19	20.43%	0.74	79.57%
Parking Violation Detection	0.26	0.12	46.15%	0.14	53.85%
<b>Total</b>	<b>352.38</b>	<b>101.07</b>	<b>28.68%</b>	<b>251.31</b>	<b>71.32%</b>

The introduction of camera surveillance in public roads were aimed at reducing the occurrence of accidents on public roads and to improve road safety. Imposition of penalty for the violation of traffic rules will act as a deterrent for committing the violation in future. The non-collection of penalty imposed for violations detected by the surveillance cameras defeated the purpose of implementation of the system.

The absence of a valid agreement and pending revenue collection hinder the achievement of the project's intended goals of enhancing road safety and ensuring traffic compliance.

On this being pointed out (January 2025), the Government stated (September 2025) that a proposal for a supplementary agreement with higher downtime penalties had been submitted to Government to improve the functioning of

<sup>78</sup> G.O. dated 18 April 2023.

the digital enforcement system, along with a request for funds to repair and relocate cameras wherever required. However, the reply does not address the revenue that could be collected.

#### **Recommendation 26**

*Government may expedite the processing of the MVD's proposal for a supplementary agreement and ensure that a revised agreement is executed with KELTRON, thereby enabling the continued operation of the camera surveillance system under a valid agreement.*

#### **2.4.6.13 Resource allocation and utilisation**

GoK through Budget, allot both Plan and Non-Plan grants to MVD for the development of its infrastructure facilities, for the installation of electronic monitoring systems in public roads to monitor and enforce road safety, for the purchase of modern electronic devices for Enforcement Wing, for upgrading the facilities available to general public, for the effective implementation of Government policies in relation to vehicular traffic etc.

- **Trend analysis of Allotment and Expenditure**

The details of expenditure against allotment of both Plan and Non-Plan grants for the five years from 2019-20 to 2023-24 are as stated in **Table 2.25** below:

**Table 2.25: Details of allotment and expenditure for the five years**

(₹ in crore)

Year	Plan Allotment	Plan Expenditure	Non-Plan Allotment	Non-Plan Expenditure	Total Allotment	Total Expenditure
2019-20	46.43	7.13	182.46	160.77	228.89	167.90
2020-21	38.77	19.54	167.55	152.32	206.32	171.86
2021-22	38.77	11.31	246.44	242.90	285.21	254.21
2022-23	38.38	13.87	231.69	193.31	270.07	207.18
2023-24	44.07	10.57	226.08	222.88	270.15	233.45

Source: Departmental records.

Audit noticed that the Plan expenditure of the department varies from 15 per cent of the allotted amount in 2019-20 to 50 per cent in 2020-21. On this being brought to notice, the Government stated (September 2025) that the reasons for low utilisation of Plan Fund was the impact of COVID-19 pandemic, delay in obtaining administrative and technical approvals etc. The department assured necessary measures to improve planning and ensure timely implementation of schemes. In the case of Non-Plan grants, the expenditure utilisation is consistently higher, with most years showing the utilisation of above 85 per cent. In 2021-22, nearly 98 per cent of the allotted funds were utilised whereas in 2022-23, the utilisation was only 83 per cent.

- **Manpower utilisation**

Audit verified the sanctioned staff strength and men in position against each cadre of posts and found that there is no significant shortfall in men in position. The staff strength of technical wing of the department is given in **Table 2.26** below:

**Table 2.26: Staff strength of Technical Wing**

Sl. No.	Designation	Sanctioned Posts	Men in Position (31 March 2024)
1	Regional Transport Officer	33	31
2	Joint Regional Transport Officer	89	86
3	Motor Vehicle Inspector	290	290
4	Assistant Motor Vehicle Inspectors	614	530*

\* The vacancy was subsequently filled as on June 2025, the number of AMVI in position was 604 and eight vacancies was reported to Kerala Public Service Commission.

The overall staffing level appears healthy, strategic efforts are recommended to address the critical vacancies and implement proactive succession planning to mitigate future impacts of retirements, ensuring sustained operational effectiveness.

Audit verified the progress in implementation of various schemes and project undertaken by the department during the audit period and the shortfall noticed are stated in the succeeding paragraphs.

- **Infructuous expenditure by Motor Vehicle Department**

- i) **Modernisation of check posts – Infructuous expenditure of ₹1.63 crore**

In the Annual Plan 2019-20<sup>79</sup>, ₹10.50 crore was allocated for infrastructure development and modernisation of MVD check posts, through land acquisition, setting up modern facilities, installing weighbridges, and implementing an e-Check Post Management System. An Expression of Interest was invited in November 2019 for modernising the Walayar Check Post in the first phase, followed by a Request for Proposal (RFP) in February 2020, and M/s ULCCS, the sole bidder quoting ₹9.41 crore, was selected as the implementing agency, with administrative sanction<sup>80</sup> granted in August 2020 and technical sanction<sup>81</sup> in November 2020. The project covered ICT and non-ICT equipment, software, training, installation of weigh-in-motion bridges and ANPR cameras, along with warranty and maintenance, and a work order was issued in November 2020 with an agreement executed in February 2021, leading to an advance payment<sup>82</sup> of ₹1.63 crore in March

<sup>79</sup> Order No.MIT2/11/2019-TC dated 29 October 2019.

<sup>80</sup> G.O. (Rt.) No.255/2020/Trans dated 05 August 2020.

<sup>81</sup> Order No.MIT2/11/2019-TC dated 05 November 2020.

<sup>82</sup> Proceedings No.MIT2/11/2019-TC.

2021. However, following objections from NHAI regarding demarcation and access permissions, and a later communication from MoRTH in September 2021 that regular border check posts were unnecessary, due to strengthened VAHAN and SARATHI platforms, the MVD requested discontinuation of the project.

Scrutiny of the project file revealed that at the time of issuing the RFP, MVD possessed only 90.09 *Cents* against 1.8 *Acres* required for the implementation of the project though Section 2003 of the KPWD Manual, mandates 100 *per cent* possession of hindrance-free land for inviting tenders. Moreover, the guidelines issued on 26 June 2020 by NHAI, states that access permission must be obtained from Highway Administration for any construction on National Highways. However, MVD executed an agreement on 04 February 2021 and paid ₹1.63 crore to M/s ULCCS on 26 March 2021 without securing NHAI's access permission.

This non-adherence, to extant directions in KPWD manual, on the part of MVD resulted in an infructuous expenditure of ₹1.63 crore. The project for the modernisation of MVD check posts was poorly planned and initiated execution without ensuring compliance with land possession norms and NHAI guidelines.

When this was brought to notice, the Department (July 2025) stated that modernization could not be undertaken due to NHAI's acquisition of MVD land. The earmarked funds would instead be used to set up a Way Side Amenity as per MoRTH guidelines, and the site was also proposed for housing the RTO Enforcement Unit, Palakkad, along with a control room for the Virtual Check Post to monitor ANPR cameras.

The reply is not tenable as the observation is about inviting bids without ensuring full possession of hindrance-free land and without obtaining access permission from the Highway Administration for construction on National Highways.

**ii) Radar surveillance system- Infructuous expenditure of ₹0.47 crore**

Government granted<sup>83</sup> administrative sanction of ₹6.00 crore for implementing the 'Radar Surveillance System in the Motor Vehicles Department' and appointed C-DAC as the executing agency at a cost of ₹0.99 crore. An agreement was executed in June 2018, and released an advance of ₹0.47 crore in 2018. Subsequently, C-DAC submitted (December 2019) a revised proposal for ₹4.83 crore on a deposit work basis, prompting MVD to seek revised sanction in January 2021. However, with the launch of the similar 'Safe Kerala Project', the TC clarified<sup>84</sup> that continuing both projects was not feasible, leading to the abandonment of the radar project. This lack of coordination and foresight resulted in an infructuous expenditure of ₹0.47 crore.

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<sup>83</sup> G.O.(Ms.) No.31/2017/Trans dated 05 April 2017.

<sup>84</sup> Letter No. MIT5/20/2017-TC dated 08 March 2022.

The Radar Surveillance System project, initially sanctioned to enhance the Motor Vehicles Department's enforcement capabilities, was abandoned due to inadequate planning, lack of foresight, and poor coordination. The decision to proceed with the project without a comprehensive feasibility analysis or consideration of parallel initiatives like the 'Safe Kerala Project' led to unnecessary expenditure.

On this being pointed out, the Government stated (September 2025) that Government had decided to convert all border check posts to virtual check posts incorporating the latest technological features using ANPR cameras of GST, based on the latest MoRTH guidelines.

The reply is not tenable as the observation is about the decision to proceed with the project without a comprehensive feasibility analysis or consideration of parallel initiatives.

**iii) Construction of Model Inspection and Certification Centre -  
Infructuous expenditure of ₹1.56 crore**

The MoRTH granted<sup>85</sup> administrative approval for a Model Inspection and Certification Centre at a cost of ₹15.75 crore, with ₹14.40 crores as the Central share and ₹1.35 crore as the State share, and entrusted construction to ARAI, Pune, releasing ₹1.10 crore in March 2016. The State allotted 3.5 acres of land from Cochin Port Trust on 09 September 2016, and M/s KITCO was assigned for initial works costing ₹1.29 crore. However, since the site was near a Naval Airbase, naval clearance was required, leading to repeated revisions in plans and higher civil cost estimates. When MoRTH declined additional funding, it directed ARAI to transfer unutilised funds to the State, resulting in ₹83.31 lakh being returned in April 2023 after deducting ₹26.69 lakh for various works it had undertaken.

The Transport Department then sought Public Works Department's support, but PWD declined, citing issues such as irregular and marshy land, restrictions on permissible height due to ground level and Naval constraints, validity limits of the Naval NOC, and lack of CRZ clearance. With these challenges and the risk of losing central funding, the Transport Department requested ARAI to resume execution, though Government approval for this is still awaited as of March 2025.

It was observed that contrary to Section 1402 of the KPWD Manual no thorough site investigation or data collection was conducted before finalising designs and estimates and in violation of Section 2003 of the said Manual, bids were invited without 100 *per cent* possession of hindrance-free land.

A total of ₹1.56 crore has been utilised for the project so far, as detailed in **Table 2.27** below:

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<sup>85</sup> Letter No. 25038/06/2015-RS dated 24 July 2015.

**Table 2.27: Details of amount utilised for the project**

Sl. No.	Contractor	Amount utilised (₹ in crore)	Purpose
1	KITCO	1.29	Construction of side wall and earth filling
2	ARAI	0.27	Various work including consultation
	<b>Total</b>	<b>1.56</b>	

Source: Departmental records.

Despite MoRTH releasing funds in March 2016, the project remains stalled due to delay in finalisation of project design, cost escalations and the non-availability of hindrance-free land.

This prolonged delay has resulted in a wasteful expenditure of **₹1.56 crore** as consultation fees and preliminary construction work, with no substantial achievement of progress.

When this was brought to notice, the Government stated (September 2025) that land acquisition for the I&C centre was hindered as Cochin Port Trust land was used by the Naval Airport for runway guidance facilities and further acquisition attempts failed. It was further stated that the land would be used for the I&C centre if State funds for civil works were provided, while efforts with ARAI were underway to utilize MoRTH funds for equipment. If MoRTH shifted the I&C centre elsewhere, the land would instead be used to construct an office for SRTO Mattanchery, which currently functions from rented premises.

The reply is not tenable as the observation is about lapses in the procedures that need to be undertaken while undertaking projects. The Department did not ensure 100 *per cent* possession of hinderance-free land before inviting bids and site inspection and data collection were not done prior to finalisation of design and preparation of estimates.

#### **Recommendation 27**

*Government may issue guidelines to prevent abandonment of projects due to the execution of redundant projects, the implementation of similar projects, the cost escalation by way of delay in execution etc. Government may also undertake a detailed feasibility study to reassess the above three project's viability, site constraints, regulatory requirements and construction feasibility. Government may initiate steps to fix responsibility for creating unnecessary expenditure to exchequer of ₹1.63 crore in modernisation of checkposts, ₹1.56 crore for construction of model inspection centre.*

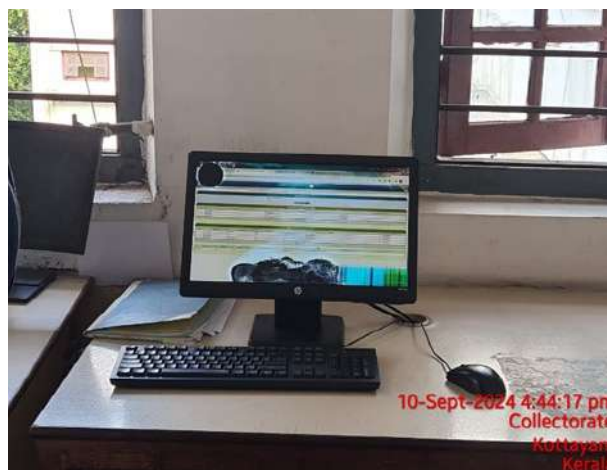
#### **2.4.6.14 Office Infrastructure**

Audit team conducted a JPV with officials of MVD to evaluate the infrastructure facilities supporting the daily operations of RTOs and SRTOs in 10 selected offices. The key findings from the JPV are summarised as follows:

All 10 offices were found to be functioning with inadequate infrastructure, including cramped office space, outdated equipment, and lack of basic amenities such as clean restrooms, adequate waiting areas, drinking water, and first aid facilities, which collectively hampered operational efficiency, service delivery, and the comfort of staff and visitors.



**Figure 2.6: SRTO Thodupuzha**



**Figure 2.7: RTO Kottayam**

These deficiencies highlight the urgent need for improvements to ensure efficient service delivery, a comfortable working environment, and enhanced public satisfaction.

On this being brought to notice, Government stated (September 2025) that efforts are being made to modernise the Information and Communication Technology (ICT) equipment and basic infrastructure of offices through Plan and Non plan allocations. Government acknowledged that ICT equipment and infrastructure, being 15 to 20 years old, required urgent refurbishment. Government also stated that to enhance the quality of the service it suggested MoRTH funding support, enhancement of NIC Parivahan server capacity which had reached its limit, and additional NIC manpower to expedite implementation of MVD's software changes.

- **Absence of Essential Facilities at Testing Grounds**

The department collects a fee of ₹960, inclusive of service charges, from applicants of each licence category. During the JPVs conducted, it came to light that except in one out of 10 driving test centres, the department did not provide any essential facilities such as access to drinking water, wash/refreshment rooms, roofed queue complexes, and waiting rooms for candidates or accompanying individuals. The absence of these fundamental amenities makes candidates compelled to stand in open spaces for extended periods, enduring unfavourable weather conditions while awaiting their turn.

The inadequate workspace, outdated equipment, lack of basic amenities in the offices, and absence of essential facilities at the testing grounds collectively

hinder effective service delivery. These deficiencies result in suboptimal outcomes and fail to provide value for money to taxpayers and citizens.

On this being pointed out, the Government stated (September 2025) that modernisation was being met through the FAST account and efforts are being made to modernise through Plan/ Non-Plan allocations.

**Recommendation 28**

*Government may modernise the offices that are frequently visited by general public for receiving services related to motor vehicles.*

**2.4.6.15 Conclusion**

RTOs and SRTOs are responsible for issuing licences, registrations, permits and certificate of fitness, as well as levying and collecting motor vehicle taxes, fees, and fines. The STA regulates agents, aggregators, cab schemes, and vehicle dealers, while enforcement is managed by RTOs (Enforcement). The SSCA on Functioning of RTOs and STA highlights systemic inefficiencies impacting key functions such as licensing, registration, fitness testing, tax administration, enforcement, and infrastructure management. An institutional framework with 86 RTOs/ SRTOs and significant volumes of licences and registrations issued annually, requires the department to ensure standardisation and compliance. Though the foresight shown in deciding to establish ADTTs more than 15 years ago deserves appreciation, Automated Driving and Fitness Testing Tracks remain largely non-functional. The manual testing processes suffer from infrastructural and procedural gaps. Despite having a robust systems like SARATHI, VAHAN, and e-Challan database, deficiencies were observed in tax assessment, and enforcement lapses leading to revenue loss, policy dilution and road safety. Further, infrastructure investments in check posts and surveillance systems proved infructuous, while field offices face space, equipment, and facility constraints. These issues collectively reflect the need to strengthen internal controls, better utilisation of resources, and policy enforcement.

We, therefore, recommend that the Department undertake comprehensive systemic reforms to build on the good practices, strengthen internal controls, fully operationalise automated systems, enforce statutory compliance, prioritise infrastructure spending and utilisation of resources for effective service delivery.





**Chapter III**  
**State Excise**



## CHAPTER-III STATE EXCISE

### 3.1 Tax Administration

The Kerala State Excise is the law enforcement agency that administers laws relating to liquor, narcotic drugs and psychotropic substances and medicinal preparations containing alcohol and narcotics in the State. Kerala Excise department has its headquarters in Thiruvananthapuram. The principal duties of the department are protection, augmentation and collection of excise revenue and enforcement of the acts and various rules made thereunder. The duties of the department are broadly classified as collection of revenue, enforcement activity to prevent illicit liquor production, sale and trafficking and campaign against alcoholism. Liquor includes spirits of wine, arrack, spirits, wine, toddy, beer and all liquid consisting of or containing alcohol. An individual has no fundamental right over the manufacture and trade of liquor. Absolute right on liquor is vested with the State. Government formulates Abkari policy of the State every year. The policy formulated by the State Government is implemented by the Excise department.

### 3.2 Internal Audit

The Internal Audit Wing (IAW) in State Excise department is under the direct control of the Excise Commissioner. The Wing consists of one Joint Commissioner of Excise assisted by one Assistant Excise Commissioner, three Superintendents, four Excise Inspectors and eight Preventive Officers. Offices in districts in which more vehicles are seized, collectable revenue are pending and delay in collection is noticed are prioritised in internal audit. The total number of auditable units in the department is 295 (sub-offices) which is required to be audited annually. However, due to insufficient manpower resources, only 36 units (12 *per cent*) were planned for audit during 2023-24. IAW audited all 36 units planned. During the year, out of the 2,272 outstanding observations, department cleared 591 internal audit observations (26.01 *per cent*).

### 3.3 Results of Audit

There were 24 auditable units during 2023-24 in the State Excise department. Out of these, five units were selected for audit. Scrutiny of the records of these units during 2023-24 disclosed instances of non/ short realisation of excise duty and Licence fee and other irregularities involving ₹1.64 crore. In addition, a SSCA on 'Manufacture and Sale of Foreign Liquor in Kerala' was also undertaken during the year. The instances pointed out are illustrative only as these are based on the test-check of records. Non levy of fee, irregular transfer of licences and other irregularities involving ₹75.21 crore fall under the following categories as given in **Table 3.1**.

**Table 3.1: Details of under assessment of tax and other irregularities**

(₹ in crore)

<b>Sl. No.</b>	<b>Categories</b>	<b>Amount</b>
1	Subject Specific Compliance Audit on 'Manufacture and Sale of Foreign Liquor in Kerala'	73.57
2	Non levy of fee and fine on unauthorised reconstitution of Board of Directors of Companies	0.80
3	Irregular transfer of Foreign Liquor Licence	0.84
<b>Total</b>		<b>75.21</b>

Source: Records maintained by Accountant General.

During the course of the year, department accepted short levy and other deficiencies involving ₹0.14 crore in five paragraphs pointed out by Audit. Department realised an amount of ₹0.10 crore in four paragraphs during the year 2023-24.

### 3.4 Subject Specific Compliance Audit on Manufacture and Sale of Foreign Liquor in Kerala

#### 3.4.1 Introduction

Manufacture and sale of liquor for human consumption comes under State List in the Seventh Schedule of the Constitution of India. The Abkari Act 1 of 1077<sup>86</sup> was originally enacted by the Raja of Cochin and adopted by Government of Kerala since 1967. The State Excise department executes the provisions of the Act and regulate the liquor sector by issuing licences for manufacture and storage, permits for transportation and sale of liquor. Revenue from liquor comprises Excise Duty and Fees collected by Excise Department, and Sales Tax and Turnover Tax collected by State Goods and Services Tax (GST) Department. Thus, the sale of foreign liquor in Kerala is monitored by both State Excise and State GST department.

Foreign Liquor is manufactured in Distilleries, Compounding, Blending & Bottling (CB&B) Units and Breweries of Kerala. Kerala State Beverages (Manufacturing and Marketing) Corporation Ltd. (KSBC) is the sole wholesale distributor of Indian Made Foreign Liquor (IMFL), Foreign made Foreign Liquor (FMFL), beer and wine in the State. KSBC procures liquor from manufacturers in the State, by import from other States and from abroad and transported to its licensed FL-9<sup>87</sup> Warehouses for wholesale to other Foreign Liquor (FL) licensees. KSBC is entrusted to pay Excise duty on behalf of the manufacturers, collect and remit Sales Tax and is liable to pay Turnover Tax for the sale of liquor.

The licence to vend foreign liquor in retail is granted:

- i) to KSBC and Kerala State Cooperative Consumer Federation (CONSUMERFED)
- ii) to hotels, restaurants and clubs that serve alcoholic drinks for consumption ‘on the premises’ to visitors.

In addition, the Canteen Stores Department (CSD) and Central Armed Police Force (CAPF) were granted licences [BW1(A)]<sup>88</sup> for a Bonded Warehouse for procuring foreign liquor under bond to cater the need of serving/ retired defence personnel and paramilitary forces.

As per Kerala General Sales Tax (KGST) Act, 1963, the dealers selling liquor are liable to pay Sales Tax, Turnover Tax and Cess on sale of liquor.

<sup>86</sup> 5<sup>th</sup> day of August 1902, corresponding to the 31<sup>st</sup> day of *Karkadagom* month in *Kollam Year* (Malayalam Calendar) 1077.

<sup>87</sup> An FL-9 licence authorises the possession and supply of foreign liquor in wholesale.

<sup>88</sup> BW1(A) licence is granted to CSD, Ministry of Defence and Central Police Canteen, Ministry of Home Affairs, GoI for the purpose of storage in Bonded Warehouses.

### **3.4.2 Organisational Structure**

The State Excise department is headed by Additional Chief Secretary, Taxes (Excise) at the Government level. The Commissioner of Excise is the head of the department and is assisted by two Additional Excise Commissioners (Enforcement) & (Administration), and four Joint Excise Commissioners. The department is divided into three zones (South, Central and North) under the control of Joint Excise Commissioners (Zonal). Deputy Excise Commissioner is the head of the Excise Division Office at district level. Excise Division Office is divided into Excise Circle Offices and subdivided into Excise Range Offices.

An Excise Office is functioning in each of the manufacturing and warehousing unit in the State under the supervision of Excise Circle Inspector or Excise Inspector for monitoring the activities.

### **3.4.3 Audit Objectives**

The subject specific compliance audit was conducted to ascertain whether:

- the provisions of the Acts/ Rules governing the manufacture/ import, transportation, storage and sale of Foreign Liquor and beer were complied with.
- the revenue realisable was demanded and collected in time.
- the internal control mechanism existing in the department is adequate and effective in enforcing the provisions of the Act/ Rules.

### **3.4.4 Audit Criteria**

The criteria of audit are sourced from:

- i. The Abkari Act 1 of 1077
- ii. Kerala Foreign Liquor (Compounding Blending and Bottling) Rules, 1975
- iii. Kerala Distillery & Warehouse Rules, 1968
- iv. Brewery Rules, 1967
- v. Foreign Liquor Rules, 1953
- vi. The Kerala General Sales Tax Act, 1963
- vii. Kerala General Sales Tax Rules, 1963
- viii. Kerala Liquor Transit Rules, 1975
- ix. Annual Abkari Policies
- x. Excise Manual
- xi. Food Safety and Standards Act, 2006
- xii. Government Orders, Circulars, Notifications etc.

### 3.4.5 Audit Scope and Methodology

The Subject Specific Compliance Audit (SSCA) was conducted from 22 April 2024 to 01 April 2025, covering the period from 2021-22 to 2023-24. The methodology of Audit includes test check of records at Taxes (Excise) Department, Government of Kerala (GoK) and office of the Commissioner of State Excise. Four districts<sup>89</sup> were selected for detailed audit by Simple Random Sampling Without Replacement (SRSWOR) method. In the selected districts, Audit test checked all offices under the Deputy Excise Commissioner, all Excise units in the Distilleries/ CB&B Units/ Breweries/ Warehouses, and all the offices under the Deputy Commissioner, Taxpayer Services Divisions of State GST Department. In addition, offices of the Deputy Excise Commissioner at KSBC (Headquarter) Thiruvananthapuram, Canteen Stores Department (CSD) at Kochi, and Bonded Warehouse, Central Reserve Police Force (CRPF), Pallippuram were also covered in Audit.

An Entry Conference with the Joint Secretary to Government, Taxes (Excise) and the Commissioner of Excise was conducted on 03 September 2024 to discuss the Audit Plan and methodology. Exit Conference was held on 17 July 2025 with Additional Secretary, Taxes (Excise), Additional Excise Commissioner and Commissioner, State GST department, where the audit findings were discussed. The views expressed by the State Government during the Exit Conference and the written replies to the draft report have been suitably incorporated in the relevant paragraphs.

### Audit Findings

Revenue from manufacture, import and sale of foreign liquor are being collected by State Excise department and State GST department. As per the provisions in the Abkari Act and various rules made thereunder, the State Excise department is entrusted with close monitoring and supervision of activities related to manufacture, transportation, storage, and sale of liquor in the State and to collect Excise Duty for the manufacture of liquor and fees for issuing licences and transit passes. However, major share of revenue from foreign liquor are Sales Tax and Turnover Tax collected under Kerala General Sales Tax (KGST) Act, 1963, by the State GST department. Revenue collected on sale of liquor by Excise department and State GST department for the period covered under audit is as furnished in **Table 3.2** below:

**Table 3.2: Revenue collection on sale of liquor in Kerala**

Year	Excise Revenue in crore	Sales tax on sale of foreign liquor in crore	Turnover tax in crore
2021-22	2,032.23	9,165.41	1,222.02
2022-23	2,875.95	13,060.32	1,704.58
2023-24	2,944.01	13,322.04	1,742.41

Source: Departmental records.

<sup>89</sup> Thrissur, Palakkad – Central Region, Pathanamthitta – Southern Region and Kasargod – Northern Region.

Audit examined various activities such as transportation of raw material, manufacture, import, transport, transit, storage of foreign liquor and collection of revenue from its sales. Important audit findings related to State Excise and State GST departments are discussed in the succeeding paragraphs.

### **3.4.6 Manufacture and Import of liquor**

In Kerala, the production of Indian Made Foreign Liquor (IMFL) is carried out under the regulatory framework of the Kerala Distillery & Warehouse Rules, 1968, the Kerala Foreign Liquor (Compounding, Blending and Bottling) Rules, 1975, and the Brewery Rules, 1967. Currently, ten distilleries, seven CB&B units, and two breweries operate in the State under the supervision of the Excise department. These units do not distil Spirit or Extra Neutral Alcohol (ENA)<sup>90</sup> locally; instead, they source these essential raw materials from other States. The manufacturing process involves compounding the imported spirit with water, colouring, and flavouring agents to produce IMFL. Audit verified the records relating to purchase of ENA, compounding, blending and bottling operations for manufacture of IMFL and the observations noticed are given below:

#### **3.4.6.1 Non demand of Excise Duty, Sales Tax and Turnover Tax on liquor manufactured from ENA found short/ unaccounted**

Rule 47A(4)(b) of the Kerala Distillery and Warehouse Rules, 1968 requires that ENA imported is to be jointly measured by Excise officials and the licensee, with allowable transit wastage of 0.1 *per cent* for every 400 km (to be restricted to actual transit wastage or 0.5 *per cent*, whichever is less), and actual stock be recorded in Form D-31<sup>91</sup>. Under Rule 102, the officer-in-charge must conduct quarterly stocktaking of all spirits, record it in the registers, and report the findings to the Deputy Excise Commissioner (DEC), who would verify the statements during visits. As per Rule 34, wastage beyond 0.5 *per cent* per quarter attracts a fine of ₹20 per Proof Litre (PL). The Commissioner's circular (24 April 2018) reiterated the need for quarterly stock taking of ENA and its verification by the DEC. Further, Rule 9 of the *ibid* Rules mandates gauging of all vessels before use, and Rule 27(2)(b) of the Legal Metrology Rules, 2011 requires re-verification and stamping of storage tanks every 60 months.

Travancore Sugars and Chemicals Ltd. (TSCL) is a distillery in Thiruvalla, which manufactures IMFL by compounding ENA and bottling it for sale to the KSBC. To facilitate this, TSCL is permitted to store ENA in gauged tanks. Excise officials, along with the distillery personnel, are required to carry out joint physical verification of the spirit stock quarterly and certify the quantity as of the verification date. ENA is procured from distilleries outside Kerala

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<sup>90</sup> ENA means spirit obtained by rectification/ re-distillation of rectified spirit having Indian Standard specification (IS: 6613-1972).

Strength of ENA is measured in 'degree proof'. If the alcohol percentage in Bulk Litre (volume of ENA in litre) is multiplied by a factor of 7/4 the resultant figure is the degree proof.

PL=BL \* (degree proof/100).

<sup>91</sup> Register of verification of consignments of liquor received at the Distillery/ Warehouse.

and transported to the distillery in tanker lorries, for which the Excise department issues permit. Upon arrival, Excise officials are required to verify the quality and quantity of the ENA before it is unloaded into the distillery's storage tanks.

Scrutiny of the records maintained at Excise unit office at the distillery; Audit noted the following:

- On 30 June 2021, the Excise officials intercepted two tanker lorries transporting 40,000 Bulk litre (BL) each of ENA to the distillery and detected a shortage of 20,386 BL of spirit. The loss was assessed and confirmed as 20,386 BL with 12,687 BL missing from one vehicle and 7,699 BL from the other. The drivers admitted that the spirit had been illicitly sold in Madhya Pradesh with the alleged involvement of certain employees of the distillery. The department released the remaining quantity of ENA to the distillery after levying a fine of ₹6,76,072, calculated at ₹20 per Proof Litres (PL), treating the shortage as transit wastage.
- Subsequent to the detection of spirit theft on 30 June 2021, the Excise department identified further discrepancies in the spirit stock held in the storage tanks of the distillery during stock verification. On 07 September 2021, the shortage was determined to be 4,60,659.1 BL, equivalent to 7,72,064.6516 PL. Accordingly, a demand notice was issued to the distillery on the same date for ₹1,54,41,293 calculated at ₹20 per PL. In response, the licensee stated that they had not availed the permissible storage wastage allowance of 0.5 *per cent* per quarter, as quarterly stock verifications had not been conducted. Based on this, the Department allowed a storage wastage of 3,12,608.626 BL for the period from 2013–14 to the first quarter of 2021–22. After deducting the allowable wastage, the revised shortage was computed as 1,48,050.384 BL (equivalent to 2,43,542.882 PL), and a revised demand for ₹48,70,858 was issued on 14 June 2022. The licensee subsequently remitted the amount in full.

Audit noticed that the department regularised the shortage of spirit detected on 07 September 2021 in the storage tanks of the distillery, by imposing a fine, after granting storage wastage allowance for a period of nine years. However, records revealed that a stock certificate issued after a joint physical verification conducted on 31 March 2021 by the Excise officials in charge of the distillery and company staff, indicated no discrepancy in the ENA stock. In view of the mandatory requirement for quarterly stock verification, the retrospective allowance of maximum permissible storage wastage over a nine-year period, without supporting records of actual physical verification, is irregular. Further, the theft of ENA detected on 30 June 2021 was also regularised by treating it as normal transit wastage.

Audit observed that the ENA transported into Kerala by the distillery is intended solely for the manufacture of liquor for human consumption, a process that generates substantial revenue for the State through Excise Duty, Sales Tax, and Turnover Tax. The distillery, having taken the ENA into stock,

was obligated to utilise it to produce IMFL. Therefore, any shortfall in production arising from missing ENA represents a loss to the State exchequer. Based on the unaccounted quantity of 4,60,659 BL of ENA, it was estimated that 10,26,435 BL (equivalent to 1,14,048 cases) of liquor could have been produced. The resultant loss of revenue to the State was calculated at **₹49.68 crore**, as detailed in **Appendix XXXII**.

In the case of the ENA theft, Audit noted that the consignment was intercepted before it entered the premises of the distillery and was therefore not recorded in the unit's stock register. ENA consignment was imported based on the permit issued to the distillery. Hence, the overall responsibility lies with the distillery. Based on the quantity of 20,386 BL of ENA diverted, it is estimated that 44,735 BL of liquor<sup>92</sup> could have been produced. The resultant revenue loss to the State has been calculated at **₹2.20 crore** as detailed in **Appendix XXXIII**.

The failure to detect any shortage during earlier joint verifications, followed by the discovery of significant discrepancies in ENA stock during inspections by higher officials, conducted after a theft incident, highlights serious shortcomings in the monitoring and stock verification processes at the distillery's premises. While a Police FIR was filed for the theft, the department neither initiated any action to recover the revenue lost due to the shortage of ENA in the distillery's stock, nor did it pursue recovery from the individuals involved in the diversion of ENA. Thus, the total unrecovered loss to the State exchequer comes to **₹51.88 crore**.

On this being pointed out (June 2025), Government stated (July 2025) that strict directions are issued to conduct surprise and independent stock verification at the distillery. It was also furnished that the department will make a proposal to Government to implement real time tracking system of ENA while in transit and a technology based monitoring system to record the quantity of spirit used by distilleries and the quantity lost as wastage while bottling.

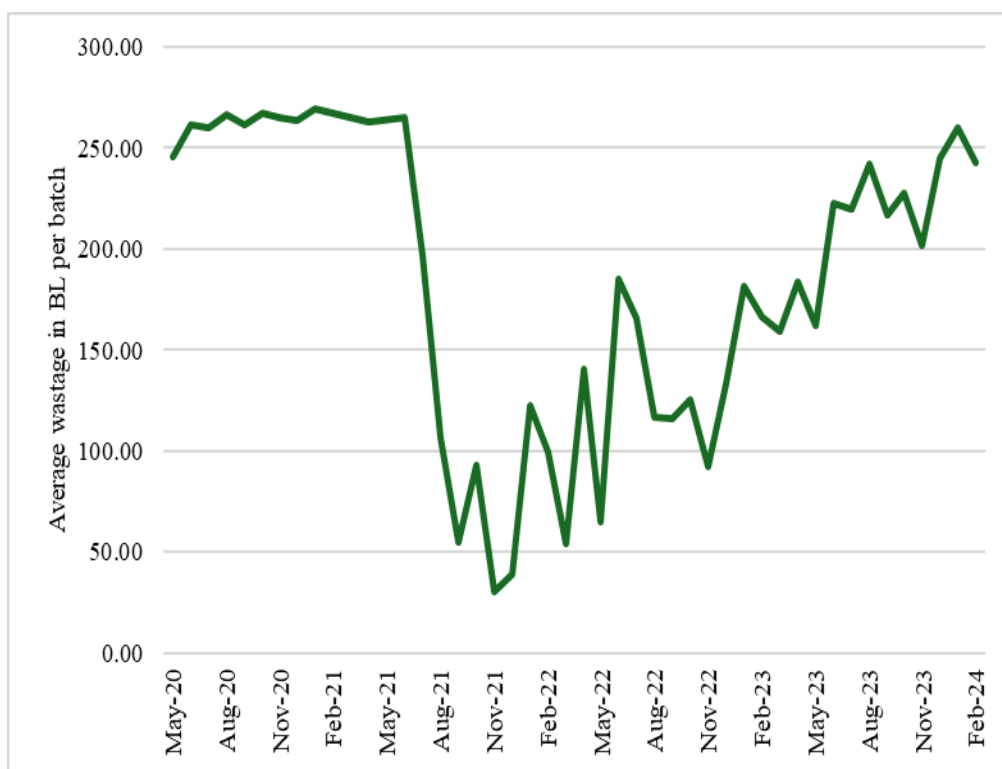
The reply did not specify any action taken or proposed, to recover the loss sustained to the State exchequer due to the unaccounted ENA at the distillery.

#### **3.4.6.2 Inconsistency in claiming bottling wastage by a distillery in Thiruvalla**

Rule 10(5) of the Kerala Foreign Liquor (CB&B) Rules, 1975 allows a maximum bottling wastage of 0.5 *per cent*. Audit examined the bottling wastage claimed by the TSCL distillery for the period ranging from May 2020 to March 2024. Though the claims of wastage were within the allowable limit of 0.5 *per cent*, Audit noticed a peculiar pattern in the bottling wastage allowance during the period, as shown in the **Chart 3.1**.

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<sup>92</sup>  $44,735/9 = 4,971$  cases of 9 one litre bottles.

**Chart 3.1: Trend of bottling wastage claimed over 4 years**

Source: Information collected from Excise department.

During a Joint Physical Verification conducted by Audit (24 September 2024) in the presence of Excise officials, it was observed that the plant was equipped with semi-automated bottling lines.

Audit observed that, while the average bottling wastage remained within the permissible limit of 0.5 *per cent*, in absolute terms, it consistently exceeded 250 BL per batch prior to July 2021. However, subsequent to the detection of major spirit theft on 30 June 2021, the departmental monitoring increased and this average bottling wastage sharply declined to below 50 BL per batch. During July 2021 to January 2022, this remained within the range of 50-100 BL per batch. However, thereafter this wastage gradually rose again and returned to the pre-incident levels of around 250 BL by January 2024. The company has not provided any justification for this subsequent increase in wastage. By claiming wastage allowance to the maximum permissible level and possible correlation between lower wastage subject to enhanced monitoring, raises valid concerns over possible diversion of spirit/ liquor and resultant revenue loss to the State. However, in the absence of verifiable data of bottling wastage, Audit could not quantify the financial impact.

On this being pointed out (June 2025), Government stated (July 2025) that there will be strict supervision in distilleries so that the bottling wastage does not go beyond the allowable wastage. It further stated that necessary directions have already been issued to reduce bottling wastage. It also pointed out that consistency of average bottling wastage cannot be maintained due to the change of workers engaged in bottling process at regular intervals.

The Government reply is not acceptable, as consistency of low bottling wastage was achieved for six months following the detection of theft and also remained lower than 250 BL for approximately two years.

**Recommendation 29**

*Government may direct the department to ensure that surprise and independent stock verifications are conducted at regular intervals, by separate departmental teams, to ensure unbiased assessments and early detection of discrepancies. Government, on receipt of proposal from the department, may expedite the process of implementation of real-time tracking system in order to ensure end-to-end traceability of ENA. Government may also implement a continuous and technology-enabled monitoring system such as automated meters and sensors to record spirit usage and wastage per batch for bottling operations.*

**3.4.6.3 Non-demand of Security deposit from Canteen Stores Department and Central Reserve Police Force**

As per Rule 3(b) of the Foreign Liquor (Storage in Bond) Rules, 1961, applicants seeking to store foreign liquor in bond<sup>93</sup> are required to execute an agreement in Form A. This agreement binds the licensee to comply with the provisions of the Abkari Act, associated rules and orders, and the conditions of the licence, including the obligation to remit the prescribed duty.

Audit observed that the CSD, under the Ministry of Defence, was granted a BW-1A licence effective from 08 June 1994 for operating a bonded warehouse at Kochi to supply foreign liquor to 'Unit Run Canteens'. The licence was granted with a condition that the licensee should deposit security amount fixed by the Excise department. However, Excise department failed to fix the amount to be deposited by the licensee.

The Chairman, Liquor Canteen, Group Centre Campus, CRPF, Pallippuram, Thiruvananthapuram, was granted BW-1A licence on 14 January 2019, subject to the condition of depositing ₹0.21 crore as security. The bond executed on 27 February 2019 in Form A claimed that the amount had been deposited with the Commissioner of Excise. However, Audit scrutiny (March 2025) revealed that the security deposit of **₹0.21 crore** had not been made. The department may investigate whether the claim made in the bond regarding the deposit of the security amount was false or if there was any diversion of the deposited funds.

Government accepted the audit findings during exit meeting (17 July 2025) and replied that since both are central government institutions this provision was not strictly enforced. Subsequently it was stated (July 2025) that the matter is being verified in detail and reply will be furnished on completion of verification.

<sup>93</sup> Liquor stored where excise duty is not paid.

### 3.4.6.4 Short collection of fine due to allowance of excess transit wastage of ENA

Rule 47A(4)(b) of the Kerala Distillery & Warehouse Rules, 1968 states that all consignments of spirits, upon arrival, should be verified by volume and strength jointly by Excise Officials and the licensee. Further, the sub rule 4(d) of the Rule, *ibid*, prescribes an allowance of wastage of spirit at the rate of 0.1 *per cent* for a journey of every 400 km or part thereof subject to a maximum of 0.5 *per cent* or the actual wastage, whichever is less. The licensee is required to pay a fine of ₹20 per PL on the loss of spirit in excess of the limit prescribed.

Audit verified the records relating to the import of ENA by various IMFL manufacturing units functioning in the four selected districts and found that in 373 instances, the maximum permissible transit wastage was allowed without considering the actual distance involved. The uniform allowance of maximum wastage, contrary to the provisions of the rules, indicates non-adherence to regulatory norms governing transit losses. The resulted non-levy of fine is worked out to **₹0.07 crore** as detailed in **Appendix XXXIV**.

Government stated (July 2025) that necessary directions were given to the Excise officials to issue notices to the firms from which fine is due on account of excess transit wastage.

### 3.4.6.5 Short levy of Tie-up fee

As per Rule 10B of the Kerala Foreign Liquor (CB&B) Rules, 1975 and Rule 47(B) of Kerala Distillery and Warehouse Rules, 1968 - Part I, IMFL manufacturers located outside the State may operate in CB&B Units within the State upon approval of tie-up arrangements by the Commissioner of Excise and payment of the prescribed fee. The tie-up fee was initially fixed at ₹2.00 lakh per arrangement. As per the Abkari Policy 2022-23, the Government revised<sup>94</sup> the fee to ₹5.00 lakh with effect from 01 April 2022.

Audit noticed that the following two licensees had remitted Tie-up fee for the year 2022-23 at the pre-revised rate of ₹2.00 lakh which resulted in total short levy of **₹6.00 lakh** as shown in **Table 3.3** below:

**Table 3.3: Short levy of Tie-up fee from licensees**

(₹ in lakh)

Sl. No.	Name of licensee	Name of brand owner	Order No. & date	Amount remitted	Short remittance
1	'A' Distillery, Mannuthy	'X' Distilleries and Breweries Pvt Ltd., Goa	PTD/2022/0002 28.03.2022	2.00	3.00
2	-do-	'Y' Ltd., Bangalore	PTD/2022/0001 27.03.2022	2.00	3.00

<sup>94</sup> G.O.(Ms.) No.18/2022/TD dated 31 March 2022.

Government stated (July 2025) that necessary directions were issued to Distillery Officer of 'A' Distillery, Mannuthy to get the balance amount remitted for the tie-up arrangements.

#### **3.4.6.6 Non-demand of Cost of Establishment**

Rule 13 read with Rule 14 of Distillery and Warehouse Rules, 1968 stipulates that the distillery shall be under the supervision and guard of excise officials and the cost of establishment of excise officials employed in the distillery shall be payable by the licensee in advance. Rule 13 read with Rule 13(9A) of Foreign Liquor Rules, 1953, all transaction in the FL-9 license shall be under the supervision of the excise officials posted in the premises and the cost of establishment of excise staff posted in the FL-9 licence premises shall be borne by the licensee. The licensee shall also be liable to pay the arrears of differential cost of establishment, if the rates of pay and allowances are revised by the Government retrospectively.

Audit verified the remittance of cost of establishment by the distilleries in the four selected districts and found that:

- (i) GoK revised the pay scales of its employees with effect from 01 July 2019. However, the arrears of pay and allowances drawn by Excise officials posted at 'B' Distillery, Cheemeny, for the period from July 2019 onwards, were not demanded from the licensee. Audit calculated the arrears of cost of establishment attributable to the pay revision at **₹0.07 crore** as detailed in **Appendix XXXV**, which remains unrecovered from the licensee.

On this being pointed out (June 2025), Government stated (July 2025) that necessary direction have been issued to DEC, Kasargod to recover the cost of establishment due to the pay revision arrears from July 2019.

- (ii) A distillery and a liquor warehouse of KSBC are functioning within the same premises at Thiruvalla. However, only a single Excise establishment - comprising one Circle Inspector, one Preventive Officer and three Civil Excise Officers was deployed for the supervision of both licensees. Although the Commissioner of Excise approved a formula for apportioning the cost of establishment between the two entities, Audit noted that the distillery and warehouse are distinct establishments holding separate licences. Ideally, separate Excise supervisory units should have been established for each, with the corresponding cost of establishment recovered independently. Further, when the distillery's production increased gradually (since 2008), three additional Excise officials<sup>95</sup> were deployed to supervise its operations. However, it was observed that no cost of establishment was demanded for these officials during the period covered under audit, resulting in a revenue loss to the Government. The non-recovery

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<sup>95</sup> One Preventive Officer, one Civil Excise Officer and one Women Civil Excise Officer.

of this cost from TSCL amounted to ₹0.77 crore, as shown in Appendix XXXVI.

Government stated (July 2025) that, following a financial setback in 1996, the distillery had requested a reduction in the number of supervisory staff posted at the distillery, which was subsequently approved by the Government. When KSBC established a warehouse on the company premises in 1999, it was directed to bear the cost of the Excise establishment at the distillery, except for one Civil Excise Officer, whose cost was borne by the distillery until May 2023. During the year 2021, for ensuring sufficient staff for the supervision of the distillery, three officers were posted<sup>96</sup> by the DEC, Pathanamthitta. However, out of the three, one Women Civil Excise Officer was posted to KSBC for supervising the destruction of discarded liquor. It was also stated that though the distillery is liable to pay the cost of establishment of two excise officials and KSBC is liable to pay the cost of establishment of one woman excise official, no formal demand has been raised yet. Government assured that the same will be issued and further developments will be intimated in due course.

The non-demand of the cost of establishment of staff posted to the distillery and KSBC indicates that their pay and allowances continue to be borne by the State.

The audit findings such as failure to collect security deposits, incorrect levy of tie-up fees at outdated rates, irregular allowance of maximum transit wastage regardless of distance, and non-recovery of cost of establishment for Excise officials deployed to supervise increased production activities, point to significant lapses in enforcement of financial and regulatory provisions by the department. Such lapses reflect weak internal controls, non-adherence to prescribed rules, and poor cost-recovery mechanisms.

#### **Recommendation 30**

*Government may instruct the department to establish a monitoring mechanism to ensure security deposits are collected and periodically reviewed. Automate fee and cost calculations, wherever feasible, to avoid manual oversight and may initiate action to recover any short-levied fees and establishment costs for additional officials deployed. Instruct the department to discontinue the blanket allowance of maximum permissible transit wastage and make the wastage allowance distance based as per rules.*

#### **3.4.6.7 Quality of the Foreign Liquor manufactured**

As per Rule 26 of the Foreign Liquor Rules, 1953 liquor sold or kept for sale shall be of good quality and unadulterated. Nothing shall be added to increase their intoxicating power. The definition of 'Food' in Food Safety and Standards (FSS) Act, 2006, states that alcoholic drink is also a food item. GoI framed FSS (Alcoholic Beverages) Regulation, 2018 to ensure safety and standards of Alcoholic Beverages.

<sup>96</sup> Vide order No.DP2-3/202(3) dated 10 August 2021.

The Food Safety and Standards (FSS) Act, 2006 defines alcoholic drinks as food and empowers<sup>97</sup> the Food Safety Officer to take samples of any food (including liquor) intended for sale. As per Rule 26 of the Foreign Liquor Rules, 1953, liquor sold or kept for sale must be of good quality, unadulterated, and free from any additives intended to increase its intoxicating power. Rule 71 of Kerala Distillery and Warehouse Rules, 1968 mandates that colouring/ flavouring materials and essences used in liquor manufacture must be approved by the Commissioner of Excise and kept under the custody of the officer in-charge of the distillery.

Test check of the records on manufacture of liquor revealed that liquor samples were not being taken for analysis by Food Safety Officer, raw materials other than spirit and their proportion were not approved by the Commissioner of Excise and was not under the custody of Excise department.

Non-testing of liquor sample by the Food Safety Officer is compromising the quality assurance framework. Use of raw materials like colouring and flavouring agents without prior approval from the Commissioner of Excise, and their exclusion from the Excise department's custody, indicates significant regulatory oversight.

On this being pointed out (June 2025), Government stated (July 2025) that liquor is dispatched for sale only after obtaining the chemical analysis certificate from the Government Laboratory. Since the Abkari Rules do not contain any provision authorising the Food Safety Department to collect liquor samples, the Excise Department is not in a position to enforce such regulations. However, necessary instructions have been issued to Excise officials to ensure compliance with FSSA standards in Distilleries, Bottling Units, and Breweries.

The reply is not tenable as the observation pertains to the non-approval of raw materials other than spirit by the Commissioner and those were not under the custody of the Excise department. Moreover, the authority for taking samples by Food Safety Department is governed by the provisions of the Food Safety and Standards Act, 2006.

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<sup>97</sup> Section 38 of FSS Act, 2006.

### 3.4.7 Storage of Liquor

Establishment of warehouses and supervision of storage of foreign liquor are governed by Foreign Liquor Rules, 1953, Kerala Distillery & Warehouse Rules, 1968 and Foreign Liquor (Storage in Bond) Rules, 1961. Two types of FL licences were issued for the storage of liquor in the State. FL-9 licence to KSBC for the possession and supply of foreign liquor in wholesale and BW-1A licence to CSD and Central Armed Police Force (CAPF) to store foreign liquor in their Bonded Warehouses. Kerala has 26 Warehouses managed exclusively by KSBC and one Bonded Warehouse each by CSD and CRPF. Scrutiny of records of warehouse management revealed the following points:

#### 3.4.7.1 Non-establishment of permanent Excise Establishment at Warehouses

Rule 13(9A) of Foreign Liquor Rules, 1953 stipulates that the Commissioner of Excise shall post such officer or officers of the Excise Department as he deems fit, to be in charge of FL-9 licence premises. All the transactions in the FL-9 licence premises shall be under the supervision of the Excise staff posted in such premises. Rule 18 of Kerala Distillery & Warehouse Rules, 1968 stipulates that every warehouse shall ordinarily be supervised by an officer specially deputed by the Commissioner. The cost of establishment of Excise staff posted in the FL-9 licence premises shall be borne by the licensee concerned.

Government sanctioned<sup>98</sup> 17 new FL-9 warehouses to KSBC, and on application from KSBC licences were issued to three, one each at Thiruvananthapuram, Ernakulam, and Kozhikode and KSBC operationalised the warehouses accordingly. The Commissioner of Excise submitted<sup>99</sup> a proposal to the Government to create dedicated excise supervision units at each of the newly established warehouses. The proposal included the creation of one post each of Circle Inspector (CI) and Preventive Officer (PO), and two posts of Civil Excise Officer (CEO) per Warehouse. Though the Commissioner of Excise clarified that the establishment of these posts would not impose any additional financial burden on the Government, the proposal was not approved. As warehouse supervision is mandatory, the Excise department assigned supervisory responsibilities of the three warehouses to existing personnel. Each warehouse was placed under the charge of the CI of the local Excise Circle Office, assisted by a PO from the local Excise Range Office and a CEO on special duty deputed from another KSBC warehouse in the locality.

Though the salary and allowances of one CEO is paid by KSBC, the same for the CI and PO is borne by State exchequer. Since Government had not sanctioned the posts for the supervision of new warehouses, Excise Department could not claim cost of establishment of Preventive Officers posted in the three Warehouses from KSBC. This resulted in an avoidable

<sup>98</sup> G.O.(Ms.) No.11/2022/TAXES dated 03 February 2022.

<sup>99</sup> Vide letter dated 21 October 2022.

expenditure of at least ₹2.35 lakh per month (calculated at the lower most scale of pay of Preventive Officer) as detailed in **Appendix XXXVII**.

On this being pointed out, Government accepted (July 2025) the observation and stated that proposal for creation of posts of one Circle Inspector, one Preventive Officer and two Civil Excise Officers in all the newly formed FL-9 Warehouses were submitted by the department. However, the reply is silent on the recovery of cost of establishment borne by the Government so far.

**Recommendation 31**

*Government may re-evaluate and promptly sanction the proposed supervisory posts for FL-9 Warehouses to ensure structured staffing and enable proper cost recovery from licensees.*

**3.4.8 Sale of Foreign Liquor**

Licences for the possession and sale of foreign liquor, as well as for possession and use, are issued under Rule 13 of the Foreign Liquor Rules, 1953. The authority to grant licences for operating foreign liquor outlets and to collect the corresponding licence fees rests with the Excise department. Meanwhile, the responsibility for monitoring and assessing the collection of Sales Tax and Turnover Tax on the sale of foreign liquor lies with the State GST department.

Audit conducted an examination of the process followed by the Excise department in granting licences to vend foreign liquor, including compliance with the conditions attached to the licences issued. Audit also reviewed the registration of dealers, scrutiny of returns, and the assessment, levy, and collection of Sales Tax and Turnover Tax under the Kerala General Sales Tax (KGST) Act, 1963 by the State GST department. Several shortcomings were observed during the course of this examination as illustrated below:

**3.4.8.1 Short levy of Turnover Tax**

As per Section 5(2) of the KGST Act, 1963, every dealer in foreign liquor should pay Turnover Tax (ToT) on the turnover of foreign liquor at all points of sale in the State. The ToT should be levied on bar attached hotels, at the rate of ten *per cent* and at the rate of five *per cent* on other dealers. Section 2(xxvii) of the Act, *ibid*, Turnover means the aggregate amount for which goods are either bought or sold, supplied or distributed by a dealer i.e. it includes Sales Tax due or paid also.

Master Canteen, Liquor Canteen and Liquor Canteen, GC, CRPF Pallippuram are assesseees on the rolls of the Deputy Commissioner, Tax Payer Services (TPS) Division, Kazhakoottam. The assessment files of these assesseees were transferred to TPS Division, Kazhakoottam after completing assessments as detailed in **Table 3.4** below.

**Table 3.4: Details of KGST assessment**

Name of the Assessee	Master Canteen, Liquor Canteen, CRPF, Pallipuram	Liquor Canteen, GC, CRPF Pallippuram
TIN	32010887979	32010674826
Year of Assessment	2020-21	2019-20
Date of Assessment Order	13/10/2022	28/07/2021
Assessing Authority	Assistant Commissioner, III Circle, Thiruvananthapuram	Assistant Commissioner, I Circle, Thiruvananthapuram
Turnover fixed for Sales Tax (₹) (A)	7,67,13,081.75	7,52,41,431.00
Exemption allowed (₹)	0	3,34,36,907.00
Taxable Turnover fixed (₹)	7,67,13,081.75	4,18,04,524.00
Sales Tax due (₹) (B)	18,94,81,311.92	8,86,25,591.00
Turnover fixed for ToT (₹)	7,67,13,082.00	7,34,55,649.00
ToT due determined (₹) (C)	38,35,654.08	57,82,119.00
Total Tax due determined (₹)	19,25,49,835.00	9,44,07,710.00

Source: Departmental Records.

During the finalisation of KGST assessments, the Assessing Authority failed to include the sales tax component while computing the turnover for determining the ToT liability. This resulted in a short levy of ToT amounting to **₹1.65 crore** as shown in **Table 3.5** below:

**Table 3.5: Short levy of turnover tax and interest due**

TIN	Labels	32010887979	32010674826
Turnover to be reckoned for ToT (₹) (A) + (B) of Table 3.4	D = A+B	26,61,94,394	16,38,67,022
ToT due (₹)	E = 5% of D	1,33,09,720	81,93,351
ToT levied (₹)	F	38,35,654	57,76,962
Short levy of ToT (₹)	G = E - F	94,74,066	24,16,389
Interest due at 12% per annum (₹)		34,10,664 (04/21 to 03/24)	11,59,867 (04/20 to 03/24)
<b>Total (₹)</b>		<b>1,28,84,730</b>	<b>35,76,256</b>

Source: Calculations based on departmental records.

Audit observed that while finalising the KGST assessments, the Assessing Authority failed to include the sales tax component in the turnover used for calculating ToT liability. This oversight led to short levy of ToT, indicating a lapse in adherence to assessment procedures and resulting in loss of revenue to the Government.

On this being pointed out (May 2025), Government assured in the Exit Conference (July 2025) that the case will be reopened. Further SGST Department stated (August 2025) that action has been initiated u/s 35 (notice dated 01 July 2025) of the KGST Act for cancelling the impugned order.

#### **3.4.8.2 Non-payment of Turnover tax by a Brewery at Kanjikode, Palakkad**

As per Section 17(3) of KGST Act, 1963, if no return or incorrect or incomplete return is submitted by the dealer, the assessing authority shall assess the dealer to the best of its judgment. As per explanation - 1 to Section 5(2)(b) of the Kerala General Sales Tax Act, 1963, any distillery, brewery, winery established under Section 14 of the Abkari Act in the State are liable to pay Turnover Tax (ToT) at the rate of five *per cent* on the turnover on sale of foreign liquor including any Excise Duty payable on it.

Government vide Notification<sup>100</sup>, exempted with effect from 01 December 2022, the Turnover Tax payable under Section 5(2)(i)(b) of KGST Act, by any distilleries in the State which sells liquor manufactured by it within the State to KSBC.

A brewery at Kanjikode, Palakkad registered under Deputy Commissioner, TPS Division, Palakkad, filed Annual Return for the year 2023-24. As per the audited accounts furnished in Form 50-B, the assessee claimed exemption from payment of ToT on the sale of beer, citing the Government Notification issued in December 2022. However, the said notification is applicable only to liquor manufactured by distilleries and does not extend to beer produced by breweries. Hence, the exemption claimed by the assessee was irregular, and the failure of the Assessing Authority to initiate action for recovery of ToT resulted in non-levy of tax of **₹13.81 crore** as detailed in **Appendix XXXVIII**.

Audit observed that the assessee irregularly claimed exemption from ToT on the sale of beer based on a Government Notification and the Assessing Authority failed to scrutinise this claim, resulting in loss of revenue to the Government.

On this being pointed out (May 2025), Government in the Exit Conference (July 2025) stated that the assessment of the dealer for the year 2023-24 has been completed creating an additional demand of ₹16.50 crore.

#### **3.4.8.3 Short levy/ collection of Sales Tax due to application of incorrect rate of tax**

As per Section 5(1) of KGST Act, 1963, every dealer, whose total turnover for a year is not less than two lakhs rupees, shall pay tax on his taxable turnover at the rate mentioned against such goods in the Schedule, in respect of Foreign liquor, at the point of sale by the Kerala State Beverages (Manufacturing and Marketing) Corporation Limited (KSBC) and at the point of first sale in the

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<sup>100</sup> S.R.O. No.1155/2022 dated 01 December 2022 (issued in G.O.(P) No.152/2022/Taxes).

State by a dealer liable to tax under this section except where the sale is to KSBC. The rate of Sales Tax on Foreign Liquor was increased from 135 *per cent* to 210 *per cent* with effect from 01 April 2018 vide Finance Act, 2018. Government further revised the rate as shown in the **Appendix XXXIX**, through Kerala General Sales Tax (Amendment) Act, 2022 with effect from 16 December 2022.

Scrutiny of assessment records revealed that in one case, the assessee failed to revise the applicable tax rate for the financial year, and in another case, the revised rate was not applied from the effective date of revision. In both instances, the assessing officers accepted the returns filed by the assessee without verifying the correctness of the applicable rates. This resulted in short levy of tax of **₹3.73 crore** as detailed below:

- (a) Audit scrutiny of the assessment records for the year 2018-19 of the assessee Liquor Canteen, GC, CRPF Pallippuram revealed that a taxable turnover of ₹3.09 crore was declared, against which tax including Additional Sales Tax (AST) amounting to ₹4.60 crore and surcharge of ₹0.46 crore were remitted. However, the tax was computed by erroneously applying the rate of 135 *per cent*, instead of 210 *per cent*. This resulted in short payment of tax. However, Foreign Liquor sales are exempt from AST as per Section 5D of Kerala General Sales Tax Act, 1963. The Kerala Finance Act, 2018 withdrew surcharge (10 *per cent*) on Sales Tax with effect from 01 April 2018. Short payment of tax has been quantified at **₹3.19 crore** as shown in **Appendix XL**.

On this being pointed out (May 2025), Government in the Exit Conference (July 2025) assured that the issue will be examined in detail during assessment. SGST Department further stated (August 2025) that action has been initiated under Section 35 (notice dated 01 July 2025) of the KGST Act for cancelling the impugned order.

- (b) Audit analysis of the Liquor Supply Chain Management database of the KSBC revealed that the revised tax rates effective from 16 December 2022 were not promptly incorporated into the system as shown in **Appendix XLI**. The assessee remitted tax based on the system-generated calculations, resulting in short collection of tax including interest, amounting to **₹0.54 crore** as detailed in **Appendix XLII**.

On this being pointed out (May 2025), Government in the Exit Conference (July 2025) assured that the issue will be examined in detail during assessment. Department further stated (August 2025) that the books of accounts of the KSBC is under verification. It was further stated that considering the voluminous nature of the records, a detailed reply will be furnished at a later stage.

This indicates a lapse in the assessment process and insufficient scrutiny of statutory compliance, resulting in revenue loss to the Government.

#### **3.4.8.4 Short levy of tax due to irregular assessments**

Audit noticed an instance of irregular assessment by assessing authorities which resulted in short levy of ToT amounting to **₹0.02 crore** as detailed below:

The assessment of an assessee on the rolls of TPS Division Irinjalakuda (TIN: 32XXXXXXXXXX) for the year 2020-21 was completed on 20 July 2022. Audit scrutiny revealed that the assessee had remitted ₹2.40 lakh towards ToT for the month of January 2021. However, the Assessing Authority while finalising the assessment for the year 2020-21, erroneously allowed credit for ₹4.47 lakh, resulting in an excess credit of ₹2.07 lakh and extending an undue benefit to the assessee.

Government stated (September 2025) that based on the audit objection, assessment was completed vide order dated 30 April 2025 creating a tax due of ₹2.07 lakh.

#### ***Recommendation 32***

*Government may develop and circulate detailed standard operating procedures (SOPs) to Assessing Authorities of State GST, on common areas of error including exemption eligibility to ensure uniformity in assessments. Government may also institute accountability mechanisms for assessment errors and conduct regular internal audits to evaluate the quality of assessments.*

#### **3.4.8.5 Short levy of Excise Duty on Beer and consequent short levy of Sales Tax**

As per Rule 1 of Foreign Liquor (Storage in Bond) Rules, 1961, liquor stored in Bonded Warehouse should be removed only upon payment of the applicable Excise Duty. In addition to Excise Duty, an Import Fee<sup>101</sup> is also chargeable at the time of removal of liquor. For beer, the Excise Duty is fixed at ₹5 per bulk litre (BL) and the Import Fee at ₹2 per BL. As per the Kerala General Sales Tax Act, 1963, Sales Tax and ToT are levied on the total turnover, which includes the Excise Duty component. Beer sold by the CSD is subject to Sales Tax at the rate of 82 *per cent* with effect from 19 May 2020, and a Turnover Tax at the rate of one *per cent*.

Audit observed that CSD, as a bonded warehouse licensee, was liable to remit Excise Duty and Import Fee at the rates prescribed at the time of removal of beer for sale. The Excise Unit functioning within CSD levied Excise Duty at the rate of ₹3 per BL instead of ₹5 per BL. Scrutiny of records for the period 2021-22 to 2023-24 revealed that the total Excise Duty levied, at the incorrect rate, was ₹20.28 lakh, resulting in a short levy of ₹13.52<sup>102</sup> lakh. This short levy of Excise Duty also led to consequential short levy of Sales Tax and ToT

<sup>101</sup> Vide Notification S.R.O. No.268/95.

<sup>102</sup> ₹20,28,527 x (5-3)/3.

amounting to ₹11.09 lakh and ₹0.25<sup>103</sup> lakh respectively. Total short levy worked out to ₹0.25 crore.

The application of incorrect rate resulted in a short levy of Excise Duty, indicating a lapse in compliance by the Excise Officials, with the applicable tax regulations and leading to a loss of revenue to the Government.

On this being pointed out (June 2025), Government stated (July 2025) that detailed report would be submitted soon.

### **Recommendation 33**

*Government may direct the Excise Department to strengthen its compliance and monitoring mechanisms to prevent revenue leakages arising from incorrect duty application and inadequate verification.*

### **3.4.9 Transit Permits issued for Transportation of Liquor**

As per Rule 3 of Kerala Liquor Transit Rules, 1975, no liquor should be moved from one place in a State to another place in that State or to any other State through the territory of Kerala except under a permit issued by Excise department. Rule 3B stipulates that if liquor has to be moved through the State, the officer-in-charge of the entry check post after verifying the permit shall depute two Excise guards to escort the liquor from the entry check post to the exit check post. The officer-in-charge of the exit check post, after verification of the consignment allows the consignment to exit the State territory after reporting to the permit issuing authority. As per Rule 8, liquor moved under this permit should not be sold inside the State of Kerala.

The Commissioner of Excise has issued instructions<sup>104</sup> (December 2020), to facilitate safe transit of liquor under permit. The Circular directed to provide escort to the consignment of liquor under Transit permits and directed the officer in charge of the exit check post to ensure that sufficient Excise officials accompanied the consignment. Audit test checked the movement of liquor under transit permits issued by the Joint Excise Commissioners (JEC) and found the following:

#### **3.4.9.1 Transit Permits issued for Mahe**

Audit observed that Mahe, a part of the Union Territory of Puducherry located between Kannur and Kozhikode districts of Kerala, imports IMFL through Kerala under Transit permits issued by the JEC, North Zone. To monitor such movement, two Excise check posts (New Mahe and Azhiyur) are functioning at both ends of the National Highway passing through Mahe. During the period 2021-22 to 2023-24, 4,470 Transit permits were issued for the import of liquor into Mahe. Audit cross-verified<sup>105</sup> 359 of these permits with the records maintained at the two Excise check posts and found that 22

<sup>103</sup> 1 per cent of (13.52 lakh+11.09 lakh).

<sup>104</sup> Circular No. EXC44/2020 Excise dated 22 December 2020.

<sup>105</sup> Selected the permits issued during one month in each year (December 2021 and 2023, July 2022).

permits, involving 1,10,720 BL of IMFL, had no corresponding records of exit as detailed in **Appendix XLIII**, indicating possible diversion to Kerala market for illicit sale. The estimated revenue loss due to the possible diversion of 12,302 cases<sup>106</sup> of IMFL amounts to ₹5.10 crore<sup>107</sup>.

It was also observed that the officers in charge of the exit check posts did not report the details of outbound consignments to the permit-issuing authority, thereby weakening the control mechanism and enabling misuse of the transit permits.

On this being pointed out (24 October 2024), the JEC Kozhikode replied that the officials in check posts had started reporting from 26 October 2024.

Government stated (July 2025) that necessary directions were issued to provide escort facilities for the consignments passing through the State with transit permits. It was also stated that, so far, no incidents of diversion of liquor for illicit sale had been reported.

The Government reply is not tenable as even though no cases of illegal sale have been reported yet, possibility of illegal sale could not be ruled out.

#### **3.4.9.2 Transit permits issued by the JEC, Central Zone, Kochi**

During the period 2021-22 to 2023-24, a total of 324 Transit Permits were issued by the JEC, Kochi for transporting liquor from/ to Kerala through the Excise Check Post at Walayar. Scrutiny of records maintained at the Walayar Check Post revealed that 78 Transit permits (**Appendix XLIV**), covering the movement of 43,651 cases of FMFL, did not register an exit through the said check post. In the absence of data on the quantity of FMFL transported, Audit could not quantify the potential revenue loss.

Though there were clear instructions, the permit-issuing authority failed to ensure that the consignments reached their intended destinations by deploying officials to escort the goods. Since the consignments covered under these permits involved non-duty paid liquor, the possibility of misuse or diversion of liquor under the guise of transit cannot be ruled out.

Government stated (July 2025) that necessary directions had been issued for the proper maintenance of consignment registers for liquor passing through check posts. It was also stated that QR code embedded labels were introduced for liquor transported within the State, with effect from 01 April 2025.

#### ***Recommendation 34***

*Government may introduce a GPS-enabled transit permit system with real-time tracking and automated for route deviations or delays alerts to Excise Enforcement Wing, to monitor whether consignments reach their intended destinations.*

<sup>106</sup> No. of cases of one litre bottle:  $110720.4/9 = 12,302$  cases.

<sup>107</sup> Excise Duty @ 729.67 x 12,302 cases = ₹0.90 crore and Sales Tax @ 3,416.71 x 12,302 cases = ₹4.20 crore.

### 3.4.10 Inadequate regulatory framework for implementing Statutory Provisions

Though there is provision to deny licence to abkari defaulters and offenders, the absence of clear regulation restricts Excise officials from taking appropriate actions. Instances noticed are detailed below:

#### 3.4.10.1 Absence of regulatory support allows tax defaulters to retain Abkari Licences

Abkari Act defines Abkari Revenue as “revenue derived or derivable from any duty, fee, tax, fine or confiscation, imposed or ordered under the provisions of this Act, or of any other law for the time being in force relating to liquor or intoxicating drugs”. Section 26 of the Act stipulates that the Commissioner may cancel or suspend any licence or permit granted if any fee, duty, tax or rental payable by the holder thereof be not duly paid. Licences for serving IMFL and beer are granted as per Rule 13 of the Foreign Liquor Rules, 1953.

Since Abkari revenue includes tax related to the sale of liquor, the tax levied under the KGST Act, 1963 on such sales also constitutes Abkari revenue. Therefore, FL licensees with outstanding Sales Tax arrears are deemed Abkari defaulters, and their licences are liable to be cancelled or suspended.

The State GST Department collects Sales Tax and ToT from liquor dealers operating within the State. An examination of the Demand Collection Balance (DCB) statements maintained in the GST offices of the selected districts revealed that revenue arrears were pending collection from these dealers as shown in **Table 3.6** below:

**Table 3.6: GST Arrears as per DCB statement**

Sl.No.	District	GST Arrears (₹ in crore)
1	Palakkad	299.81
2	Thrissur	40.35
3	Pathanamthitta	28.95
4	Kasargod	5.80

Test check of assessment records revealed that 15 dealers in four districts continuously defaulted in filing of tax returns and payment of tax as detailed in **Appendix XLV**. Though it was mandated under Section 13 of KGST Act, 1963, that every dealer whose annual turnover is not less than rupees one lakh, took registration, Audit noticed that the licensees under Abkari Act functioned without obtaining or after cancellation of KGST registration as detailed in **Appendix XLVI**.

The FL Rules stipulate that, for the annual renewal of licences, the applicant must produce a certificate from the Abkari Workers’ Welfare Fund Inspector confirming the remittance of arrears of contributions. However, though the

Abkari Act defines the tax levied on liquor sales as part of Abkari revenue, there is no corresponding requirement in the FL Rules to produce a clearance certificate from the State GST department.

In the absence of such a regulation, the Excise department renewed the FL licences annually without ensuring the remittance of taxes under KGST Act.

Government stated (July 2025) that as per the judgement in WA No. 2467/2015 sales tax could not be considered as Abkari revenue and hence, defaulters of sales tax are not Abkari defaulters. Since there is no provision in Foreign Liquor Rules to demand sales tax arrears from the licensee, the FL licence were renewed annually even though the licensee is a defaulter of Sales Tax.

The reply is not acceptable. As per Section 3(1) of the Abkari Act 1 of 1077, revenue derived from tax ordered under the provisions of any law being in force, relating to liquor is Abkari revenue. Hence, a default on payment of tax levied on the sale of liquor is an Abkari default. Moreover, the judgement referred in Government reply was not produced to Audit.

#### **3.4.10.2 Absence of rule provisions for reconstitution of Board of Directors of Companies manufacturing Foreign Liquor**

As per Section 67(2) of Abkari Act, the Excise Commissioner (EC) may impose a fine of ₹3,00,000 (Rupees three lakh only) each on any person or persons holding a licence or permit under this Act for violation by way of reconstitution, alteration or modification without the permission of the Commissioner of any deed on the strength of which any licence is granted. Section 67(3) provides that the EC may regularise such an irregular constitution on payment of fine imposed under sub-section 2 and after accepting such fee as may be prescribed by rules.

The Foreign Liquor Rules, 1953, vide Rule 19(iii), fixed the requisite fee for reconstitution as rupee one lakh. However, no such provision included in Kerala Distillery and Warehouse Rules, 1968, Kerala Foreign Liquor (CB&B) Rules, 1975, and the Brewery Rules, 1967.

In Kerala there are 10 licences granted under the Kerala Distillery and Warehouse Rules, 1968, seven under the Kerala Foreign Liquor (Compounding, Blending and Bottling) Rules, 1975 and two licences under the Brewery Rules, 1967.

Audit noticed that the Excise department had imposed fine and fee on four Distillery/ breweries<sup>108</sup> functioning in the selected Districts, for reconstituting the Director Board/ partnership without obtaining prior permission of the Excise Commissioner.

Against the order, the licencees filed writ petition and the Hon'ble High Court of Kerala vide judgement (07 December 2024) set aside the order of the EC.

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<sup>108</sup> A distillery at Pambady (₹48 lakh), a distillery at Meenakshipuram (₹12 lakh), a distillery at Govindapuram (₹6 lakh and ₹3 lakh) and a brewery at Kanjikode (₹36 lakh).

The Hon'ble High Court observed that the Excise department imposed the penalty for reconstitution of Board of Directors/ partnership of the Companies/ partnership firms manufacturing liquor without any rule provision in Kerala Distillery and Warehouse Rules, 1968/ Kerala Foreign Liquor (Compounding, Blending and Bottling) Rules, 1975/ the Brewery Rules, 1967.

Thus, the absence of a rule provision led to setting aside the demand notices amounting to **₹1.05 crore** in four districts for reconstitution without prior sanction.

Government stated (July 2025) that in the Abkari Policy for the year 2025-26, it was decided to introduce fee for reconstitution made in the Director Board/ Partnership of licences issued under Kerala Distillery and Warehouse Rules, 1968, Kerala Foreign Liquor (Compounding, Blending and Bottling) Rules and Brewery Rules.

#### **Recommendation 35**

*Government may amend the Foreign Liquor Rules to mandate the production of a clearance certificate from the State GST department as a prerequisite for annual licence renewal which will ensure that all tax liabilities under the KGST Act are settled before renewal. Government may also initiate action to insert explicit legal provisions requiring prior approval from the Excise Commissioner for any reconstitution of the Board of Directors or partnership in licensed entities.*

### **3.4.11 Effectiveness of Internal Control**

Internal control mechanism is intended to provide reasonable assurance of proper enforcement of Act, Rules and departmental instructions. It is the responsibility of the department to ensure a proper internal control mechanism exists in the department in monitoring the collection of Excise Duties, fees, penalties and in prevention and detection of frauds, evasion of duties, fees etc. Audit noticed many deficiencies, non-compliance of important rule provisions etc., which shows weaknesses in the internal control mechanism.

#### **3.4.11.1 Non-imposition of fine for unauthorised reconstitution and non-collection of fees for regularisation resulted in non-realisation of ₹16.00 lakh.**

Rule 13(C) of Foreign Liquor Rules, 1953 stipulates that no partnership will be granted with a licence, if any of the partners are abkari defaulters or offenders under Abkari Act, 1902 or Narcotic Drugs and Psychotropic Substances Act, 1985. Rule 19(i) read with Rule 19(ii) of the Rules *ibid*, states that reconstitution of partnership by addition or deletion of members or reconstitution of Directors of a Company resulting in change of ownership shall be a deemed transfer of licence and hence requires previous sanction of the Excise Commissioner (EC). As per Section 67(2) of Akbari Act, 1902, the EC may impose a fine of rupees three lakh each on any person or persons

holding a licence for violation by way of reconstitution, without the permission of the EC. Section 67(3) provides that the EC may regularise such an irregular constitution on payment of fine and requisite fee from the licensee and under Rule 19(iii) of Foreign Liquor Rules, 1953, the requisite fee was fixed as rupee one lakh. Rule 14 of the Rule *ibid* stipulates that the licences referred to in Rule 13 expires at the end of the financial year.

In the event of reconstitution of a partnership or the Board of Directors of a company, the licensee must submit an application for prior permission and regularisation of the reconstitution through the ‘*Service Plus*’ portal of the Excise Department. In cases where prior permission is not obtained, the licensee must apply for regularisation of the reconstitution through the same portal. Every FL licence must be renewed annually by submitting an online application through the portal before the beginning of each financial year. The renewal application form includes a mandatory field to provide details of the current Directors or partners of the company or firm.

In a separate instance, Audit verified (January 2024) the records relating to FL-3(Bar)/ FL-11(Beer Parlour) licences, maintained in the office of the EC and found that EC had regularised the reconstitution of Directors/ partnership of 60 FL licence during the audit period 2022-23. Audit examined the reconstitution details of Boards of Directors of companies and partnership firms by cross-verifying data from the Ministry of Corporate Affairs (MCA) and the Registrar of Firms. It was found that apart from the sixty reconstitutions approved by the EC, three companies and one partnership firm, operating hotels with FL-3/ FL-11 licences, had reconstituted their Boards or partnerships. These changes amounted to a change in ownership as defined under Rule 19(i) of the FL Rules, 1953.

Audit analysed the application records available in the ‘*Service Plus*’ portal and found that none of the four licensees had submitted applications either for prior permission or for regularisation of the reconstitution. Scrutiny of the licence renewal applications for the financial year 2022-23 and 2023-24 revealed that three licensees did not disclose the changes in the names of their Board of Directors. In the case of the fourth licensee, the licence was issued and subsequently cancelled during the period 2022-23.

Audit found that the four licensees failed to disclose accurate information, deliberately suppressing details of reconstitution in their submissions to the Department. Audit identified these reconstitutions by cross-verifying publicly available data from the Ministry of Corporate Affairs and from the Registrar of Firms, a department under Government of Kerala.

Since the four reconstitutions were carried out without obtaining permission from the Excise Commissioner and remained unregularised (March 2025), the impact on revenue are non-collection of fees of **₹4.00 lakh** for regularisation of reconstitution and non-imposition of fine of **₹12.00 lakh** for unauthorised reconstitution as shown in **Appendix XLVII**. Audit observed that the Excise department currently lacks an internal mechanism to collect and cross-verify such information from external sources. Besides leading to revenue leakage, absence of such cross-verification mechanism on the

information furnished by the licensees will undermine the effective enforcement of Rule 13(C) of the Foreign Liquor Rules, 1953, which seeks to prevent abkari defaulters and offenders from becoming directors in companies holding FL licences.

On this being pointed out (May 2024), Government stated (July 2024 and July 2025) that, in three cases department had accepted the observation, among which notices had already been issued in two cases to regularise the unauthorised reconstitution while in the third case, direction was given to the Deputy EC to issue notice. In the remaining case, the licensee submitted an application for regularisation; however, as the licensee has been convicted by the CBI court, the application is pending.

#### **3.4.11.2 Delay in calibrating the vessels**

Rule 9 of the Kerala Distillery and Warehouse Rules, 1968 states that all vessels in the distillery should be gauged/ calibrated to the satisfaction of the Excise Commissioner. As per Rule 34 of the said Act, an account of the spirit stock should be taken at an interval not exceeding three months, and the distillers shall pay to the Government a fine of rupees twenty per PL on spirit which could not be accounted for in excess of an allowance of half *per cent* for wastage. Similar rule provisions are included in the Kerala Foreign Liquor (CB&B) Rules, 1975 as well.

The receipt, storage, and issue of spirit should be carried out under the strict supervision of the Excise department. Quarterly verification of spirit stock must be conducted, and fine should be imposed in cases of excess wastage. Timely calibration of storage tanks is essential to ensure the accuracy of spirit stock and the quantity of liquor blended therein.

A test check of records of 11 Distillery/ CB&B units functioning in the four districts revealed that, in six of these units, the calibration of vessels used for spirit storage and blending operations had expired as early as 2018. The details are given in **Appendix XLVIII**.

Audit observed that, though the Department is empowered to levy fines for excess storage wastage resulting from non-calibration, such shortages in spirit adversely impact IMFL production, thereby leading to potential loss of revenue in the form of Excise Duty and Sales Tax.

Government stated (July 2025) that necessary directions have been issued to calibrate the spirit tanks and to levy fines for excess wastage or shortage in spirit resulting from non-calibration.

#### **3.4.11.3 Non receipt of Excise Verification Certificates**

As per Rule 11 of Foreign Liquor Rules, 1953, the transport of liquor, in excess of the notified quantity, shall be covered by a transport permit issued by the Excise Inspector in charge of the Range of origin. A copy of the same shall be forwarded to the Excise Inspector in charge of the Range to which the consignment is destined. The Excise Inspector at the destination shall verify

the consignment of IMFL on arrival and see that the quantity is duly credited in the accounts of the licensee who transported the consignment.

The transport permit issued are known as Excise Verification Certificate (EVC) and EVC is a mechanism to prevent the misuse of the IMFL/ beer dispatched from the manufacturing units to the warehouses of KSBC and from there to FL-1/ FL-3 licensees.

Scrutiny of Dispatch/ Issue register of IMFL kept in the various distilleries/ CB&B Units/ FL-9 Warehouses in four districts revealed that during the period from 2021-22 to 2023-24, a total number of 10,139 EVCs were not received from the FL-9 warehouses/ FL-3 licensees as detailed in **Appendix XLIX**. The non-receipt of EVCs show lapses in ensuring the receipt of consignment at the exact destination.

Government stated (July 2025) that necessary directions were given to Excise Officials to trace out and issue EVCs on time.

#### **Recommendation 36**

*Government may direct the Excise department to ensure periodic calibration of spirit storage tanks and blending vessels in all warehouses. Government may also explore the viability to implement digital inventory and transit management systems that track spirit movement, storage levels, calibration records, and EVC status in real time to enhance oversight and reduce manual lapses. The Department may also periodically cross verify the data available in the Service Plus portal with the website of the Ministry of Corporate Affairs or other institutions to identify the unauthorised reconstitutions and action has to be taken to fix responsibility in cases of granting undue benefit to the licensees.*

#### **3.4.11.4 Other Internal Control lapses**

Other issues noticed relating to Internal Control are detailed below:

- (i) As per the Plastic Waste Management Rules, 2016, the primary responsibility for collection of used multi-layered plastic sachet or pouches or packaging is of Producers, Importers and Brand Owners who introduce the products in the market. They need to establish a system for collecting back the plastic waste generated due to their products. In Abkari Policy 2022-23, Government decided to stop the use of plastic bottles for liquor packaging from the financial year 2023-24.

Audit noticed that manufacturers of IMFL continued (January 2025) to use plastic (PET) bottles for packaging. During the audit period, a total of 654.89 million PET bottles were used by various distilleries for supplying liquor to KSBC in the four selected districts, as detailed in **Appendix L**.

Government stated (July 2025) that manufacturers of liquor in the State purchased the plastic bottles from the producers of plastic goods having EPR (Extended Producer Responsibility) registration. The Excise Department had taken possible efforts to reduce the usage of plastic bottles in liquor industry and to promote glass bottles.

- (ii) Rule 3 of Distillery and Warehouse Rules - Part II prescribes that the Deputy Commissioner of Excise will be responsible for the proper working of distilleries and warehouses. He should inspect them not less than once every half year and submit the notes of his inspection to the Commissioner. Audit examined the records pertaining to inspections conducted in distilleries/ warehouses in four districts by Deputy Commissioners during the period from 2021-22 to 2023-24 and found short fall in inspections as shown in the **Appendix LI**. During 2021-24 as against 72 inspections required to be conducted, only 24 inspections were conducted.

Government stated (July 2025) that necessary directions were issued to Deputy Excise Commissioners to conduct regular inspections in Distilleries & Warehouses, Compounding, Blending and Bottling Units and Breweries.

- (iii) Government created (21 October 1998) one post of Deputy Excise Commissioner (Law) and an office establishment with one post each of Excise Inspector, Preventive Officer and Civil Excise Officer functioning at Ernakulam for monitoring different court cases and to liaison with the Advocate General. Audit observed that though an office establishment is functioning for monitoring the court cases, basic records like register of court cases, register of cases under stay etc. are not being maintained. Non-maintenance of records/ registers leads to systemic inefficiencies in proper monitoring of cases, delay in getting stay orders vacated and consequent revenue realisation.

Government stated (July 2025) that necessary directions were issued to Deputy Commissioner (Law), Ernakulam to monitor court cases, maintain registers of court cases, cases under stay and the cases disposed and also to take necessary steps to vacate the stay orders.

- (iv) Excise Commissioner identified TSCL, Thiruvalla and Menonpara, Palakkad as the location to destruct the dead stock of liquor accumulated in warehouses and retail shops of KSBC. During the years 2021-22, 2022-23 and 2023-24 dead stock of 3.63 lakh cases and 6.19 lakh bottles of foreign liquor in Thiruvalla and 2.28 lakh cases and 10.04 lakh bottles of foreign liquor in Palakkad were discharged to open yard. Disposal of dead stock of liquor without any effluent treatment, is an environment hazard and is not in order. Moreover, Excise officials are not supervising the destruction of dead stock at

Menonpara, Palakkad by preparing *Mahazar*<sup>109</sup> in violation of the sanction order of the Commissioner of Excise.

Government stated (July 2025) that necessary directions were issued to the Excise Officials to destroy dead stock of liquor in a systematic manner after relevant documentation.

- (v) Rule 9 of Brewery Rules, 1967 states that the surveying officer shall be provided by the department with a standard saccharometer and thermometer for the purpose of measuring gravity for assessment of excise duty on beer. However, audit observed that the set of equipment was not available with the Excise officials at breweries in Kanjikode and Chalakudy.
- (vi) 24 instances of demand issued from September 2011 to March 2024 amounting to ₹3.05 crore as shown in **Appendix LII** are pending in courts and no earnest effort appears to have been taken for vacating the stay orders.

Government stated (July 2025) that necessary directions were issued to all Deputy Excise Commissioners to take speedy action for vacating stay orders on demand raised by Department to avoid revenue loss to Government.

The audit findings reveal lapses in internal control mechanisms within the Excise department. Non-adherence to mandatory inspection schedules by supervisory officers and failure to maintain critical records for effective court case monitoring were observed. Environmental protocols were breached during the destruction of dead stock, and use of standard equipment for duty assessment were neglected. The inadequate follow-up on court cases and pending collection of demands indicate systemic inefficiencies and weak enforcement.

***Recommendation 37***

*Government may incorporate adherence to packaging norms and environmental responsibilities as a condition for licence renewal or continuation, with periodic inspections and compliance audits. Government may direct the Excise department to maintain an inspection calendar with a prescribed schedule of Excise officers and mandate submission of periodic compliance reports. Government may strengthen the legal monitoring unit by maintaining essential records to enable effective tracking and timely follow-up of litigation. Department may develop and implement a Standard Operating Procedure (SOP) for the disposal of dead stock of liquor, mandating treatment through environmentally compliant methods.*

<sup>109</sup> A *Mahazar* is a document prepared by a police officer or public authority, often in the presence of witnesses recording important observations made during an investigation.

### 3.4.12 Conclusion

The Kerala Excise department has successfully evolved from a revenue-focused agency into a proactive institution addressing substance abuse through enforcement, awareness, and rehabilitation. Its achievements include major seizures of narcotic drugs and the launch of the Vimukti Mission in 2016. The mission works in close collaboration with schools, colleges, NGOs, and community organisations, establishing de-addiction centres in all 14 districts, forming Anti-Narcotics Clubs in educational institutions, and running state-wide awareness and de-addiction campaigns.

A significant innovation has been the preparation of a multi-departmental SOP to identify and rehabilitate children addicted to drugs, supported by legal awareness and counselling. Further, initiatives such as the *Nasha Mukta Nyaya Abhiyan*, implemented in partnership with National Legal Services Authority and Kerala State Legal Services Authority, aim to combat drug abuse through legal empowerment and humane enforcement. This integrated model of enforcement, prevention, and community rehabilitation stands as a replicable good practice for other states.


The Subject Specific Compliance Audit on Manufacture and Sale of Foreign Liquor in Kerala was undertaken to ascertain whether the Acts/ Rules governing the manufacture/ import, transportation, storage and sale of foreign liquor and beer were effectively implemented, revenue due were timely demanded and realised to the State Exchequer.

A review of the processes involved in the manufacture and sale of liquor revealed significant revenue losses arising right from the import of ENA through to the manufacture and sale of liquor. This was mainly due to shortages or unaccounted ENA in distilleries, excessive transit wastage, non-recovery of establishment costs for Excise staff deployed at distilleries and warehouses, turnover of liquor escaped assessment, application of incorrect tax rates and short levy of Turnover Tax. While the Excise department is solely responsible for revenue realisation on account of ENA import and liquor production, the sale of liquor and related revenue collection requires effective coordination between the Excise department and the State GST department.

The review also identified several compliance deviations, such as failure to surrender transit passes at exit check posts, non-establishment of permanent Excise offices at newly opened warehouses, inadequate measures to ensure the quality of liquor manufactured in the State and absence of initiatives for collection and recycling of discarded plastic liquor bottles. It was also noticed that inadequate regulatory framework hindered the effective enforcement of certain statutory provisions.



**Chapter IV**  
**Stamp duty and**  
**Registration fees**





## CHAPTER - IV STAMP DUTY AND REGISTRATION FEE

### 4.1 Tax Administration

Receipts from Stamp Duty and Registration Fees are regulated under the Indian Stamp Act, 1899, Kerala Stamp Act, 1959, Indian Registration Act, 1908, and the rules framed thereunder. The Registration department is one of the oldest departments in the State. The services rendered in the department include registration of documents, issuance of encumbrance certificates, registration of marriages, levy and collection of stamp duty and registration fee etc. Department is administered at Government level by the Secretary to Government, Taxes department and the Inspector General of Registration is the head of the Registration department.

### 4.2 Internal Audit

The Inspector General of Registration monitors the functioning of the Internal Audit Wing (IAW) of department at the State level and the Zonal Deputy Inspector Generals are responsible for monitoring it at the district level. The District Registrars (Audit) of the respective districts conduct the internal audit of Sub Registrar Offices (SROs). The internal audit team consists of one District Registrar and three senior clerks for each district. The auditee offices are selected giving higher weightage to the pendency of internal audit and anticipated retirement of staff in the respective offices. During 2023-24, out of the 326 units planned for audit, the IAW audited 292 units.

**Table 4.1: Outstanding observations of Internal Audit undertaken by department**

Year	Opening Balance			Additions during the year			Clearance during the year			Balance at the close of the year			% of disposal
	Inspection Reports	Audit Observation	Amount (₹ in lakh)	Inspection Reports	Audit Observation	Amount (₹ in lakh)	Inspection Reports	Audit Observation	Amount (₹ in lakh)	Inspection Reports	Audit Observation	Amount (₹ in lakh)	
2019-20	494	3,937	408.43	242	1,229	97.80	174	1,663	96.72	562	3,503	409.51	32.19
2020-21	562	3,503	409.51	164	840	87.53	145	1,299	69.95	581	3,044	427.09	29.91
2021-22	581	3,044	427.09	260	1,703	239.81	460	2,710	301.77	381	2,037	365.13	57.09
2022-23	381	2,037	365.13	296	1,888	615.80	343	2,233	297.43	334	1,692	683.50	56.89
2023-24	334	1,692	683.50	292	1,397	329.14	291	1,517	355.74	335	1,572	656.90	49.11

Source: Information collected from Department.

During 2023-24, out of the 3,089 outstanding observations, department cleared 1,517 Audit observations (49.11 per cent).

### 4.3 Results of Audit

During the year 2023-24, out of the total 335 offices in the Registration department, 62 offices were test-checked. Short levy of Stamp Duty and Registration Fees due to misclassification of property, splitting up of property, undervaluation of buildings, non-consideration of fair value of mother survey number and other irregularities amounting to ₹111.28 crore were detected in 115 paragraphs as given in **Table 4.2**.

**Table 4.2: Details of non/ short levy of Stamp Duty and Registration Fees and other irregularities**

(₹ in crore)

Sl. No.	Categories	No. of paragraphs	Amount
1	Short levy of Stamp Duty and Registration Fees due to misclassification of property	4	0.16
2	Short levy of Stamp Duty and Registration Fees due to undervaluation of buildings	6	0.17
3	Short levy of Stamp Duty and Registration Fees due to splitting up of property	5	0.28
4	Short levy of Stamp Duty and Registration Fees due to non-consideration of fair value of mother survey number	23	1.09
5	Loss of revenue due to non remittance of stamp duty on policies of insurance executed by private life insurance companies	1	103.53
6	Others	76	6.05
<b>Total</b>		<b>115</b>	<b>111.28</b>

Source: Records maintained by Accountant General.

During the course of the year, department accepted under-valuation and other deficiencies involving ₹1.55 crore in 42 paragraphs. An amount of ₹1.04 crore pointed out in 41 paragraphs was realised during the year 2023-24.

A few illustrative cases involving ₹1.61 crore are given in the following paragraphs.

#### 4.4 Short levy of Stamp Duty and Registration Fees due to application of incorrect fair value

**Omission to adopt the fair value of the land had resulted in short levy of Stamp Duty and Registration Fees of ₹19.21 lakh.**

Section 28A(1) of Kerala Stamp Act, 1959, stipulates that every Revenue Divisional Officer shall, subject to such rules as may be made by the Government in this behalf, fix the fair value of the lands situated within the area of his jurisdiction, for the purpose of determining the duty chargeable at the time of registration of instruments involving lands. Government of Kerala fixed the fair value of land and notified it (March 2010) by classifying State's land in 15 categories<sup>110</sup> based on their usage. The fair value has been subsequently revised six times<sup>111</sup>, the latest being an increase by 20 per cent in 2023.

Section 45A(1) of Kerala Stamp Act, 1959 stipulates that while registering an instrument, the registering officer shall verify whether the value or consideration of land set forth in the instrument is the fair value of that land. Government clarified (March 2021<sup>112</sup>) that safeguarding State Exchequer from revenue losses is the responsibility of every official entrusted with the implementation of rules and regulations relating to taxes/ duties.

Scrutiny of registered deeds in three<sup>113</sup> Sub Registrar Offices (SROs), revealed that in five cases, the Stamp Duty (SD) and Registration Fees (RF) were levied based on the value of consideration declared in the documents, without adopting the fair value fixed for the conveyed land. Omission to adopt the fair value of the land had resulted in short levy of SD and RF of ₹19.21 lakh as detailed below:

1) Two sale deeds (2236/2022 and 2235/2022) were registered in SRO, Melattur (01 July 2022), conveying 12.95<sup>114</sup> Ares of land<sup>115</sup> having a commercial building. Audit noticed (December 2023) that the classification of the land situated in Re-survey number 257/6, 257/12 and 257/5-1 in Pandikkad village, Ernad Taluk was Commercially Important plot. The fair value for the Commercially Important plot in these survey numbers are ₹8,80,000 per Are in Re-survey No. 257/6 and 257/12 and ₹2,86,000 per Are in Re-survey 257/5.

<sup>110</sup> Commercially important plot, Residential plot with NH/PWD road access, Residential plot with Corporation/Municipality/Panchayath road access, Residential plot with private road access, Residential plot without vehicular access, Garden land with road access, Garden land without road access, coastal belt, water logged land, rocky land, waste land, wet land, Hill tract with road access, Hill tract without road access, and Government property.

<sup>111</sup> The earlier revisions were in 2014 (increased by 50%), followed by 10% increase each in years 2018, 2019, 2020 and 2022.

<sup>112</sup> G.O.(Rt.) No.205/2021/Taxes dated 13 March 2021.

<sup>113</sup> SROs Melattur, Puthencruz, and Irikkur.

<sup>114</sup> 5.40 Ares of land in Re survey no. 257/6 + 6.38 Ares in 257/12 + 1.17 Ares in 257/5-1.

<sup>115</sup> Resurvey block 145, Resurvey no. 257/5-1, 257/6, 257/12 of Pandikkad Village, Ernad Taluk, Malappuram District.

Non-adoption of this fair value for calculating SD and RF had resulted in short levy of SD and RF of **₹7.00 lakh** as shown in **Appendix LIII**.

On this being pointed out (June 2024) Government stated (November 2024) that as a shortfall of revenue has occurred in the two cases, *suo motu* undervaluation proceedings under section 45B(3) of the Kerala Stamp Act has been initiated to recoup the loss.

2) Three sale deeds<sup>116</sup> were registered in SRO, Puthencruz on different dates<sup>117</sup> conveying 10.53 Ares, 14.03 Ares and 5.73 Ares of land for a total consideration of ₹14 lakh, ₹40.13 lakh and ₹9.95 lakh respectively. Audit noticed (February 2024) that the Sub-Registrar, ignoring the fair value fixed for the exact classifications of the lands, adopted the document value for calculating SD and RF. Non-consideration of fair value of the lands, resulted in short levy of SD and RF of **₹5.13 lakh** as shown in **Appendix LIII**.

On these being pointed out (June 2024), Government stated (May 2025) that shortfall of revenue has occurred in these cases and *suo motu* undervaluation proceedings under section 45B(3) of Kerala Stamp Act have been initiated by the District Registrar (Audit), Ernakulam. The three documents have been included in Undervaluation compounding Scheme and notices have been issued in this regard. In two cases<sup>118</sup>, recovery amounting to ₹1.22 lakh has been collected.

3) A sale deed (674/2018) was registered in SRO, Irikkur (20 March 2018) conveying 288.54 Ares of land for a total consideration of ₹43.50 lakh. Audit noticed (January 2024) that the classification of the conveyed land situated in survey number 108/1 in Muttannur *desam* of Koodali Village was 'Garden land without road access' and fair value fixed for the classification in that survey number was ₹39,600 per Are. Non-adoption of this fair value for calculating SD and RF had resulted in short levy of SD and RF of **₹7.08 lakh** as shown in **Appendix LIII**.

On this being pointed out (June 2024), Government stated (November 2024 and May 2025) that the correct classification of the property situated in re-survey number 1/185 is 'Garden land without road access' to which fair value is not fixed. It was also stated that in Thalassery *Taluk*, the fair value has been determined based on the 2010 re-survey number of the property and since re-survey procedure are still pending, the fair value notification has mentioned re-survey numbers under the survey number column and hence in no circumstances should the fair value of the property be calculated based on the old survey numbers in the deed. It was further stated that the mother survey number of the property is specified in the document as 1/1C and the fair value of ₹15,000 per Are fixed for 'Residential plot without vehicular access' in mother re-survey number 1/1C was taken for calculating the SD and RF and hence there was no short levy.

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<sup>116</sup> 7703/2022, 6955/2022 and 6983/2022.

<sup>117</sup> 29 December 2022, 24 November 2022 and 25 November 2022.

<sup>118</sup> 6955/2022 and 6983/2022.

The reply is not acceptable. Government correctly clarified that the classification of the conveyed land is “Garden land without road access”. Verification of the fair value register shows that no plot in survey number 1/1C is classified as “Garden land without road access”. Adopting the fair value fixed for a different classification of property (‘residential plot without vehicular access’) in a survey number is against the Circular<sup>119</sup> issued by Inspector General of Registration. Moreover, as per document the plot is situated in survey number 108 of Muttannur *desam* of Koodali Village in Thalassery *Taluk* for which fair value was fixed for the classification ‘Garden land without road access’. If any grievances arise on the published fair value, Sub Registrar is not the competent authority to act upon it. Sub Registrar or the aggrieved party may report the matter to the Revenue Authority for taking a decision on it. Accepting a different fair value than the fair value fixed for the land, without reporting the matter to higher/ Revenue authorities, resulted in revenue loss to exchequer.

**Recommendation 38**

*It is recommended that at the time of registration of land, due attention must be given to the fair value fixed for the land and if any ambiguity arises, the case may be reported to Collector to determine the value of the land.*

**4.5 Short levy of Stamp Duty and Registration Fees due to non adoption of fair value available in the mother survey number based on classification by land usage**

**Non adoption of fair value available in the mother survey resulted in short levy of stamp duty and registration fees that amounted to ₹3.82 lakh.**

Inspector General of Registration (IGR) vide Circular<sup>120</sup> directed that if fair value is not fixed for a classification of land in a sub-division of a survey number, the fair value applicable for the land having the same classification by use in the mother survey number is to be adopted.

Scrutiny of documents at Principal Sub Registrar Office (SRO), Thiruvananthapuram revealed that a sale deed (481/2020) was registered (13 February 2020) conveying 8.43 Ares of land for a total consideration of ₹191.30 lakh. Audit noticed (September 2023) that the property was classified as ‘Residential plot with Corporation road access’ and fair value was not fixed for the re-survey number, but for the old survey number. The land in survey number is classified as two types, ‘Commercially Important plot’ with fair value ₹22.69 lakh and ‘Residential plot with NH/PWD Road access’ with fair value ₹27.23 lakh. The executant adopted the fair value applicable for ‘Commercially Important plot’, which was accepted by the Registering Authority. Since the correct classification of the land was ‘Residential plot

<sup>119</sup> Circular No. RR.9/20442/2014 dated 01 January 2015.

<sup>120</sup> Circular No. RR.9/20442/2014 dated 01 January 2015.

with Road access', the fair value applicable for that classification should be adopted for calculating SD and RF. Non-adoption of this had resulted in short collection of SD and RF of ₹3.82 lakh as shown in Appendix LIV.

On this being pointed out (April 2025), Government stated (June 2025) that a shortfall of revenue has occurred and *suo motu* undervaluation proceedings under section 45B(3) of KSA, 1959, has been initiated.

**Recommendation 39**

*It is recommended that at the time of registration of land, due attention must be given to the fair value fixed for the land and if any ambiguity arises, the case may be reported to Collector to determine the value of the land.*

**4.6 Short levy of Stamp Duty and Registration Fees due to non-application of fair value by District Registrar**

**Consideration of a value lower than the fair value fixed by the Government by the District Registrar resulted in short levy amounting to ₹64.16 lakh.**

Section 45B(1) of KSA, 1959, stipulates that if the Registering Officer has reason to believe that the value of the property has not been truly set forth, he may, after registering the instrument, refer the same to the Collector for determination of value and the proper duty payable thereupon.

Scrutiny (November 2023) of documents at Sub Registrar Office, Arakkulam in Idukki District revealed that a Sale Deed (Document No. 360/2022) was executed (05 April 2022) conveying 549.80 Ares of land<sup>121</sup> at a total consideration of ₹5.27 crore<sup>122</sup>. The land value was arrived at by considering the land as "Garden land with road access". Since fair value was not available for such classification of land in that survey number, the fair value fixed for an adjacent land of the same classification was adopted, i.e., ₹96,800 per Are to determine the land value.

As per the boundaries declared in the document, the conveyed property was a 'Purayidom' (residential plot) with PWD road access on its southern side. Moreover, as per the notification published by Government, the land in re-survey No. 105 was classified as 'Residential Plot with Corp./Mun./Panch. Road access'. As such, the correct classification of land was 'Residential Plot with Corp./Mun./Panch. Road access' and the fair value fixed for it at the time of registration of the document was ₹2,14,500 per Are.

<sup>121</sup> Block No. 26, Re Survey No. 105 sub-division Nos. 1/7 and 1/8 of Velliyamattam Village, Thodupuzha Taluk, Idukki District.

<sup>122</sup> Land value ₹5,25,00,000 + building value ₹2,00,000.

It was noticed that the Sub Registrar reported<sup>123</sup> the document to District Registrar, as undervaluation case, stating that, for re-survey number 105/1, the fair value fixed was ₹2,14,500 and hence there was short payment of stamp duty (SD) of ₹52,00,912 and registration fee (RF) of ₹13,00,228. The District Registrar, who is empowered to determine the value of land and the duty payable thereon, revised the total consideration as ₹5,39,76,700 without recording any reasons for fixing a consideration lower than the fair value fixed by Government. The additional SD and RF on it was paid by the executant. The decision of the District Registrar had resulted in short levy of SD and RF of ₹64.16 lakh as shown in Table 4.3.

**Table 4.3: Details of Short Levy of Stamp Duty and Registration Fee**

Description	Amount
Extent of property	549.80 Are
Fair value of the property applicable	₹2,14,500 per Are
Value of the property applicable (549.80 x 2,14,500)	₹11,79,32,100
Add: Value of Building	₹2,00,000
Total sale value to be considered	₹11,81,32,100
Value assessed by the District Registrar	₹5,39,76,700
Undervaluation	₹6,41,55,400
Short Levy of stamp duty (8%)	₹51,32,432
Short levy of Registration Fees (2%)	₹12,83,108
<b>Total Short Levy</b>	<b>₹64,15,540</b>

Source: Departmental records.

On this being pointed out (May 2024), Government stated (July 2024 and November 2024) that the Sub-Registrar initiated undervaluation proceedings under Rule 45(B) of Kerala Stamp Act, 1959, and based on the final order of the District Registrar and on receipt of payment of deficit stamp duty and registration fee in compliance with that order, the Sub-Registrar closed the undervaluation file.

The reply is not acceptable as the District Registrar fixed a fair value lower than the fair value fixed by the Government for the land situated in re-survey number 105/1. The action of the District Registrar is against the provisions stipulated under Section 28A(1) of Kerala Stamp Act, 1959. Since Collector is the Appellate Authority, for determination of value and the proper duty payable thereupon the document should have been forwarded to the Collector.

**Recommendation 40**

*It is recommended that due care must be given to fair value at the time of registration. Responsibility must be fixed on the District Registrar for causing loss to the exchequer.*

<sup>123</sup> Section 45B(1) of KSA, 1959.

#### 4.7 Undervaluation of property caused by failure to fix fair value in correct classification pursuant to land conversion, resulting in revenue loss

**Short levy of stamp duty and registration fees due to adopting incorrect classification of land amounting to ₹61.46 lakh.**

In addition to Section 45B(1) of KSA, 1959, IGR had directed<sup>124</sup> that cases where the fair value is not found fixed in correct classification, be referred to Revenue Authorities for rectification.

On scrutiny of documents (November 2023) in Sub Registrar Office, Punalur, it was noticed that a sale deed (2304/I/2022) was executed (03 September 2022) conveying 61.49 Ares of land<sup>125</sup> with a Commercial Building for a total consideration of ₹11,00,00,000<sup>126</sup>. The RDO classified the land as ‘wet land’ and as on registration-date the fair value for it was fixed as ₹2,71,700 per Are (220 *per cent* of 2010-rate). However, considering the fact that the land was converted<sup>127</sup> to residential plot and having access to Municipal road, the fair value considered for arriving at the value of land was the fair value fixed for ‘Residential plot with Corporation/Municipality/*Panchayat* Road access’ in the survey number.

Audit noticed from the recital in the document that an Auditorium named ‘Varsha Convention Centre’ with a plinth area of 42,164 Sq.ft. was constructed in the land in 2016 and as per *Appendix-I* attached with the document the building was used for commercial purpose. Audit also checked the location of the building using Google Earth and Google Maps and found that it is located in a prime commercial area of Punalur Town, amongst commercial/ health establishments, and very near to the Mini Civil Station. Considering the land’s usage and location, the property is to be classified as ‘Commercially important plot’. However, though the land was converted into Dry Land in 2007 and a commercial building was constructed in 2016, the RDO neither re-classified the land nor revised the fair value.

While registering the sale deed, the Sub Registrar should have noted the incorrect classification from the recital in the document itself, and after registering the document at the declared value, should have referred it to the Collector for determination of value and proper duty. However, the same was not done, thereby causing loss of stamp duty and registration fees to the State Exchequer.

The classification of ‘Commercially important plot’ is not available in survey No. 482, but is available in the nearby survey No. 480. The revenue loss to the State Exchequer at the fair value fixed for “commercially important plot” in survey No. 480, comes to **₹61.46 lakh** as shown in **Table 4.4**.

<sup>124</sup> IGR letter No. A.R.A.1-21855/2016 dated 03 November 2016.

<sup>125</sup> Survey No. 482/ 10A, 10B, 11 and 12 of Punalur Village, Punalur *Taluk*, Kollam District.

<sup>126</sup> Land - ₹4,00,00,000 + building - ₹7,00,00,000.

<sup>127</sup> RDO, Kollam’s order No. K.Dis.9034/2007 dated 29 October 2007.

**Table 4.4: Details of Short Levy of Stamp Duty and Registration Fee**

Description	Amount
Extent of property (in Ares)	61.49
Fair value for ‘Commercially important plot’ in survey No. 482, at the time of registration (₹ per Are)	Not available
Fair value for “commercially important plot” in survey No. 480, at the time of registration (₹ per Are) <sup>128</sup>	₹16,50,000
Value of land at the time of registration, at fair value of ‘Commercially important plot’ in survey No. 480 (₹16,50,000 x 61.49)	₹10,14,58,500
Value of land declared by Executant	₹4,00,00,000
Undervaluation estimated	₹6,14,58,500
Short levy of Stamp Duty @ 8%	₹49,16,680
Short levy of Registration Fees @ 2%	₹12,29,170
<b>Total Short Levy</b>	<b>₹61,45,850</b>

Source: Calculation based on Departmental records.

On this being pointed out (May 2024), Government stated (July 2024) that since the value of land has been fixed in the exact survey and sub-division by the Revenue Divisional Officer, the registering authority is not empowered to alter the value or type of land. It was also stated that the land has no access to NH/PWD roads and institutions like Railway Station, Bus station, factories, educational institutions, etc., and hence, cannot be considered as commercially important land. However, while the Registering Officer had not initiated the undervaluation proceedings, the District Registrar (General,) Kollam initiated *suo motu* proceedings under section 45B(3) of the Kerala Stamp Act, 1959.

The reply is not acceptable as firstly, the RDO erred in classifying the land in 2010. Though the land, as per revenue records, was converted to *dry land (purayidom)*<sup>129</sup> in 2007, RDO classified it as *wet land (nilam)*<sup>130</sup> for fixing the fair-value. Secondly, as per the document recital, the three storied commercial building, i.e. ‘Convention Centre’, was constructed in 2016 and has municipal road access. It was also mentioned in Form I.B annexed to the document that the classification of land according to its usage was ‘Commercial’. However, the Sub-Registrar instead of either adopting the fair value fixed for commercial plot in the adjacent land or refer it to the Collector under Section 45B(1) of KSA, 1959, accepted the value determined by the executants.

#### **Recommendation 41**

*It is recommended that registering officers should exercise due diligence in examining document recitals to ensure correct classification of land at the time of registration. Responsibility must be fixed on the registering officer for causing loss to the exchequer.*

<sup>128</sup> 220 per cent of fair value fixed in 2010 i.e ₹6,25,000.

<sup>129</sup> Vernacular term for Dry Land.

<sup>130</sup> Vernacular term for Wet Land.

#### 4.8 Short levy of Stamp Duty and Registration Fees due to adoption of lesser fair value by misclassifying the land

**Misclassification of land resulted in short levy of stamp duty and registration fees amounting to ₹9.11 lakh.**

Scrutiny (November 2023) of documents in Sub Registrar Office, Nellore revealed that a Sale Deed (261/2019) was executed on 05 February 2019 conveying 21.61 Ares of land<sup>131</sup> at a consideration of ₹1.75 crore<sup>132</sup>. The fair value adopted, for arriving the consideration of land, is the fair value fixed for the classification ‘Residential Plot with Corporation/ Municipality/ Panchayat Road access’ in Survey No. 504. It was noticed that the property was subsequently conveyed by the claimant through another Sale Deed (1554/I/2020) executed and registered at the same Sub Registrar Office on 23 October 2020, wherein the stamp duty and registration fees was levied as per the fair value fixed for ‘Commercially important plot’<sup>133</sup>.

Audit noticed that as per the recital in both the documents, the property was classified by its usage as “commercial”, and a Company-shed and Office room was existing on the land, at the time of registration of both sale deeds. As no significant change to the plot occurred between the dates of execution of both sale deeds, either by structural addition/ deletion or road accessibility, there was no justification for classifying the same property differently, and levying stamp duty and registration fees on different fair values. The stamp duty and registration fees on document No. 261/2019 should also have been levied at the fair value for classification ‘Commercially important plot’, as levied in document No. 1554/2020. Adopting a lesser fair value by misclassification of the land resulted in short levy of stamp duty and registration fees of **₹9.11 lakh** as shown in **Table 4.5**.

**Table 4.5: Details of Short Levy of Stamp Duty and Registration Fees**

Description	Amount
Extent of conveyed land (in Ares)	21.61
Applicable classification-by-use	Commercially important plot
Fair value existing as on 29.11.2023 (₹ per Are) 264 per cent of 2010-rate	₹14,52,000
Fair value applicable on date of registration (05 February 2019) 165 per cent of 2010-rate (₹ per Are)	₹9,07,500
Value of land (9,07,500 x 21.61) (₹ rounded)	₹1,96,11,000
Value of land declared in document	₹1,05,00,000

<sup>131</sup> Survey No. 504, sub-division No. 3 of Thrikkur Village, Mukundapuram Taluk, Thrissur District.

<sup>132</sup> ₹1,05,00,000 for land + ₹67,00,000 for Company shed + ₹3,00,000 for office room.

<sup>133</sup> ₹11,00,000 per Are as on 23 October 2020.

Description	Amount
Undervaluation	₹91,11,000
Short levy of Stamp Duty @ 8%	₹7,28,880
Short levy of Registration Fees @ 2%	₹1,82,220
<b>Total Short Levy</b>	<b>₹9,11,100</b>

Source: Calculation based on Departmental records.

On this being pointed out (May 2024), Government stated (July 2024 and October 2024) that the property falls under the classification ‘commercially important plot’ and *suo motu* action under Section 45B(3) of Kerala Stamp Act, 1959, was initiated by the District Registrar to recover the short paid Stamp duty and Registration fees. It was further stated that the deficit amount amounting to ₹0.04 crore has been recovered under the undervaluation compounding scheme.

**Recommendation 42**

*It is recommended that at the time of registration of land, due attention must be given to avoid misclassification. Responsibility must be fixed on the Registering Officer for causing loss to exchequer.*

**4.9 Splitting of land to evade Stamp Duty and Registration Fees**

**Short levy of stamp duty and registration fees due to splitting of land amounting to ₹3.49 lakh.**

Section 28A(1) of Kerala Stamp Act (KSA), 1959 requires every Revenue Divisional Officer (RDO) to fix fair value of the lands situated within his jurisdiction, for purpose of determining the duty chargeable at the time of registration of instruments involving lands. Section 45A(1) of KSA, 1959, stipulates that while registering any instrument transferring any property the Registering Officer shall verify whether the value of the land set forth in the instrument is the fair value of the land and if the Registering Officer has reason to believe that the value of the property has not been truly set forth, he may, after registering the instrument, refer the same to the Collector under Section 45B(1) of KSA, 1959, for determination of value and the proper duty payable thereupon.

Scrutiny of documents in Sub Registrar Office, Rajapuram (Kasargod) revealed that a sale deed (539/2022) was executed (23 March 2022) conveying 60.70 Ares of land situated in Survey No. 26/PT323 for a total consideration of ₹22.50 lakh. The fair value adopted was ₹36,064 per Are, classifying the land as ‘Residential plot with *Panchayath* Road access’. Another sale deed (828/2022) was executed on 28 April 2022 by the same executants and claimant conveying 121.41 Ares of land in Survey No. 26/PT323 and 10.32 Ares of land in Survey No. 90/1PT6 for a total consideration of ₹10.50 lakh. The fair value adopted for land in Survey No. 26/PT323 was ₹7,331 per Are, classifying it as ‘Garden land without Road access’ and land in Survey No.

90/1PT6 was ₹13,860 per Are classifying it as ‘Wet land’. Details of which are given in the **Appendix LV**.

Audit noticed (February 2024) that both the properties<sup>134</sup> had a common ancestry with same previous document and *Thandaper*<sup>135</sup> number. The executant acquired the ownership of the properties as a single plot vide sale deed 2737/1993. As per recital in document 828/2022, the property in Survey No. 90/1PT6 is a ‘wet land’ and hence no undervaluation. From the layout of properties detailed in the two documents, and also from the details of land tax paid for FY 2021-22 and 2022-23, Audit found that the land in Survey No. 26/PT323 was a single property up to March 2022. The land was thereafter split into two and one portion was carved out in such a way that it does not have road access to it, for availing the benefit of lower fair value and thereby reduce the payment of stamp duty and registration fees.

At the time of fixing the fair value of land, the parent plot had *Panchayath* road access. RDO is the competent authority to fix the fair value of a land, and since the fair value for the newly created subdivision was not fixed by the RDO, the fair value fixed for the parent plot, i.e., ‘Residential plot with *Panchayath* Road access’, should be applicable for both the plots. The fair value fixed for this classification in Survey No. 26/PT323, at the time of registration of document 828/2022, was ₹36,064 per Are. Hence, the Sub Registrar should have referred the document to the Collector as a case of undervaluation of Schedule-1 property. The incorrect classification of land had resulted in short levy of stamp duty and registration fee of **₹3.49 lakh** as shown in **Table 4.6**.

**Table 4.6: Short levy of Stamp Duty and Registration Fees**

Particulars	Amount (₹)
Sale deed No.	828/2022
Extent (in Ares)	121.41
Fair value applicable (₹ per Are)	36,064
Property value (i.e., 121.41 x ₹36,064)	43,78,530
Property value declared by Executant (i.e., 121.41 x ₹7,331)	8,90,057
Undervaluation	34,88,473
Short levy of Stamp duty @ 8%	2,79,078
Short levy of Registration fees @ 2%	69,769
<b>Total Short Levy</b>	<b>3,48,847</b>

Source: Calculation based on Departmental records.

<sup>134</sup> Situated in Bellur Village of Vellarikundu *Taluk* in Kasargod District.

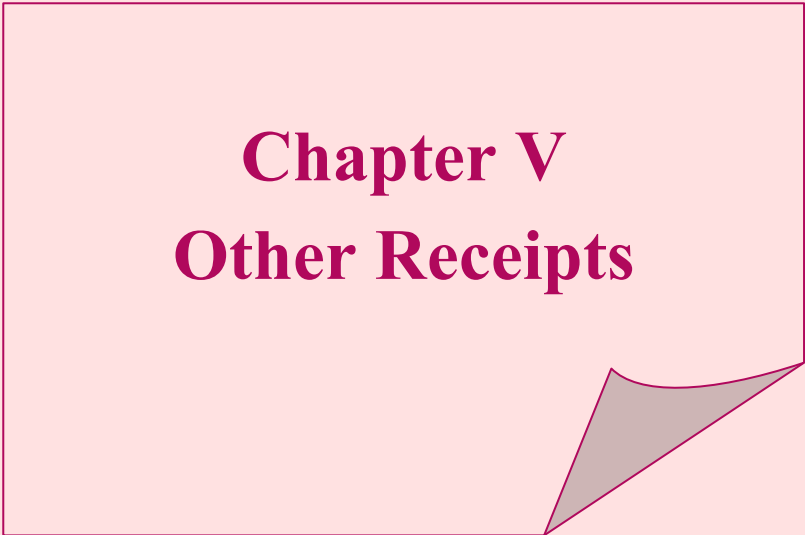
<sup>135</sup> A unique number in revenue records to identify the land holdings of a person.

When this was brought to notice (September 2024) Government stated (November 2024) that the District Registrar (General), Kasargod has initiated *suo motu* undervaluation proceedings under Section 45B(3) of the KSA, 1959.

***Recommendation 43***

*It is recommended that at the time of registration, the previous documents should be given due attention to avoid splitting up of land intentionally in order to avoid payment of stamp duty and registration fees on a higher fair value.*





**Chapter V**  
**Other Receipts**



## CHAPTER-V OTHER RECEIPTS

### 5.1 Forest and Wildlife

The Kerala Forest Department is one of the oldest and most important administrative institutions in Kerala. The department mainly deals with biodiversity conservation, forest conservation, wildlife management, research, social forestry, forest vigilance, environmental protection, tribal welfare, planning and research, tribal rehabilitation and special forestry, human resource development and public administration.

#### 5.1.1 Non levy of revised Licence Fee from Government of Tamil Nadu for land assigned for Parambikkulam Aliyar Project and consequent shortfall in Forest Revenue

**Non-revision of licence fee in line with revision of land tax rates and consequent non-realisation of the same from the Government of Tamil Nadu led to a revenue shortfall of ₹1.70 crore in Forest receipts for the period from 2012–13 to 2023–24.**

Kerala Forest Act, 1961 stipulates<sup>136</sup> that all money payable to the Government under this Act, if not paid when due, be recovered under the law for the time being in force, as if it were an arrear of land revenue.

Government of Kerala (GoK) entered into an agreement with the Government of Tamil Nadu (GoTN) to lease out 2,467.27 hectares of forest land for a period of 30 years for the Parambikkulam Aliyar Project (PAP), effective from 09 November 1958. GoK formally endorsed<sup>137</sup> the terms and conditions of the agreement in 1969. As per the licence agreement<sup>138</sup>, GoTN is required to pay licence fees based on the prevailing land revenue rates in Kerala. At present, the actual land area under lease with GoTN under PAP is 2,455.23<sup>139</sup> hectares of forest land.

The initial lease agreement for the Project expired on 08 November 1988 after the agreed period of 30 years. Although no fresh agreement was executed thereafter, GoTN continued to remit the applicable licence fee based on the prevailing land revenue rates in Kerala until 1998 as shown in the **Table 5.1** below:

<sup>136</sup> Section 79 of Kerala Forest Act, 1961.

<sup>137</sup> G.O.(Ms.) No.39/69/W&P endorsed dated 18 June 1969.

<sup>138</sup> Condition No.4 of Annexure II.

<sup>139</sup> Originally leased out 2,467.2752 Ha, reduced to 2,457.3466 Ha and returned 2.1190 Ha at various stages. Balance is only 2,455.2276 Ha.

**Table 5.1: Land Revenue rates in Kerala**

Period	Rate per Hectare per annum (₹)
01.01.1959 to 31.03.1988	4.94
01.04.1988 to 31.03.1993	24.70
01.04.1993 to 31.03.1998	50.00
From 01.04.1998	100.00

The licence fee has since been paid at the rates last revised on 01 April 1998 as shown in Table 5.1.

After 01 April 1998, the land tax in Kerala was revised on three occasions. The rate was revised to ₹2 per Are (₹200 per hectare) per annum (Finance Act, 2012) with effect from 01 April 2012, to ₹5 per Are (₹500 per hectare) per annum (The Kerala Taxation Laws (Amendment) Act, 2014) with effect from 30 September 2014 and to ₹8 per Are (₹800 per hectare) per annum (Finance Act, 2022) with effect from 01 April 2022. However, in violation of the provisions in the licence agreement, Forest Department did not revise the licence fee payable by the Government of Tamil Nadu in line with the changes in land tax rates. As a result, there was a shortfall in licence fee realisation amounting to ₹1.14 crore for the period from 2012-13 to 2023-24, calculated for an extent of 2,455.23 hectares, along with an interest liability of ₹0.56 crore calculated at the standard interest rate of 12 *per cent* per annum, as detailed in **Appendix LVI**.

On this being pointed out (October 2024), Government stated (January 2025 and August 2025) that a notice has been issued to Government of Tamil Nadu requesting payment of the arrears in licence fee along with the accrued interest.

**Recommendation 44**

*It is recommended that the department take measures to recover the shortfall in licence fee realisation at the earliest and monitor the prompt revision of fees in line with the land tax rates.*

**5.1.2 Short collection of ₹27.40 crore in respect of a Rubber Company due to non-revision of lease rent**

**The lease rent for a Rubber Company was not revised according to the applicable government orders, leading to a short collection of ₹27.40 crore, including interest due on the lease rent.**

Kerala Grants and Leases (Modification of Rights) Act, 1980, was enacted to modify all grants and leases of lands made or granted by or on behalf of the former State of Travancore or Cochin for cultivation at nominal/ no rates. The

District Collector is empowered to revise the lease rent periodically, based on principles laid down by the Government<sup>140</sup>. The lease rent is to be fixed as the higher of a prescribed percentage of the money value of yield after deducting standard expenditure or three percentage of the value of comparable lands, subject to the conditions that the revised assessment of rent shall not exceed the rates applicable to forest land leased to Public Sector Undertakings (PSUs). The proviso that limited the rent was amended allowing the rent to be higher than the rent applicable to forest land leased out to PSUs. The rent is required to be revised once every two years<sup>141</sup>.

Audit scrutiny (February 2024) of the records of the Wildlife Warden, Peechi, revealed that 1,000 acres<sup>142</sup> (404.686 hectares) of forest land were leased in 1917 to a Rubber Company for rubber cultivation at a nominal rent. The estate, now covering 356.1232 hectares, lies within the Peechi-Vazhani Wildlife Sanctuary, and the Wildlife Warden, Peechi, being the custodian of this forest land, is responsible for collecting the rent fixed by the District Collector. The Rules under the Kerala Grants and Leases (Modification of Rights) Act were framed in March 1990. Thus, a revision of rent was warranted; however, based on the request of the Secretary, Forest and Wildlife Department, the District Collector revised<sup>143</sup> the lease rent with effect from 25 November 2009. Though the lease rent, as per prescribed norms, worked out to ₹70,983 per hectare, the rate applied was that applicable to PSUs, i.e., ₹1,300 per hectare, and the lease rent for 356.1232 hectares was fixed at ₹4,62,960 per year.

The lessee continued to pay this lease rent up to the year 2023-24. The proviso limiting the lease rent payable by private plantations to PSUs rates was amended with effect from 07 November 2018 and the lease rent has to be revised every two years thereafter. Accordingly, revisions were due in 2018-19, 2020-21, and 2022-23. However, neither the Forest and Wildlife Department took any action to get the lease rent revised nor the District Collector, Thrissur revised the rent as required.

As per the proceedings of the District Collector dated 24 September 2010, the value of land identical to that leased to the company was ₹7,035 per *Cent*<sup>144</sup> (17,38,489 per hectare). Government, through respective orders, revised the fair value of land fixed in 2010 by increasing it by 165 *per cent* with effect from 01 April 2018, 181.50 *per cent* from 30 April 2019, 200 *per cent* from 15 May 2020, and 220 *per cent* from 01 April 2022.

In the absence of data on the annual profit from rubber cultivation, Audit computed the revised lease rent based on three *per cent* of the land value. Accordingly, taking three *per cent* of the land value originally fixed by the District Collector in September 2010, i.e., ₹52,150 per hectare, as the base, the lease rent per hectare was recalculated as ₹86,048 from 01 April 2018,

<sup>140</sup> Section 5 and Section 12 of Kerala Grants and Leases (Modification of Rights) Act, 1980.

<sup>141</sup> Rule 3(2)(a) and (b) of the Kerala Grants and Leases (Modification of Rights) Rules, 1990.

<sup>142</sup> 100 cent = 1 acre and 1 Are = 2.47 cents, thus 1,000 acres = 404.686 Ha.

<sup>143</sup> Vide proceedings of District Collector, Thrissur under Order No.2010/31253/BS dated 24 September 2010.

<sup>144</sup> 247.12 *Cent* is one hectare.

₹94,652 from 30 April 2019, ₹1,04,300 from 15 May 2020, and ₹1,14,730 from 01 April 2022.

Due to non-revision of lease rent, the short collection of lease rent, along with interest up to March 2024, in respect of the 356.1232 hectares of land leased to the company, was calculated at **₹27.40 crore** as shown in **Table 5.2** below:

**Table 5.2: Short recovery of Lease Rent**

Year	3% of value of land per Ha (₹)	Lease rent payable (₹)	Lease rent paid (₹)	Short Recovery (₹)	Interest @12% (₹)	Total (₹)
2018-19	86,048	3,06,43,689	4,62,960	3,01,80,729	1,81,08,437	4,82,89,166
2019-20	86,048	3,06,43,689	4,62,960	3,01,80,729	1,44,86,750	4,46,67,479
2020-21	1,04,300	3,71,43,650	4,62,960	3,66,80,690	1,32,05,048	4,98,85,738
2021-22	1,04,300	3,71,43,650	4,62,960	3,66,80,690	88,03,366	4,54,84,056
2022-23	1,14,730	4,08,58,015	4,62,960	4,03,95,055	48,47,407	4,52,42,462
2023-24	1,14,730	4,08,58,015	4,62,960	4,03,95,055	0	4,03,95,055
<b>Total</b>		<b>21,72,90,708</b>	<b>27,77,760</b>	<b>21,45,12,948</b>	<b>5,94,51,008</b>	<b>27,39,63,956</b>

Source: Calculation based on Departmental records.

Forest and Wildlife Department is vested with the authority to demand and collect lease rent for forest land leased to individuals and institutions. However, its failure to take action to get the lease rent revised by the District Collector, resulted in short collection of ₹21.45 crore. Interest amounting to ₹5.95 crore, calculated at 12 *per cent* per annum as per Section 79 of the Kerala Forest Act, 1961 read with Section 6<sup>145</sup> of the Kerala Revenue Recovery Act, 1968, was also due.

On this being pointed out (January 2025) Government stated (July 2025) that the Principal Chief Conservator of Forests has been instructed to recover rent for the lease held by the Company. It was also added that the recovery shall have retrospective effect along with the applicable interest.

**Recommendation 45**

*It is recommended that the department may take steps to recover the rent at the earliest and also devise a mechanism to promptly revise lease agreements and demand and collect the revised lease rent on time.*

<sup>145</sup> Section 6 states that arrears of public revenue due on land shall bear interest at the rate of 12 *per cent* per annum.

## 5.2 Agricultural Income Tax

Taxes on Agricultural Income is a State subject and is included in List II of the Seventh Schedule to the Constitution. The Kerala Agricultural Income Tax Act, 1991, came into force on 01 April 1991. The Act is administered by the State Goods and Services Tax Department. An instance of irregular exemption that resulted in non-collection of Agricultural Income Tax is mentioned in the succeeding paragraph.

### 5.2.1 Non-collection of Agricultural Income Tax by admitting irregular claim

**Admission of irregular exemption resulted in non-levy and non-collection of Agricultural Income Tax amounting to ₹12.01 lakh.**

As per Section 37(1) of the Kerala Agricultural Income Tax (AIT) Act, 1991, every person shall pay tax<sup>146</sup> for the previous year on or before the end of February of the previous year on the estimated total agricultural income, which shall not be less than eighty *per cent* of the total agricultural income as per return. As per Section 37(3) of AIT Act, 1991, every person before furnishing the return, shall pay the tax due on the total agricultural income derived during the previous year, after deducting the advance tax already paid by him. As per Section 37(4) of AIT Act, 1991, any person who fails to pay tax in accordance with this section shall pay simple interest at the rate of twelve *per cent* per annum for every month of delay or part thereof, on the unpaid balance tax.

As per Section 45 of AIT Act, 1991, when any tax is payable in pursuance of a return filed, the Agricultural Income Tax Officer shall serve upon the assessee a notice of demand in the prescribed form specifying the sum so payable together with a copy of such order. Where a notice of demand specified in sub-section (1) is served, the amount due therein shall, together with the interest accrued under sub-section (4) of section 37, be a first charge on the properties of the assessee liable to pay such amount.

During the Audit (January 2024) of the assessment records, maintained at the O/o the Joint Commissioner, Kottayam, it was observed that an assessee<sup>147</sup>, engaged in the agricultural operation of Rubber plantations, had filed Annual Return conceding Agricultural Income of ₹22.20 lakh for the assessment year 2019-20 and ₹17.88 lakh for the assessment year 2020-21. The assessee had not paid any advance tax and stated in its returns that no tax is payable based on the Government Order (G.O.) No.44/2018 (Labour) dated 29 June 2018. However, the assessee's claim is not acceptable as the cited G.O. only instructed the concerned departments to issue orders for implementing the accepted recommendations of Justice Krishnan Nair Commission, which in this case is suspension of tax collection for five years. The Agricultural Income Tax (Repeal) Act, 2021, came into force only with effect from 06

<sup>146</sup> Payable at the rate of 30 *per cent* of the total agricultural income.

<sup>147</sup> Having AIT Permanent Account Number 32050417116.

January 2023, accepting the recommendations of Justice Krishnan Nair Commission.

Hence, the assessee is liable to pay tax on Agricultural Income for the assessment years 2019-20 and 2020-21 as per Section 37 of the Act. However, the assessing officer neither rejected the claim of the assessee for non-payment of tax nor issued demand notice under Section 45 till the date of Audit. The non-levy and non-collection of agricultural income tax and interest for the assessment years 2019-20 and 2020-21 worked out to **₹12.01 lakh** as shown in **Table 5.3**.

**Table 5.3:**  
**Calculation of non-levy and non-collection of tax of the assessee**

Particulars	Calculation	Amount (₹)	
		2019-20	2020-21
Assessment Years		<b>2019-20</b>	<b>2020-21</b>
Total Agricultural Income	A	22,19,823	17,87,863
Taxable Agricultural Income (Rule 7A of IT Act, 1961- 65% for rubber)	B = 65% of A	14,42,885	11,62,111
Agriculture Tax @30%	C = 30% of B	4,32,866	3,48,633
Advance Tax @80% of the income to be paid in February 2019/2020 (previous year 2018-19/ 2019-20)	D = 80% of C	3,46,293	2,78,906
Balance Tax to be paid before December 2020/ 2021 (Date of filing the return)	E = C-D	86,573	69,727
Interest due under section 37(4) for non-payment of advance tax (03/2019 to 03/2024 @ 61%) and (03/2020 to 03/2024 @ 49%)	F = interest on D at 61% and 49% respectively	2,11,239	1,36,664
Interest due under section 37(4) for non-payment of balance tax (01/2020 to 03/2024 @ 51%) and (01/2021 to 3/2024 @ 39%)	G = interest on E at 51% and 39% respectively	44,152	27,194
Total interest due	H = F + G	2,55,391	1,63,858
Total short levy (Tax + Interest)	I = C+H	6,88,257	5,12,491
<b>Grand Total</b>		<b>12,00,748</b>	

Source: Calculation based on Departmental records.

The case was reported to Government (May 2025) and the Government replied (16 August 2025) that by accepting the recommendations of the Justice Nair Commission, an order was issued freezing the levying of Agricultural Income Tax from plantations for five years. On the basis of this G.O., the assessee had claimed exemption from paying the Agricultural Income Tax for the years 2019-20 and 2020-21. It was also stated that in a similar case, Hon'ble High Court of Kerala allowed the writ petition filed challenging the notice issued under section 39 of Agricultural Income Tax Act, 1991 for the assessment year 2018-19. The Court ordered (16 December 2020) that the impugned notice be kept in abeyance and granted the assessing authority the liberty to take action once the period of exemption expires, provided the local statute remains in effect. It further stated that in such a case, the assessee would not raise the objection of limitation.


The reply is not tenable as the Hon'ble High Court merely stayed the proceedings and granted the assessing authority liberty to take action in accordance with the prevailing statutory provisions. The cited G.O. issued by the Labour Department was advisory in nature, directing the concerned departments to issue operational orders in line with the recommendations of the Justice Krishnan Nair Commission. However, the Taxes Department, which administers AIT, did not issue any operational G.O. suspending tax collection for five years. Moreover, the Agricultural Income Tax (Repeal) Act, 2021, came into force on 06 January 2023. Hence, the prevailing statute before 06 January 2023 was AIT Act, 1991, and after that AIT (Repeal) Act, 2021. Section 2(1)(c) of the Repeal Act, states that the repeal shall not affect the previous operation of the repealed Act or anything duly done or suffered thereunder. Further, as per section 2(2)(c) of the said Act, nothing contained in the Act, shall effect the right to continue and complete the proceedings pending as on the commencement of the Act, with regard to the assessment of tax including the tax omitted to be assessed on the agricultural income, imposition of tax, collection of tax, levying as per the repealed Act and the liability to pay the amount due from any person, and any right to get the refund of the amount, under the repealed Act.

Thus, the failure of the assessing officer to levy and collect applicable tax resulted in non- collection of tax and interest amounting to ₹12.01 lakh.

**Recommendation 46**

*It is recommended that Assessing Authorities shall conduct proper verification of records to ensure that assessment and levy of tax are carried out in accordance with provisions of law.*

Thiruvananthapuram,  
The 27 April 2026

  
(VISHNUKANTH P B)  
Accountant General (Audit II), Kerala

Countersigned

New Delhi,  
The 05 May 2026

  
(K. SANJAY MURTHY)  
Comptroller and Auditor General of India





# Appendices



**Appendix - I**  
**(Ref: Paragraph 1.4)**  
**Arrears in Assessments**

Head of revenue	Opening balance	New cases due for assessment during 2023-24	Total assessments due	Cases disposed of during 2023-24	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
<b>Revenue and Disaster Management Department</b>						
1) Building Tax	32,186	1,70,492	2,02,678	1,76,503	26,175	87.09
2) Plantation Tax	1,014	45	1,059	156	903	14.73
<b>R&amp;DM Department Total</b>	<b>33,200</b>	<b>1,70,537</b>	<b>2,03,737</b>	<b>1,76,659</b>	<b>27,078</b>	<b>86.71</b>
<b>SGST Department</b>						
1) GST	21,009	15,281	36,290	24,366	11,924	67.14
2) a. Sales Tax	708	1,385	2,093	869	1,224	41.52
b. Motor Spirit Tax	27	83	110	87	23	79.09
c. Luxury Tax	0	0	0	0	0	0
d. Tax on Works Contracts	11	0	11	2	9	18.18
e. Others	476	20	496	374	122	75.40
3) Taxes on Agricultural Income	122	60	182	90	92	49.45
<b>SGST Department Total</b>	<b>22,353</b>	<b>16,829</b>	<b>39,182</b>	<b>25,788</b>	<b>13,394</b>	<b>65.82</b>

Source: Details obtained from respective Departments.

**Appendix II**  
**(Ref: Paragraph 2.4.6.4 – 1<sup>st</sup> bullet)**  
**Issuance of Driving Licences in Violation of the Provisions of the MV Act**

Sl. No.	Office Name	No. of cases	Excess Validity range in days
1	RTO Thiruvananthapuram	153	2 to 3904
2	RTO Kollam	192	2 to 3619
3	RTO Pathanamthitta	10	5 to 2144
4	RTO Alappuzha	16	2 to 2332
5	RTO Kottayam	177	2 to 3576
6	RTO Idukki	15	15 to 2947
7	RTO Ernakulam	46	2 to 3005
8	RTO Thrissur	136	2 to 4383
9	RTO Palakkad	86	2 to 3604
10	RTO Malappuram	156	2 to 3626
11	RTO Kozhikode	44	3 to 3399
12	RTO Wayanad	17	4 to 3653
13	RTO Kannur	122	7 to 3648
14	RTO Kasargod	116	6 to 3513
15	RTO NS KSRTC	10	7 to 3490
16	RTO Attingal	105	18 to 3801
17	RTO Muvattupuzha	20	4 to 1758
18	RTO Vadakara	111	5 to 3529
19	SRTO Parassala	107	2 to 3519
20	SRTO Neyyattinkara	41	10 to 3442
21	SRTO Nedumangad	148	2 to 3558
22	SRTO Kazhakoottam	97	4 to 3651
23	SRTO Karunagappalli	15	6 to 1316
24	SRTO Kottarakkara	34	2 to 3473
25	SRTO Punalur	64	3 to 3630
26	SRTO Adoor	19	3 to 3194
27	SRTO Thiruvalla	12	6 to 2436
28	SRTO Mallappally	14	7 to 3522
29	SRTO Kayamkulam	44	2 to 3513
30	SRTO Chengannur	8	7 to 3652
31	SRTO Mavelikkara	29	2 to 3166
32	SRTO Cherthala	62	2 to 3640
33	SRTO Changanassery	20	3 to 3189
34	SRTO Kanjirappally	19	3 to 2258

Sl. No.	Office Name	No. of cases	Excess Validity range in days
35	SRTO Pala	33	2 to 3477
36	SRTO Vaikom	11	5 to 639
37	SRTO Vandiperiyar	3	18 to 304
38	SRTO Thodupuzha	93	17 to 3648
39	SRTO Thripunithura	15	3 to 2045
40	SRTO Perumbavoor	20	2 to 2550
41	SRTO Aluva	34	3 to 3469
42	SRTO North Paravur	22	5 to 3471
43	SRTO Mattancherry	24	2 to 3545
44	SRTO Kothamangalam	9	3 to 3321
45	SRTO Irinjalakuda	51	2 to 3784
46	SRTO Guruvayur	106	2 to 3521
47	SRTO Kodungalloor	21	7 to 3180
48	SRTO Wadakkanchery	30	2 to 1827
49	SRTO Alathur	27	2 to 3362
50	SRTO Mannarkkad	20	7 to 3632
51	SRTO Ottappalam	31	2 to 3604
52	SRTO Pattambi	77	2 to 3594
53	SRTO Perinthalmanna	37	2 to 3525
54	SRTO Ponnani	12	3 to 2736
55	SRTO Tirur	41	2 to 2874
56	SRTO Koyilandy	15	5 to 2748
57	SRTO Koduvally	36	2 to 3532
58	SRTO Thalassery	53	5 to 3482
59	SRTO Taliparamba	93	2 to 3649
60	SRTO Kanhangad	76	37 to 3568
61	SRTO Kunnathur	18	5 to 3653
62	SRTO Ranni	5	8 to 3332
63	SRTO Angamaly	19	3 to 3075
64	SRTO Chalakkudy	24	5 to 3280
65	SRTO Tirurangadi	81	3 to 3490
66	SRTO Kuttanad	13	3 to 3384
67	SRTO Uzhavoor	5	4 to 27
68	SRTO Devikulam	10	50 to 3119
69	SRTO Udumbanchola	11	286 to 3333
70	SRTO Chittur	20	3 to 2920
71	SRTO Nilambur	84	3 to 3549

Sl. No.	Office Name	No. of cases	Excess Validity range in days
72	SRTO Mananthavady	12	4 to 3497
73	SRTO Sulthan Bathery	13	2 to 2034
74	SRTO Kattakkada	29	36 to 3240
75	SRTO Thriprayar	12	4 to 3050
76	SRTO Nanmunda	33	4 to 3523
77	SRTO Perambra	10	38 to 2196
78	SRTO Iritty	54	10 to 3613
79	SRTO Vellarikundu	17	15 to 3463
80	SRTO Pathanapuram	4	304 to 3653
81	SRTO Varkala	26	2 to 3629
82	SRTO Chadayamangalam	13	4 to 1827
83	SRTO Konni	3	5 to 31
84	SRTO Kondotty	20	3 to 3373
85	SRTO Ramanattukara (Feroke)	9	7 to 3351
86	SRTO Payyannur	19	10 to 3851
<b>Total</b>		<b>3,819</b>	<b>2 to 4383 days</b>

Source: SARATHI Database.

**Appendix III**  
**(Ref: Paragraph 2.4.6.4 – 2<sup>nd</sup> bullet)**  
**Issuance of Driving Licences in Violation of the Provisions of the MV Act**

Sl. No.	Office name	No. of cases	Short validity range in days
1	RTO Thiruvananthapuram	90	2 to 3377
2	RTO Kollam	145	2 to 2391
3	RTO Pathanamthitta	11	2 to 446
4	RTO Alappuzha	16	2 to 901
5	RTO Kottayam	109	2 to 1826
6	RTO Idukki	18	3 to 2922
7	RTO Ernakulam	75	2 to 1461
8	RTO Thrissur	102	2 to 2295
9	RTO Palakkad	79	3 to 4288
10	RTO Malappuram	101	2 to 2511
11	RTO Kozhikode	52	2 to 3065
12	RTO Wayanad	24	5 to 2841
13	RTO Kannur	120	5 to 1826
14	RTO Kasargod	83	2 to 1826
15	RTO NS KSRTC	33	3 to 3566
16	RTO Attingal	85	2 to 1826
17	RTO Muvattupuzha	24	8 to 1032
18	RTO Vadakara	88	2 to 1826
19	SRTO Parassala	44	3 to 1959
20	SRTO Neyyattinkara	20	2 to 2913
21	SRTO Nedumangad	105	2 to 3605
22	SRTO Kazhakoottam	53	4 to 2173
23	SRTO Karunagappalli	22	3 to 1869
24	SRTO Kottarakkara	41	3 to 1744
25	SRTO Punalur	63	2 to 3653
26	SRTO Adoor	28	2 to 2464
27	SRTO Thiruvalla	19	5 to 2488
28	SRTO Mallappally	9	12 to 1826
29	SRTO Kayamkulam	40	2 to 1826
30	SRTO Chengannur	22	2 to 1128
31	SRTO Mavelikkara	28	2 to 1366
32	SRTO Cherthala	68	2 to 1826
33	SRTO Changanassery	28	8 to 1826
34	SRTO Kanjirappally	29	2 to 2455

Sl. No.	Office name	No. of cases	Short validity range in days
35	SRTO Pala	26	3 to 1826
36	SRTO Vaikom	20	2 to 1826
37	SRTO Vandiperiyar	14	9 to 2329
38	SRTO Thodupuzha	71	2 to 2120
39	SRTO Thripunithura	17	3 to 3429
40	SRTO Perumbavoor	20	7 to 3652
41	SRTO Aluva	39	2 to 1826
42	SRTO North Paravur	32	4 to 1826
43	SRTO Mattancherry	24	6 to 1826
44	SRTO Kothamangalam	6	3 to 784
45	SRTO Irinjalakuda	42	2 to 3188
46	SRTO Guruvayur	74	2 to 2670
47	SRTO Kodungalloor	25	5 to 2043
48	SRTO Wadakkanchery	43	3 to 1826
49	SRTO Alathur	38	3 to 1854
50	SRTO Mannarkkad	40	2 to 1826
51	SRTO Ottappalam	48	5 to 1826
52	SRTO Pattambi	70	2 to 1826
53	SRTO Perinthalmanna	41	3 to 1826
54	SRTO Ponnani	39	3 to 1218
55	SRTO Tirur	79	2 to 3694
56	SRTO Koyilandy	27	3 to 2432
57	SRTO Koduvally	44	2 to 1826
58	SRTO Thalassery	47	2 to 1870
59	SRTO Taliparamba	80	2 to 1826
60	SRTO Kanhangad	93	4 to 1826
61	SRTO Kunnathur	17	3 to 1826
62	SRTO Ranni	10	4 to 1826
63	SRTO Angamaly	29	4 to 2782
64	SRTO Chalakkudy	29	2 to 1826
65	SRTO Tirurangadi	70	3 to 1892
66	SRTO Kuttanad	19	24 to 3243
67	SRTO Uzhavoor	17	4 to 674
68	SRTO Devikulam	15	3 to 1826
69	SRTO Udumbanchola	19	3 to 1826
70	SRTO Chittur	26	3 to 1050
71	SRTO Nilambur	88	2 to 1826

Sl. No.	Office name	No. of cases	Short validity range in days
72	SRTO Mananthavady	36	8 to 750
73	SRTO Sulthan Bathery	29	2 to 731
74	SRTO Kattakkada	27	3 to 1826
75	SRTO Thriprayar	22	2 to 1203
76	SRTO Nanmanda	46	4 to 2143
77	SRTO Perambra	36	3 to 1826
78	SRTO Iritty	39	2 to 2327
79	SRTO Vellarikundu	27	6 to 2354
80	SRTO Pathanapuram	11	6 to 1826
81	SRTO Varkala	22	2 to 4336
82	SRTO Chadayamangalam	11	3 to 112
83	SRTO Konni	8	10 to 2399
84	SRTO Kondotty	32	2 to 1826
85	SRTO Ramanattukara (Feroke)	28	3 to 1880
86	SRTO Payyannur	19	2 to 1368
<b>Total</b>		<b>3,705</b>	<b>2 to 4336 days</b>

Source: SARATHI database.

**Appendix IV**  
**(Ref: Paragraph 2.4.6.6)**  
**Misclassification of Goods Carriages with Tipping Mechanism as standard Goods Carriage**

Sl. No.	Office Name	No. of cases	Short Levy (₹ in lakh)
1	RTO Thiruvananthapuram	78	4.54
2	RTO Kollam	144	8.54
3	RTO Pathanamthitta	9	0.60
4	RTO Alappuzha	34	2.01
5	RTO Kottayam	13	0.64
6	RTO Idukki	2	0.08
7	RTO Ernakulam	72	3.01
8	RTO Thrissur	7	0.37
9	RTO Palakkad	4	0.49
10	RTO Malappuram	116	4.07
11	RTO Kozhikode	4	0.13
12	RTO Wayanad	8	0.22
13	RTO Kannur	58	3.29
14	RTO Kasargod	35	1.41
15	RTO Attingal	8	0.41
16	RTO Muvattupuzha	5	0.07
17	RTO Vadakara	6	0.16
18	SRTO Parassala	45	1.42
19	SRTO Neyyattinkara	26	1.21
20	SRTO Nedumangad	137	6.03
21	SRTO Kazhakoottam	20	1.16
22	SRTO Karunagappalli	70	3.25
23	SRTO Kottarakkara	77	4.56
24	SRTO Punalur	21	1.87
25	SRTO Adoor	17	0.79
26	SRTO Thiruvalla	10	0.43
27	SRTO Mallappally	17	0.67
28	SRTO Kayamkulam	79	2.90
29	SRTO Chengannur	4	0.28
30	SRTO Mavelikkara	26	1.19
31	SRTO Cherthala	66	2.52
32	SRTO Changanassery	11	0.24
33	SRTO Kanjirappally	11	0.37

Sl. No.	Office Name	No. of cases	Short Levy (₹ in lakh)
34	SRTO Pala	30	1.18
35	SRTO Vaikom	16	0.45
36	SRTO Vandiperiyar	26	1.21
37	SRTO Thripunithura	22	1.02
38	SRTO Perumbavoor	35	1.42
39	SRTO Aluva	38	1.24
40	SRTO North Paravur	3	0.02
41	SRTO Mattancherry	9	0.16
42	SRTO Kothamangalam	2	0.02
43	SRTO Irinjalakuda	4	0.21
44	SRTO Guruvayur	21	0.79
45	SRTO Kodungalloor	3	0.09
46	SRTO Wadakkanchery	19	0.56
47	SRTO Alathur	60	2.61
48	SRTO Mannarkkad	20	0.80
49	SRTO Ottappalam	13	0.56
50	SRTO Pattambi	23	0.60
51	SRTO Perinthalmanna	28	0.62
52	SRTO Ponnani	6	0.33
53	SRTO Tirur	26	0.59
54	SRTO Koyilandy	6	0.13
55	SRTO Koduvally	29	1.86
56	SRTO Thalassery	11	0.29
57	SRTO Taliparamba	34	1.21
58	SRTO Kanhangad	27	0.96
59	SRTO Kunnathur	25	1.14
60	SRTO Ranni	20	0.67
61	SRTO Angamaly	29	1.30
62	SRTO Chalakkudy	15	1.54
63	SRTO Tirurangadi	45	1.48
64	SRTO Kuttanad	3	0.08
65	SRTO Uzhavoor	3	0.06
66	SRTO Devikulam	1	0.02
67	SRTO Udumbanchola	5	0.22
68	SRTO Chittur	13	0.22
69	SRTO Nilambur	6	0.09

Sl. No.	Office Name	No. of cases	Short Levy (₹ in lakh)
70	SRTO Mananthavady	10	0.32
71	SRTO Sulthan Bathery	7	0.34
72	SRTO Kattakkada	67	2.31
73	SRTO Thriprayar	2	0.04
74	SRTO Nanmanda	17	0.87
75	SRTO Perambra	30	0.98
76	SRTO Iritty	8	0.18
77	SRTO Vellarikundu	18	0.83
78	SRTO Pathanapuram	3	0.15
79	SRTO Varkala	6	0.45
80	SRTO Chadayamangalam	25	1.12
81	SRTO Konni	14	0.95
82	SRTO Kondotty	14	0.30
83	SRTO Ramanattukara (Feroke)	12	0.80
84	SRTO Payyannur	4	0.09
<b>Total</b>		<b>2,153</b>	<b>94.41</b>

Source: VAHAN Database.

**Appendix V**  
**(Ref: Paragraph 2.4.6.7)**  
**Violation of Permit conditions**

Sl. No.	Office Name	No. of cases	Compounding fee leviable (₹ in crore)
1	RTO Thiruvananthapuram	3,231	1.09
2	RTO Kollam	1,508	0.57
3	RTO Pathanamthitta	345	0.12
4	RTO Alappuzha	562	0.21
5	RTO Kottayam	1,025	0.37
6	RTO Idukki	244	0.10
7	RTO Ernakulam	1,272	0.50
8	RTO Thrissur	1,387	0.51
9	RTO Palakkad	1,208	0.47
10	RTO Malappuram	1,419	0.52
11	RTO Kozhikode	1,005	0.36
12	RTO Wayanad	320	0.12
13	RTO Kannur	830	0.31
14	RTO Kasargod	1,137	0.43
15	RTO Attingal	879	0.31
16	RTO Muvattupuzha	537	0.24
17	RTO Vada kara	617	0.21
18	SRTO Parassala	619	0.24
19	SRTO Neyyattinkara	637	0.22
20	SRTO Nedumangad	1,120	0.43
21	SRTO Kazhakoottam	637	0.22
22	SRTO Karunagappalli	415	0.15
23	SRTO Kottarakkara	656	0.25
24	SRTO Punalur	575	0.20
25	SRTO Adoor	355	0.14
26	SRTO Thiruvalla	359	0.12
27	SRTO Mallappally	180	0.07
28	SRTO Kayamkulam	430	0.16
29	SRTO Chengannur	247	0.09
30	SRTO Mavelikkara	376	0.15
31	SRTO Cherthala	626	0.21
32	SRTO Changanassery	521	0.19
33	SRTO Kanjirappally	531	0.19
34	SRTO Pala	397	0.15

Sl. No.	Office Name	No. of cases	Compounding fee leviable (₹ in crore)
35	SRTO Vaikom	291	0.10
36	SRTO Vandiperiyar	587	0.20
37	SRTO Thodupuzha	357	0.13
38	SRTO Thripunithura	540	0.19
39	SRTO Perumbavoor	599	0.26
40	SRTO Aluva	547	0.21
41	SRTO North Paravur	576	0.20
42	SRTO Mattancherry	497	0.18
43	SRTO Kothamangalam	260	0.10
44	SRTO Irinjalakuda	765	0.27
45	SRTO Guruvayur	1,014	0.33
46	SRTO Kodungalloor	394	0.14
47	SRTO Wadakkanchery	825	0.31
48	SRTO Alathur	590	0.21
49	SRTO Mannarkkad	994	0.33
50	SRTO Ottappalam	791	0.28
51	SRTO Pattambi	885	0.32
52	SRTO Perinthalmanna	853	0.28
53	SRTO Ponnani	577	0.19
54	SRTO Tirur	2,504	0.82
55	SRTO Koyilandy	272	0.09
56	SRTO Koduvally	632	0.24
57	SRTO Thalassery	929	0.31
58	SRTO Taliparamba	690	0.25
59	SRTO Kanhangad	713	0.25
60	SRTO Kunnathur	175	0.07
61	SRTO Ranni	253	0.09
62	SRTO Angamaly	359	0.15
63	SRTO Chalakkudy	538	0.21
64	SRTO Tirurangadi	1,222	0.41
65	SRTO Kuttanad	187	0.07
66	SRTO Uzhavoor	206	0.08
67	SRTO Devikulam	434	0.14
68	SRTO Udumbanchola	494	0.17
69	SRTO Chittur	597	0.21
70	SRTO Nilambur	878	0.29
71	SRTO Mananthavady	280	0.09

Sl. No.	Office Name	No. of cases	Compounding fee leviable (₹ in crore)
72	SRTO Sulthan Bathery	264	0.09
73	SRTO Kattakkada	527	0.21
74	SRTO Thriprayar	475	0.16
75	SRTO Nanmanda	305	0.09
76	SRTO Perambra	363	0.12
77	SRTO Iritty	340	0.12
78	SRTO Vellarikundu	224	0.07
79	SRTO Pathanapuram	77	0.03
80	SRTO Varkala	209	0.07
81	SRTO Chadayamangalam	168	0.06
82	SRTO Konni	115	0.04
83	SRTO Kondotty	346	0.12
84	SRTO Ramanattukara (Feroke)	144	0.05
85	SRTO Payyannur	208	0.07
86	TC- STA office	107	0.03
<b>Total</b>		<b>53,384</b>	<b>19.12</b>

Source:VAHAN Database.

**Appendix VI**  
**(Ref: Paragraph 2.4.6.7)**  
**Violation of Permit conditions**

Sl. No.	Office name	Fatal	Grievous injury	Minor injury	Non injury	Total
1	RTO Thiruvananthapuram	0	32	4	1	37
2	RTO Kollam	3	19	2	5	29
3	RTO Pathanamthitta	0	4	0	0	4
4	RTO Alappuzha	1	4	2	2	9
5	RTO Kottayam	3	7	2	2	14
6	RTO Idukki	0	1	0	2	3
7	RTO Ernakulam	1	7	0	3	11
8	RTO Thrissur	3	11	4	1	19
9	RTO Palakkad	2	14	5	0	21
10	RTO Malappuram	2	4	1	0	7
11	RTO Kozhikode	1	6	1	2	10
12	RTO Wayanad	0	2	0	0	2
13	RTO Kasargod	0	5	3	0	8
14	RTO Attingal	4	14	1	0	19
15	RTO Muvattupuzha	1	7	0	1	9
16	RTO Vadakara	0	0	3	3	6
17	SRTO Parassala	0	5	0	0	5
18	SRTO Neyyattinkara	1	4	0	0	5
19	SRTO Nedumangad	1	12	0	1	14
20	SRTO Kazhakoottam	0	9	0	0	9
21	SRTO Karunagappalli	1	0	0	0	1
22	SRTO Kottarakkara	0	9	0	0	9
23	SRTO Punalur	0	11	0	0	11
24	SRTO Adoor	1	5	0	0	6
25	SRTO Thiruvalla	0	4	1	0	5
26	SRTO Mallappally	0	4	3	0	7
27	SRTO Kayamkulam	2	10	1	0	13
28	SRTO Chengannur	1	1	0	0	2
29	SRTO Mavelikkara	2	2	0	1	5
30	SRTO Cherthala	0	5	1	2	8
31	SRTO Changanassery	0	3	0	0	3
32	SRTO Kanjirappally	0	6	2	3	11
33	SRTO Pala	0	3	2	0	5
34	SRTO Vandiperiyar	0	2	1	0	3

Sl. No.	Office name	Fatal	Grievous injury	Minor injury	Non injury	Total
35	SRTO Thodupuzha	1	7	0	0	8
36	SRTO Thripunithura	0	8	0	0	8
37	SRTO Perumbavoor	3	0	0	0	3
38	SRTO Aluva	1	1	3	0	5
39	SRTO North Paravur	1	4	1	0	6
40	SRTO Mattancherry	0	3	1	1	5
41	SRTO Kothamangalam	0	3	1	0	4
42	SRTO Irinjalakuda	3	7	2	1	13
43	SRTO Guruvayur	1	2	1	0	4
44	SRTO Kodungalloor	1	4	1	0	6
45	SRTO Wadakkanchery	0	10	1	1	12
46	SRTO Alathur	0	4	2	0	6
47	SRTO Mannarkkad	0	7	2	1	10
48	SRTO Ottappalam	3	4	0	0	7
49	SRTO Pattambi	0	2	2	0	4
50	SRTO Perinthalmanna	0	4	2	0	6
51	SRTO Ponnani	1	3	1	0	5
52	SRTO Tirur	10	15	1	3	29
53	SRTO Koyilandy	0	0	0	1	1
54	SRTO Koduvally	1	2	0	3	6
55	SRTO Thalassery	0	3	4	0	7
56	SRTO Taliparamba	2	11	4	1	18
57	SRTO Kanhangad	0	5	1	0	6
58	SRTO Kunnathur	1	1	0	0	2
59	SRTO Ranni	0	3	0	0	3
60	SRTO Angamaly	0	2	0	1	3
61	SRTO Chalakkudy	2	5	2	0	9
62	SRTO Tirurangadi	0	4	0	3	7
63	SRTO Kuttanad	0	1	0	0	1
64	SRTO Uzhavoor	1	1	1	0	3
65	SRTO Devikulam	1	2	0	0	3
66	SRTO Udumbanchola	0	4	0	0	4
67	SRTO Chittur	2	2	2	0	6
68	SRTO Nilambur	3	1	1	0	5
69	SRTO Sulthan Bathery	0	2	1	0	3
70	SRTO Kattakkada	0	4	0	0	4
71	SRTO Thriprayar	1	5	1	0	7

Sl. No.	Office name	Fatal	Grievous injury	Minor injury	Non injury	Total
72	SRTO Nanmanda	0	2	0	0	2
73	SRTO Perambra	1	9	2	1	13
74	SRTO Iritty	0	3	1	0	4
75	SRTO Pathanapuram	1	0	0	0	1
76	SRTO Chadayamangalam	0	2	0	0	2
77	SRTO Konni	0	3	0	1	4
78	SRTO Kondotty	0	3	1	0	4
79	SRTO Ramanattukara (Feroke)	0	5	0	0	5
80	SRTO Payyannur	0	1	0	0	1
81	TC- STA office	1	2	1	0	4
<b>Total</b>		<b>72</b>	<b>408</b>	<b>82</b>	<b>47</b>	<b>609</b>

Source: Records of Police Department.

**Appendix VII**  
**(Ref: Paragraph 2.4.6.9)**  
**Certificate of Fitness with Extended Validity**

Sl. No.	Office Name	No. of cases	Amount (₹ in lakh)
1	RTO Thiruvananthapuram	16	0.24
2	RTO Kollam	16	0.08
3	RTO Pathanamthitta	3	0.02
4	RTO Alappuzha	9	0.06
5	RTO Kottayam	5	0.03
6	RTO Idukki	3	0.02
7	RTO Ernakulam	21	0.24
8	RTO Thrissur	11	0.07
9	RTO Palakkad	21	0.49
10	RTO Malappuram	55	0.34
11	RTO Kozhikode	17	0.11
12	RTO Wayanad	14	0.09
13	RTO Kannur	5	0.03
14	RTO Kasargod	24	0.41
15	RTO NS KSRTC	14	0.00
16	RTO Attingal	7	0.05
17	RTO Muvattupuzha	22	0.14
18	RTO Vadakara	7	0.04
19	SRTO Parassala	6	0.05
20	SRTO Neyyattinkara	4	0.16
21	SRTO Nedumangad	1	0.01
22	SRTO Kazhakoottam	6	0.04
23	SRTO Karunagappalli	3	0.02
24	SRTO Kottarakkara	5	0.03
25	SRTO Punalur	3	0.02
26	SRTO Adoor	4	0.02
27	SRTO Thiruvalla	5	0.03
28	SRTO Mallappally	3	0.02
29	SRTO Kayamkulam	2	0.01
30	SRTO Chengannur	2	0.01
31	SRTO Mavelikkara	4	0.03
32	SRTO Cherthala	9	0.06
33	SRTO Changanassery	4	0.03

Sl. No.	Office Name	No. of cases	Amount (₹ in lakh)
34	SRTO Kanjirappally	6	0.11
35	SRTO Pala	9	0.06
36	SRTO Vaikom	2	0.01
37	SRTO Vandiperiyar	5	0.11
38	SRTO Thodupuzha	13	0.16
39	SRTO Thripunithura	10	0.07
40	SRTO Perumbavoor	8	0.06
41	SRTO Aluva	17	0.10
42	SRTO North Paravur	13	0.08
43	SRTO Mattancherry	11	0.07
44	SRTO Kothamangalam	4	0.02
45	SRTO Irinjalakuda	25	0.15
46	SRTO Guruvayur	16	0.10
47	SRTO Kodungalloor	9	0.13
48	SRTO Wadakkanchery	9	0.05
49	SRTO Alathur	4	0.16
50	SRTO Mannarkkad	7	0.04
51	SRTO Ottappalam	8	0.05
52	SRTO Pattambi	12	0.07
53	SRTO Perinthalmanna	15	0.10
54	SRTO Ponnani	13	0.08
55	SRTO Tirur	99	0.60
56	SRTO Koyilandy	10	0.14
57	SRTO Koduvally	22	0.15
58	SRTO Thalassery	15	0.10
59	SRTO Taliparamba	5	0.03
60	SRTO Kanhangad	14	0.17
61	SRTO Ranni	3	0.02
62	SRTO Angamaly	5	0.03
63	SRTO Chalakkudy	30	0.18
64	SRTO Tirurangadi	46	0.34
65	SRTO Kuttanad	3	0.10
66	SRTO Uzhavoor	2	0.14
67	SRTO Devikulam	17	0.40
68	SRTO Udumbanchola	5	0.18
69	SRTO Chittur	3	0.02

Sl. No.	Office Name	No. of cases	Amount (₹ in lakh)
70	SRTO Nilambur	26	0.16
71	SRTO Mananthavady	3	0.02
72	SRTO Sulthan Bathery	8	0.13
73	SRTO Kattakkada	3	0.02
74	SRTO Thriprayar	22	0.14
75	SRTO Nanmanda	4	0.03
76	SRTO Perambra	3	0.02
77	SRTO Iritty	4	0.02
78	SRTO Pathanapuram	3	0.02
79	SRTO Varkala	2	0.01
80	SRTO Konni	3	0.02
81	SRTO Kondotty	30	0.19
82	SRTO Ramanattukara (Feroke)	13	0.09
83	SRTO Payyannur	3	0.02
<b>Total</b>		<b>953</b>	<b>8.27</b>

Source: VAHAN Database.

**Appendix VIII**  
**(Ref: Paragraph 2.4.6.10 - 1<sup>st</sup> bullet)**  
**Non-Regulation of Agents or Canvasser Licence**

Sl. No.	Tax Jurisdiction	No. of cases	Security Deposit (₹ in lakh)	Fine (₹ in lakh)	Total Amount (₹ in lakh)
1	Alappuzha	94	33.05	0.94	33.99
2	Aluva	342	135.90	3.42	139.32
3	Ernakulam	590	216.70	5.90	222.60
4	Idukki	36	13.50	0.36	13.86
5	Kannur	93	27.60	0.93	28.53
6	Kasargod	20	5.95	0.20	6.15
7	Kollam	87	33.60	0.87	34.47
8	Kottayam	90	32.40	0.90	33.30
9	Kozhikkode	180	54.90	1.80	56.70
10	Malappuram	170	53.05	1.70	54.75
11	Palakkad	135	51.75	1.35	53.10
12	Pathanamthitta	27	9.00	0.27	9.27
13	Thrissur	203	78.55	2.03	80.58
14	Thiruvananthapuram	250	80.00	2.50	82.50
15	Wayanad	26	6.70	0.26	6.96
<b>Total</b>		<b>2,343</b>	<b>832.65</b>	<b>23.43</b>	<b>856.08</b>

Source: Compiled by AG (Audit II) based on data in GST portal.

**Appendix IX**  
**(Ref: Paragraph 2.4.6.10 - 2<sup>nd</sup> bullet)**  
**Non-Regulation of Aggregators**

Sl. No.	Tax Jurisdiction	No. of cases	License fee leviable (₹ in lakh)
1	Aluva	7	35
2	Kozhikkode	5	25
3	Thrissur	4	20
4	Ernakulam	12	60
5	Kasargod	2	10
6	Kottayam	2	10
7	Pathanamthitta	1	5
8	Thiruvananthapuram	6	30
9	Wayanad	3	15
10	Kannur	1	5
11	Kollam	2	10
12	Malappuram	1	5
13	Palakkad	1	5
<b>Total</b>		<b>47</b>	<b>235</b>

Source: Compiled by AG (Audit II) based on data in GST portal.

**Appendix X**  
**(Ref: Paragraph 2.4.6.10 - 3<sup>rd</sup> bullet)**  
**Non-Regulation of Rent-a-Cab Services**

Sl. No.	District	No. of agencies	Licence fee leviable (₹ in lakh)
1	Alappuzha	9	0.45
2	Kottayam	19	0.95
3	Kollam	6	0.30
4	Kasargod	5	0.25
5	Malappuram	6	0.30
6	Kozhikkode	21	1.05
7	Kannur	5	0.25
8	Ernakulam	221	11.05
9	Idukki	10	0.50
10	Thiruvananthapuram	87	4.35
11	Thrissur	15	0.75
12	Pathanamthitta	2	0.10
13	Palakkad	10	0.50
14	Aluva	45	2.25
<b>Total</b>		<b>461</b>	<b>23.05</b>

Source: Compiled by AG (Audit II) based on data in GST portal.

**Appendix XI**  
**(Ref: Paragraph 2.4.6.10 - 4<sup>th</sup> bullet)**  
**Non-Regulation of Registered Vehicle Dealers under Rule 55A**

Sl. No.	Tax Jurisdiction	No. of cases	Licence fee leviable (₹ in lakh)
1	Alappuzha	13	3.25
2	Aluva	58	14.50
3	Ernakulam	54	13.50
4	Idukki	22	5.50
5	Kannur	17	4.25
6	Kasargod	4	1.00
7	Kollam	47	11.75
8	Kottayam	32	8.00
9	Kozhikkode	36	9.00
10	Malappuram	54	13.50
11	Palakkad	23	5.75
12	Pathanamthitta	16	4.00
13	Thrissur	23	5.75
14	Thiruvananthapuram	65	16.25
15	Wayanad	7	1.75
<b>Total</b>		<b>471</b>	<b>117.75</b>

Source: Compiled by AG (Audit II) based on data in GST portal.

**Appendix XII**  
**(Ref: Paragraph 2.4.6.11 - 1<sup>st</sup> bullet)**  
**Excess Collection of One-Time Tax from Hybrid Vehicle Owners**

Sl. No.	Office Name	No. of cases	Excess tax collected (₹ in lakh)
1	RTO Thiruvananthapuram	144	104.63
2	RTO Kollam	66	45.98
3	RTO Pathanamthitta	15	8.05
4	RTO Alappuzha	12	11.94
5	RTO Kottayam	72	55.93
6	RTO Idukki	6	2.94
7	RTO Ernakulam	281	224.01
8	RTO Thrissur	78	51.43
9	RTO Palakkad	20	21.32
10	RTO Malappuram	37	25.73
11	RTO Kozhikode	81	60.07
12	RTO Wayanad	5	3.57
13	RTO Kannur	27	14.33
14	RTO Kasargod	24	16.51
15	RTO Attingal	13	9.44
16	RTO Muvattupuzha	52	39.86
17	RTO Vadakara	32	21.18
18	SRTO Parassala	3	3.57
19	SRTO Neyyattinkara	2	1.03
20	SRTO Nedumangad	8	3.97
21	SRTO Kazhakoottam	23	14.62
22	SRTO Karunagappalli	26	16.22
23	SRTO Kottarakkara	19	9.69
24	SRTO Punalur	14	8.92
25	SRTO Adoor	15	11.10
26	SRTO Thiruvalla	32	21.96
27	SRTO Mallappally	10	5.41
28	SRTO Kayamkulam	33	18.40
29	SRTO Chengannur	15	9.56
30	SRTO Mavelikkara	21	13.36

Sl. No.	Office Name	No. of cases	Excess tax collected (₹ in lakh)
31	SRTO Cherthala	23	13.70
32	SRTO Changanassery	31	19.82
33	SRTO Kanjirappally	4	1.96
34	SRTO Pala	20	14.59
35	SRTO Vaikom	8	7.23
36	SRTO Vandiperiyar	5	3.58
37	SRTO Thodupuzha	35	19.56
38	SRTO Thripunithura	52	34.73
39	SRTO Perumbavoor	37	24.10
40	SRTO Aluva	43	34.72
41	SRTO North Paravur	20	13.68
42	SRTO Mattancherry	13	14.38
43	SRTO Kothamangalam	27	14.43
44	SRTO Irinjalakuda	32	17.75
45	SRTO Guruvayur	18	13.43
46	SRTO Kodungalloor	25	13.82
47	SRTO Wadakkanchery	11	10.01
48	SRTO Alathur	10	6.42
49	SRTO Mannarkkad	7	4.31
50	SRTO Ottappalam	7	4.23
51	SRTO Pattambi	14	10.72
52	SRTO Perinthalmanna	25	23.61
53	SRTO Ponnani	14	7.94
54	SRTO Tirur	41	29.67
55	SRTO Koyilandy	7	5.52
56	SRTO Koduvally	20	10.91
57	SRTO Thalassery	36	27.33
58	SRTO Taliparamba	10	5.46
59	SRTO Kanhangad	28	21.09
60	SRTO Kunnathur	8	3.89
61	SRTO Ranni	12	7.62
62	SRTO Angamaly	20	16.16
63	SRTO Chalakkudy	21	11.71
64	SRTO Tirurangadi	28	16.10

Sl. No.	Office Name	No. of cases	Excess tax collected (₹ in lakh)
65	SRTO Kuttanad	3	1.44
66	SRTO Uzhavoor	5	2.87
67	SRTO Devikulam	6	4.95
68	SRTO Udumbanchola	4	2.53
69	SRTO Chittur	4	2.82
70	SRTO Nilambur	25	13.05
71	SRTO Mananthavady	7	4.13
72	SRTO Sulthan Bathery	14	8.78
73	SRTO Kattakkada	6	3.61
74	SRTO Thriprayar	28	26.85
75	SRTO Nanmanda	10	6.15
76	SRTO Perambra	7	8.43
77	SRTO Iritty	12	8.94
78	SRTO Vellarikundu	2	1.32
79	SRTO Pathanapuram	5	2.90
80	SRTO Varkala	7	4.09
81	SRTO Chadayamangalam	7	6.49
82	SRTO Konni	16	12.47
83	SRTO Kondotty	18	13.25
84	SRTO Ramanattukara (Feroke)	40	32.27
85	SRTO Payyannur	15	9.28
<b>Total</b>		<b>2,139</b>	<b>1,515.53</b>

Source: VAHAN Database.

**Appendix XIII**  
**(Ref: Paragraph 2.4.6.11 - 2<sup>nd</sup> bullet)**  
**Short Collection of Fee for Grant/ Renewal of Vehicle Registration**

Sl. No.	Office Name	No. of cases	Fee due (₹ in crore)	Fee collected (₹ in crore)	Short collection of fee (₹ in crore)
1	RTO Thiruvananthapuram	15,679	4.50	0.71	3.79
2	RTO Kollam	11,189	3.35	0.51	2.84
3	RTO Pathanamthitta	3,279	0.96	0.15	0.81
4	RTO Alappuzha	4,185	0.98	0.17	0.81
5	RTO Kottayam	10,682	3.20	0.51	2.69
6	RTO Idukki	2,212	0.90	0.12	0.78
7	RTO Ernakulam	10,506	3.00	0.49	2.51
8	RTO Thrissur	13,398	3.75	0.60	3.15
9	RTO Palakkad	9,142	2.32	0.39	1.93
10	RTO Malappuram	8,800	2.72	0.43	2.29
11	RTO Kozhikode	8,580	2.39	0.38	2.01
12	RTO Wayanad	2,720	0.97	0.14	0.83
13	RTO Kannur	5,771	1.77	0.28	1.49
14	RTO Kasargod	3,763	1.32	0.19	1.13
15	RTO Attingal	3,955	1.30	0.19	1.11
16	RTO Muvattupuzha	8,629	2.59	0.42	2.17
17	RTO Vadakara	3,866	1.08	0.18	0.90
18	SRTO Parassala	4,968	1.46	0.23	1.23
19	SRTO Neyyattinkara	4,109	1.09	0.18	0.91
20	SRTO Nedumangad	7,356	2.26	0.34	1.92
21	SRTO Kazhakoottam	4,266	1.22	0.20	1.02
22	SRTO Karunagappalli	5,433	1.35	0.23	1.12
23	SRTO Kottarakkara	4,083	1.25	0.19	1.06
24	SRTO Punalur	2,748	0.90	0.13	0.77
25	SRTO Adoor	3,342	0.97	0.16	0.81
26	SRTO Thiruvalla	3,435	0.96	0.16	0.80
27	SRTO Mallappally	1,912	0.59	0.09	0.50
28	SRTO Kayamkulam	4,896	1.12	0.20	0.92
29	SRTO Chengannur	2,698	0.64	0.11	0.53
30	SRTO Mavelikkara	4,994	1.16	0.20	0.96
31	SRTO Cherthala	5,901	1.31	0.24	1.07
32	SRTO Changanassery	5,000	1.54	0.24	1.30

Sl. No.	Office Name	No. of cases	Fee due (₹ in crore)	Fee collected (₹ in crore)	Short collection of fee (₹ in crore)
33	SRTO Kanjirappally	3,854	1.38	0.20	1.18
34	SRTO Pala	4,877	1.74	0.25	1.49
35	SRTO Vaikom	4,008	1.05	0.17	0.88
36	SRTO Vandiperiyar	2,066	0.84	0.12	0.72
37	SRTO Thodupuzha	4,592	1.49	0.22	1.27
38	SRTO Thripunithura	6,227	1.69	0.28	1.41
39	SRTO Perumbavoor	7,994	2.23	0.37	1.86
40	SRTO Aluva	6,284	1.78	0.28	1.50
41	SRTO North Paravur	7,332	1.76	0.31	1.45
42	SRTO Mattancherry	3,690	0.84	0.15	0.69
43	SRTO Kothamangalam	4,602	1.31	0.21	1.10
44	SRTO Irinjalakuda	8,415	2.21	0.38	1.83
45	SRTO Guruvayur	6,540	1.65	0.28	1.37
46	SRTO Kodungalloor	5,011	1.10	0.20	0.90
47	SRTO Wadakkanchery	5,772	1.48	0.26	1.22
48	SRTO Alathur	5,313	1.31	0.24	1.07
49	SRTO Mannarkkad	3,680	1.19	0.18	1.01
50	SRTO Ottappalam	4,053	1.12	0.18	0.94
51	SRTO Pattambi	4,999	1.23	0.22	1.01
52	SRTO Perinthalmanna	5,211	1.56	0.25	1.31
53	SRTO Ponnani	3,212	0.73	0.13	0.60
54	SRTO Tirur	7,699	2.27	0.37	1.90
55	SRTO Koyilandy	2,148	0.56	0.09	0.47
56	SRTO Koduvally	5,578	1.67	0.26	1.41
57	SRTO Thalassery	5,206	1.66	0.25	1.41
58	SRTO Taliparamba	4,379	1.44	0.22	1.22
59	SRTO Kanhangad	2,729	0.71	0.12	0.59
60	SRTO Kunnathur	2,041	0.54	0.09	0.45
61	SRTO Ranni	2,206	0.72	0.11	0.61
62	SRTO Angamaly	5,198	1.38	0.23	1.15
63	SRTO Chalakkudy	6,931	1.83	0.30	1.53
64	SRTO Tirurangadi	4,621	1.48	0.24	1.24
65	SRTO Kuttanad	1,083	0.30	0.05	0.25
66	SRTO Uzhavoor	2,670	0.83	0.13	0.70
67	SRTO Devikulam	1,577	0.66	0.09	0.57

Sl. No.	Office Name	No. of cases	Fee due (₹ in crore)	Fee collected (₹ in crore)	Short collection of fee (₹ in crore)
68	SRTO Udumbanchola	2,941	1.28	0.18	1.10
69	SRTO Chittur	4,599	1.33	0.21	1.12
70	SRTO Nilambur	6,445	1.85	0.31	1.54
71	SRTO Mananthavady	2,163	0.79	0.11	0.68
72	SRTO Sulthan Bathery	3,706	1.37	0.19	1.18
73	SRTO Kattakkada	3,438	0.99	0.16	0.83
74	SRTO Thriprayar	4,437	1.19	0.20	0.99
75	SRTO Nanmanda	4,053	1.12	0.18	0.94
76	SRTO Perambra	2,365	0.63	0.11	0.52
77	SRTO Iritty	2,178	0.85	0.15	0.70
78	SRTO Vellarikundu	1,100	0.38	0.06	0.32
79	SRTO Pathanapuram	1,286	0.40	0.06	0.34
80	SRTO Varkala	2,600	0.86	0.13	0.73
81	SRTO Chadayamangalam	2,429	0.90	0.13	0.77
82	SRTO Konni	1,567	0.49	0.08	0.41
83	SRTO Kondotty	4,019	1.20	0.19	1.01
84	SRTO Ramanattukara (Feroke)	2,039	0.60	0.09	0.51
85	SRTO Payyannur	2,226	0.63	0.10	0.53
<b>Total</b>		<b>4,06,886</b>	<b>117.52</b>	<b>18.83</b>	<b>98.69</b>

Source: VAHAN Database.

**Appendix XIV**  
**(Ref: Paragraph 2.4.6.11 - 3<sup>rd</sup> bullet)**  
**Non/ Short imposition of penalty for delayed renewal of Certificate of Fitness for Transport Vehicles**

Sl. No.	Office Name	No. of cases	Short levy of fine (₹ in lakh)
1	RTO Thiruvananthapuram	1,067	4.89
2	RTO Kollam	1,179	3.55
3	RTO Pathanamthitta	201	0.90
4	RTO Alappuzha	601	2.42
5	RTO Kottayam	864	3.45
6	RTO Idukki	283	0.96
7	RTO Ernakulam	1,233	4.68
8	RTO Thrissur	1,314	4.10
9	RTO Palakkad	488	1.87
10	RTO Malappuram	655	2.62
11	RTO Kozhikode	438	1.81
12	RTO Wayanad	269	0.83
13	RTO Kannur	1,506	3.76
14	RTO Kasargod	318	1.74
15	RTO Attingal	164	0.77
16	RTO Muvattupuzha	607	2.26
17	RTO Vadakara	382	1.25
18	SRTO Parassala	276	1.40
19	SRTO Neyyattinkara	317	0.87
20	SRTO Nedumangad	524	1.95
21	SRTO Kazhakoottam	373	1.75
22	SRTO Karunagappalli	316	1.46
23	SRTO Kottarakkara	300	1.21
24	SRTO Punalur	233	1.15
25	SRTO Adoor	209	0.89
26	SRTO Thiruvalla	216	0.82
27	SRTO Mallappally	170	0.53
28	SRTO Kayamkulam	405	1.78
29	SRTO Chengannur	178	0.69
30	SRTO Mavelikkara	321	1.63
31	SRTO Cherthala	376	1.57

Sl. No.	Office Name	No. of cases	Short levy of fine (₹ in lakh)
32	SRTO Changanassery	345	1.28
33	SRTO Kanjirappally	161	1.05
34	SRTO Pala	398	1.86
35	SRTO Vaikom	314	1.38
36	SRTO Vandiperiyar	205	1.41
37	SRTO Thodupuzha	296	1.01
38	SRTO Thripunithura	426	1.48
39	SRTO Perumbavoor	675	2.19
40	SRTO Aluva	549	1.84
41	SRTO North Paravur	503	1.73
42	SRTO Mattancherry	301	1.20
43	SRTO Kothamangalam	129	0.61
44	SRTO Irinjalakuda	414	1.62
45	SRTO Guruvayur	755	2.58
46	SRTO Kodungalloor	250	0.99
47	SRTO Wadakkanchery	804	2.35
48	SRTO Alathur	216	0.79
49	SRTO Mannarkkad	361	1.31
50	SRTO Ottappalam	508	1.68
51	SRTO Pattambi	256	1.37
52	SRTO Perinthalmanna	322	1.89
53	SRTO Ponnani	331	1.37
54	SRTO Tirur	954	4.18
55	SRTO Koyilandy	173	0.74
56	SRTO Koduvally	782	2.16
57	SRTO Thalassery	743	2.53
58	SRTO Taliparamba	377	1.59
59	SRTO Kanhangad	445	1.18
60	SRTO Ranni	102	0.77
61	SRTO Angamaly	330	0.99
62	SRTO Chalakkudy	524	1.70
63	SRTO Tirurangadi	796	2.58
64	SRTO Kuttanad	134	0.68
65	SRTO Uzhavoor	237	0.78
66	SRTO Devikulam	277	1.13

Sl. No.	Office Name	No. of cases	Short levy of fine (₹ in lakh)
67	SRTO Udumbanchola	200	0.86
68	SRTO Chittur	444	1.29
69	SRTO Nilambur	528	1.73
70	SRTO Mananthavady	202	0.63
71	SRTO Sulthan Bathery	298	0.85
72	SRTO Kattakkada	154	0.56
73	SRTO Thriprayar	223	0.68
74	SRTO Nanmanda	258	0.72
75	SRTO Perambra	257	0.76
76	SRTO Iritty	418	0.91
77	SRTO Vellarikundu	348	0.67
78	SRTO Varkala	164	0.62
79	SRTO Kondotty	463	1.37
80	SRTO Ramanattukara (Feroke)	369	0.88
81	SRTO Payyannur	367	0.98
<b>Total</b>		<b>34,869</b>	<b>127.07</b>

Source: VAHAN Database.

**Appendix XV**  
**(Ref: Paragraph 2.4.6.11 - 4<sup>th</sup> bullet)**  
**Short collection due to application of incorrect rates of Motor Vehicle Tax**  
**on goods carriages fitted with Tipping mechanism**

Sl. No.	Office Name	No. of cases	Short levy (₹ in lakh)
1	RTO Thiruvananthapuram	12	0.53
2	RTO Kollam	58	1.69
3	RTO Pathanamthitta	8	0.18
4	RTO Alappuzha	31	2.23
5	RTO Kottayam	36	0.84
6	RTO Idukki	4	0.08
7	RTO Ernakulam	30	0.86
8	RTO Thrissur	60	3.25
9	RTO Palakkad	86	5.86
10	RTO Malappuram	89	2.47
11	RTO Kozhikode	39	1.02
12	RTO Wayanad	7	0.16
13	RTO Kannur	10	0.27
14	RTO Kasargod	23	1.03
15	RTO Attingal	22	0.94
16	RTO Muvattupuzha	46	2.19
17	RTO Vadakara	33	0.66
18	SRTO Parassala	9	0.26
19	SRTO Neyyattinkara	4	0.25
20	SRTO Nedumangad	61	3.55
21	SRTO Kazhakoottam	4	0.36
22	SRTO Karunagappalli	18	1.63
23	SRTO Kottarakkara	20	0.87
24	SRTO Punalur	18	1.19
25	SRTO Adoor	44	2.37
26	SRTO Thiruvalla	11	0.50
27	SRTO Mallappally	9	0.29
28	SRTO Kayamkulam	31	1.75
29	SRTO Chengannur	5	0.25
30	SRTO Mavelikkara	9	0.54
31	SRTO Cherthala	7	0.25

Sl. No.	Office Name	No. of cases	Short levy (₹ in lakh)
32	SRTO Changanassery	29	0.89
33	SRTO Kanjirappally	19	0.91
34	SRTO Pala	18	0.33
35	SRTO Vaikom	20	0.29
36	SRTO Vandiperiyar	5	0.06
37	SRTO Thodupuzha	14	0.39
38	SRTO Thripunithura	9	0.47
39	SRTO Perumbavoor	105	4.63
40	SRTO Aluva	40	2.57
41	SRTO North Paravur	27	1.26
42	SRTO Mattancherry	3	0.19
43	SRTO Kothamangalam	34	1.56
44	SRTO Irinjalakuda	29	1.89
45	SRTO Guruvayur	20	0.95
46	SRTO Kodungalloor	11	0.66
47	SRTO Wadakkanchery	15	0.50
48	SRTO Alathur	27	0.57
49	SRTO Mannarkkad	9	0.28
50	SRTO Ottappalam	19	0.44
51	SRTO Pattambi	26	1.32
52	SRTO Perinthalmanna	17	0.27
53	SRTO Ponnani	8	0.47
54	SRTO Tirur	30	0.67
55	SRTO Koyilandy	9	0.38
56	SRTO Koduvally	22	1.21
57	SRTO Thalassery	132	4.13
58	SRTO Taliparamba	17	0.31
59	SRTO Kanhangad	40	0.70
60	SRTO Kunnathur	11	1.12
61	SRTO Ranni	32	1.25
62	SRTO Angamaly	44	2.44
63	SRTO Chalakkudy	38	1.54
64	SRTO Tirurangadi	17	0.31
65	SRTO Kuttanad	6	0.39
66	SRTO Uzhavoor	18	0.34

Sl. No.	Office Name	No. of cases	Short levy (₹ in lakh)
67	SRTO Devikulam	6	0.36
68	SRTO Udumbanchola	12	0.30
69	SRTO Chittur	55	2.33
70	SRTO Nilambur	27	0.87
71	SRTO Mananthavady	6	0.08
72	SRTO Sulthan Bathery	16	0.68
73	SRTO Kattakkada	21	0.77
74	SRTO Thriprayar	14	0.92
75	SRTO Nanmanda	8	0.19
76	SRTO Perambra	12	0.31
77	SRTO Iritty	17	0.64
78	SRTO Vellarikundu	4	0.07
79	SRTO Pathanapuram	2	0.05
80	SRTO Varkala	10	0.66
81	SRTO Chadayamangalam	17	1.11
82	SRTO Konni	16	0.73
83	SRTO Kondotty	73	2.32
84	SRTO Ramanattukara (Feroke)	4	0.09
85	SRTO Payyannur	14	0.57
<b>Total</b>		<b>2,098</b>	<b>87.06</b>

Source: VAHAN Database.

**Appendix XVI**  
**(Ref: Paragraph 2.4.6.11 - 5<sup>th</sup> bullet)**  
**Rate of Green tax leviable on each class of vehicles**

Sl. No.	Class and age of Vehicle	Rate of Green Tax (₹)	Incidence of levy
1	Non-Transport Vehicles having four or more wheels and completed 15 years from the date of its registration	600 for every five years	At the time of renewal of registration.
2	(i) Light Transport Vehicles having four or more wheels and have completed 10 years from the date of its registration	200 for every year	At the time of renewal of fitness certificate
	(ii) Light Transport Vehicles having four or more wheels and have completed 15 years from the date of its registration	300 for every year	
3	(i) Medium Transport Vehicles which have completed 10 years from the date of its registration	300 for every year	At the time of renewal of fitness certificate
	(ii) Medium Transport Vehicles which have completed 15 years from the date of its registration	450 for every year	
4	(i) Heavy Transport Vehicles which have completed 10 years from the date of its registration	400 for every year	At the time of renewal of fitness certificate
	(ii) Heavy Transport Vehicles which have completed 15 years from the date of its registration	600 for every year	
5	Diesel powered Light Motor Vehicles	1,000	At the time of new Registration
6	Diesel powered Medium Motor Vehicles	1,500	At the time of new Registration
7	Diesel powered Heavy Motor Vehicles	2,000	At the time of new Registration
8	Other diesel-powered vehicles except Motorcycles	1,000	At the time of new registration

**Appendix XVII**  
**(Ref: Paragraph 2.4.6.11 - 5<sup>th</sup> bullet (i))**  
**Non-levy of Green Tax at the time of new registration**

Sl. No.	Office Name	No. of cases	Green tax due (₹ in lakh)
1	RTO Thiruvananthapuram	613	6.23
2	RTO Kollam	455	4.56
3	RTO Pathanamthitta	289	2.89
4	RTO Alappuzha	221	2.23
5	RTO Kottayam	540	5.42
6	RTO Idukki	92	0.92
7	RTO Ernakulam	758	7.60
8	RTO Thrissur	532	5.32
9	RTO Palakkad	456	4.59
10	RTO Malappuram	309	3.10
11	RTO Kozhikode	169	1.70
12	RTO Wayanad	222	2.22
13	RTO Kannur	355	3.55
14	RTO Kasargod	322	3.22
15	RTO Attingal	393	3.98
16	RTO Muvattupuzha	294	2.96
17	RTO Vadakara	504	5.05
18	SRTO Parassala	147	1.48
19	SRTO Neyyattinkara	130	1.33
20	SRTO Nedumangad	361	3.61
21	SRTO Kazhakoottam	286	2.90
22	SRTO Karunagappalli	109	1.11
23	SRTO Kottarakkara	160	1.63
24	SRTO Punalur	191	1.91
25	SRTO Adoor	248	2.48
26	SRTO Thiruvalla	212	2.14
27	SRTO Mallappally	132	1.32
28	SRTO Kayamkulam	139	1.39
29	SRTO Chengannur	125	1.25
30	SRTO Mavelikkara	121	1.24
31	SRTO Cherthala	250	2.50
32	SRTO Changanassery	330	3.30

Sl. No.	Office Name	No. of cases	Green tax due (₹ in lakh)
33	SRTO Kanjirappally	220	2.20
34	SRTO Pala	333	3.36
35	SRTO Vaikom	153	1.54
36	SRTO Vandiperiyar	135	1.36
37	SRTO Thodupuzha	213	2.14
38	SRTO Thripunithura	511	5.12
39	SRTO Perumbavoor	215	2.16
40	SRTO Aluva	211	2.11
41	SRTO North Paravur	250	2.50
42	SRTO Mattancherry	490	4.90
43	SRTO Kothamangalam	105	1.05
44	SRTO Irinjalakuda	164	1.66
45	SRTO Guruvayur	230	2.32
46	SRTO Kodungalloor	89	0.90
47	SRTO Wadakkanchery	258	2.58
48	SRTO Alathur	186	1.86
49	SRTO Mannarkkad	170	1.70
50	SRTO Ottappalam	175	1.75
51	SRTO Pattambi	229	2.29
52	SRTO Perinthalmanna	315	3.15
53	SRTO Ponnani	126	1.26
54	SRTO Tirur	472	4.73
55	SRTO Koyilandy	208	2.08
56	SRTO Koduvally	205	2.08
57	SRTO Thalassery	387	3.88
58	SRTO Taliparamba	384	3.86
59	SRTO Kanhangad	303	3.04
60	SRTO Kunnathur	62	0.62
61	SRTO Ranni	176	1.77
62	SRTO Angamaly	68	0.68
63	SRTO Chalakkudy	70	0.70
64	SRTO Tirurangadi	295	2.96
65	SRTO Kuttanad	71	0.71
66	SRTO Uzhavoor	173	1.74
67	SRTO Devikulam	95	0.96

Sl. No.	Office Name	No. of cases	Green tax due (₹ in lakh)
68	SRTO Udumbanchola	146	1.48
69	SRTO Chittur	132	1.33
70	SRTO Nilambur	264	2.65
71	SRTO Mananthavady	291	2.92
72	SRTO Sulthan Bathery	293	2.94
73	SRTO Kattakkada	222	2.23
74	SRTO Thriprayar	176	1.76
75	SRTO Nanmanda	182	1.82
76	SRTO Perambra	212	2.12
77	SRTO Iritty	205	2.05
78	SRTO Vellarikundu	148	1.49
79	SRTO Pathanapuram	169	1.69
80	SRTO Varkala	193	1.97
81	SRTO Chadayamangalam	107	1.08
82	SRTO Konni	210	2.10
83	SRTO Kondotty	206	2.06
84	SRTO Ramanattukara (Feroke)	121	1.21
85	SRTO Payyannur	203	2.06
<b>Total</b>		<b>20,692</b>	<b>207.81</b>

Source: VAHAN Database.

**Appendix XVIII**  
**(Ref: Paragraph 2.4.6.11 - 5<sup>th</sup> bullet (ii))**  
**Non-levy of Green Tax during renewal of registration for Non-Transport Vehicles**

Sl. No.	Office Name	No. of cases	Green tax due (₹ in lakh)
1	RTO Thiruvananthapuram	449	2.69
2	RTO Kollam	88	0.53
3	RTO Pathanamthitta	82	0.49
4	RTO Alappuzha	100	0.60
5	RTO Kottayam	172	1.03
6	RTO Idukki	67	0.40
7	RTO Ernakulam	67	0.40
8	RTO Thrissur	264	1.58
9	RTO Palakkad	82	0.48
10	RTO Malappuram	205	1.23
11	RTO Kozhikode	79	0.47
12	RTO Wayanad	27	0.16
13	RTO Kannur	55	0.33
14	RTO Kasargod	46	0.28
15	RTO Attingal	103	0.62
16	RTO Muvattupuzha	57	0.34
17	RTO Vadakara	61	0.37
18	SRTO Parassala	81	0.49
19	SRTO Neyyattinkara	41	0.25
20	SRTO Nedumangad	203	1.22
21	SRTO Kazhakoottam	47	0.27
22	SRTO Karunagappalli	84	0.50
23	SRTO Kottarakkara	128	0.77
24	SRTO Punalur	67	0.40
25	SRTO Adoor	79	0.47
26	SRTO Thiruvalla	97	0.58
27	SRTO Mallappally	16	0.10
28	SRTO Kayamkulam	70	0.42
29	SRTO Chengannur	11	0.07
30	SRTO Mavelikkara	87	0.52
31	SRTO Cherthala	113	0.68
32	SRTO Changanassery	113	0.68

Sl. No.	Office Name	No. of cases	Green tax due (₹ in lakh)
33	SRTO Kanjirappally	87	0.52
34	SRTO Pala	143	0.86
35	SRTO Vaikom	47	0.28
36	SRTO Vandiperiyar	106	0.64
37	SRTO Thodupuzha	58	0.35
38	SRTO Thripunithura	58	0.35
39	SRTO Perumbavoor	146	0.88
40	SRTO Aluva	68	0.41
41	SRTO North Paravur	75	0.45
42	SRTO Mattancherry	60	0.36
43	SRTO Kothamangalam	83	0.50
44	SRTO Irinjalakuda	69	0.41
45	SRTO Guruvayur	108	0.65
46	SRTO Kodungalloor	103	0.62
47	SRTO Wadakkanchery	121	0.73
48	SRTO Alathur	105	0.63
49	SRTO Mannarkkad	60	0.36
50	SRTO Ottappalam	61	0.37
51	SRTO Pattambi	140	0.84
52	SRTO Perinthalmanna	109	0.65
53	SRTO Ponnani	66	0.40
54	SRTO Tirur	183	1.10
55	SRTO Koyilandy	13	0.08
56	SRTO Koduvally	175	1.05
57	SRTO Thalassery	155	0.93
58	SRTO Taliparamba	101	0.61
59	SRTO Kanhangad	75	0.45
60	SRTO Kunnathur	49	0.29
61	SRTO Ranni	92	0.55
62	SRTO Angamaly	28	0.17
63	SRTO Chalakkudy	103	0.62
64	SRTO Tirurangadi	96	0.58
65	SRTO Kuttanad	15	0.09
66	SRTO Uzhavoor	88	0.53
67	SRTO Devikulam	23	0.14

Sl. No.	Office Name	No. of cases	Green tax due (₹ in lakh)
68	SRTO Udumbanchola	56	0.34
69	SRTO Chittur	80	0.48
70	SRTO Nilambur	209	1.25
71	SRTO Mananthavady	53	0.32
72	SRTO Sulthan Bathery	49	0.29
73	SRTO Kattakkada	86	0.52
74	SRTO Thriprayar	29	0.17
75	SRTO Nanmada	67	0.40
76	SRTO Perambra	15	0.09
77	SRTO Iritty	34	0.20
78	SRTO Vellarikundu	23	0.14
79	SRTO Pathanapuram	9	0.05
80	SRTO Varkala	52	0.31
81	SRTO Chadayamangalam	87	0.52
82	SRTO Konni	43	0.26
83	SRTO Kondotty	102	0.61
84	SRTO Ramanattukara (Feroke)	41	0.25
85	SRTO Payyannur	13	0.08
<b>Total</b>		<b>7,358</b>	<b>44.15</b>

Source: VAHAN Database.

**Appendix XIX**  
**(Ref: Paragraph 2.4.6.11 - 5<sup>th</sup> bullet (iii))**  
**Non-levy of Green Tax during renewal of Certificate of Fitness for Transport Vehicles**

Sl. No.	Office Name	No. of cases	Green tax due (₹ in lakh)
1	RTO Thiruvananthapuram	45	0.44
2	RTO Kollam	20	0.21
3	RTO Pathanamthitta	8	0.06
4	RTO Alappuzha	11	0.09
5	RTO Kottayam	13	0.05
6	RTO Idukki	4	0.02
7	RTO Ernakulam	14	0.05
8	RTO Thrissur	13	0.08
9	RTO Palakkad	15	0.06
10	RTO Malappuram	26	0.14
11	RTO Kozhikode	7	0.04
12	RTO Wayanad	11	0.07
13	RTO Kannur	11	0.09
14	RTO Kasargod	12	0.11
15	RTO NS KSRTC	21	0.45
16	RTO Attingal	19	0.31
17	RTO Muvattupuzha	5	0.02
18	RTO Vadakara	4	0.05
19	SRTO Parassala	5	0.02
20	SRTO Neyyattinkara	6	0.02
21	SRTO Nedumangad	10	0.12
22	SRTO Kazhakoottam	7	0.06
23	SRTO Karunagappalli	5	0.01
24	SRTO Kottarakkara	5	0.05
25	SRTO Punalur	15	0.14
26	SRTO Thiruvalla	5	0.02
27	SRTO Mallappally	8	0.03
28	SRTO Kayamkulam	7	0.04
29	SRTO Chengannur	3	0.03
30	SRTO Mavelikkara	10	0.12
31	SRTO Cherthala	9	0.04
32	SRTO Changanassery	10	0.06

Sl. No.	Office Name	No. of cases	Green tax due (₹ in lakh)
33	SRTO Kanjirappally	11	0.06
34	SRTO Pala	9	0.05
35	SRTO Vaikom	1	0.01
36	SRTO Vandiperiyar	16	0.10
37	SRTO Thodupuzha	8	0.06
38	SRTO Thripunithura	11	0.09
39	SRTO Perumbavoor	18	0.10
40	SRTO Aluva	10	0.06
41	SRTO North Paravur	20	0.10
42	SRTO Mattancherry	7	0.05
43	SRTO Kothamangalam	12	0.08
44	SRTO Irinjalakuda	11	0.09
45	SRTO Guruvayur	13	0.09
46	SRTO Kodungalloor	9	0.05
47	SRTO Wadakkanchery	13	0.05
48	SRTO Alathur	10	0.06
49	SRTO Mannarkkad	3	0.01
50	SRTO Ottappalam	7	0.03
51	SRTO Pattambi	8	0.02
52	SRTO Perinthalmanna	9	0.03
53	SRTO Ponnani	10	0.10
54	SRTO Tirur	37	0.24
55	SRTO Koyilandy	2	0.01
56	SRTO Koduvally	13	0.06
57	SRTO Thalassery	3	0.01
58	SRTO Taliparamba	4	0.02
59	SRTO Kanhangad	8	0.03
60	SRTO Ranni	6	0.03
61	SRTO Angamaly	7	0.02
62	SRTO Chalakkudy	10	0.08
63	SRTO Tirurangadi	7	0.03
64	SRTO Kuttanad	2	0.01
65	SRTO Uzhavoor	3	0.02
66	SRTO Devikulam	22	0.15
67	SRTO Udumbanchola	7	0.02

Sl. No.	Office Name	No. of cases	Green tax due (₹ in lakh)
68	SRTO Chittur	5	0.03
69	SRTO Nilambur	4	0.03
70	SRTO Mananthavady	4	0.05
71	SRTO Sulthan Bathery	4	0.03
72	SRTO Thriprayar	6	0.03
73	SRTO Nanmanda	8	0.04
74	SRTO Vellarikundu	3	0.01
75	SRTO Varkala	3	0.02
76	SRTO Chadayamangalam	7	0.03
77	SRTO Konni	2	0.01
78	SRTO Kondotty	4	0.01
79	SRTO Ramanattukara (Feroke)	2	0.02
80	SRTO Payyannur	1	0.01
<b>Total</b>		<b>764</b>	<b>5.44</b>

Source: VAHAN Database.

**Appendix XX**

(Ref: Paragraph 2.4.6.11 - 7<sup>th</sup> bullet Table 2.20 Sl. No. 1)

**Non-realisation of Motor Vehicles Tax from Goods Carriages without tipping mechanism**

Sl. No.	Office Name	No. of cases	Tax due (₹ in crore)
1	RTO Thiruvananthapuram	302	0.42
2	RTO Kollam	365	0.66
3	RTO Pathanamthitta	64	0.06
4	RTO Alappuzha	111	0.21
5	RTO Kottayam	204	0.29
6	RTO Idukki	50	0.08
7	RTO Ernakulam	330	0.73
8	RTO Thrissur	345	0.60
9	RTO Palakkad	308	1.36
10	RTO Malappuram	410	0.38
11	RTO Kozhikode	214	0.27
12	RTO Wayanad	36	0.04
13	RTO Kannur	150	0.17
14	RTO Kasargod	185	0.23
15	RTO Attingal	102	0.14
16	RTO Muvattupuzha	205	0.30
17	RTO Vadakara	121	0.11
18	SRTO Parassala	185	0.32
19	SRTO Neyyattinkara	99	0.13
20	SRTO Nedumangad	188	0.23
21	SRTO Kazhakoottam	83	0.10
22	SRTO Karunagappalli	134	0.25
23	SRTO Kottarakkara	126	0.12
24	SRTO Punalur	91	0.17
25	SRTO Adoor	86	0.13
26	SRTO Thiruvalla	41	0.04
27	SRTO Mallappally	44	0.04
28	SRTO Kayamkulam	138	0.21
29	SRTO Chengannur	40	0.04
30	SRTO Mavelikkara	109	0.13
31	SRTO Cherthala	156	0.20
32	SRTO Changanassery	129	0.27

Sl. No.	Office Name	No. of cases	Tax due (₹ in crore)
33	SRTO Kanjirappally	86	0.12
34	SRTO Pala	108	0.13
35	SRTO Vaikom	60	0.06
36	SRTO Vandiperiyar	46	0.07
37	SRTO Thodupuzha	79	0.08
38	SRTO Thripunithura	117	0.16
39	SRTO Perumbavoor	340	0.44
40	SRTO Aluva	207	0.32
41	SRTO North Paravur	107	0.19
42	SRTO Mattancherry	138	0.75
43	SRTO Kothamangalam	94	0.08
44	SRTO Irinjalakuda	164	0.21
45	SRTO Guruvayur	99	0.17
46	SRTO Kodungalloor	79	0.14
47	SRTO Wadakkanchery	159	0.21
48	SRTO Alathur	111	0.27
49	SRTO Mannarkkad	134	0.14
50	SRTO Ottappalam	106	0.13
51	SRTO Pattambi	180	0.18
52	SRTO Perinthalmanna	226	0.16
53	SRTO Ponnani	80	0.06
54	SRTO Tirur	373	0.45
55	SRTO Koyilandy	48	0.06
56	SRTO Koduvally	167	0.23
57	SRTO Thalassery	180	0.17
58	SRTO Taliparamba	162	0.14
59	SRTO Kanhangad	120	0.14
60	SRTO Kunnathur	56	0.08
61	SRTO Ranni	49	0.04
62	SRTO Angamaly	145	0.32
63	SRTO Chalakkudy	212	0.39
64	SRTO Tirurangadi	252	0.21
65	SRTO Kuttanad	11	0.02
66	SRTO Uzhavoor	56	0.06
67	SRTO Devikulam	41	0.05

Sl. No.	Office Name	No. of cases	Tax due (₹ in crore)
68	SRTO Udumbanchola	57	0.11
69	SRTO Chittur	227	0.33
70	SRTO Nilambur	113	0.11
71	SRTO Mananthavady	39	0.03
72	SRTO Sulthan Bathery	46	0.06
73	SRTO Kattakkada	104	0.12
74	SRTO Thriprayar	60	0.09
75	SRTO Nanmanda	53	0.08
76	SRTO Perambra	57	0.06
77	SRTO Iritty	70	0.06
78	SRTO Vellarikundu	27	0.03
79	SRTO Pathanapuram	23	0.05
80	SRTO Varkala	44	0.08
81	SRTO Chadayamangalam	43	0.05
82	SRTO Konni	30	0.04
83	SRTO Kondotty	114	0.05
84	SRTO Ramanattukara (Feroke)	39	0.06
85	SRTO Payyannur	31	0.03
<b>Total</b>		<b>10,920</b>	<b>16.30</b>

Source: VAHAN Database.

**Appendix XXI**  
**(Ref: Paragraph 2.4.6.11 - 7<sup>th</sup> bullet Table 2.20 Sl. No. 2)**  
**Non-realisation of Motor Vehicles Tax from Goods Carriages with tipping mechanism**

Sl. No.	Office Name	No. of cases	Tax due (₹ in crore)
1	RTO Thiruvananthapuram	111	0.30
2	RTO Kollam	76	0.22
3	RTO Pathanamthitta	18	0.03
4	RTO Alappuzha	37	0.09
5	RTO Kottayam	70	0.15
6	RTO Idukki	20	0.08
7	RTO Ernakulam	52	0.14
8	RTO Thrissur	103	0.43
9	RTO Palakkad	90	0.19
10	RTO Malappuram	158	0.22
11	RTO Kozhikode	54	0.13
12	RTO Wayanad	19	0.02
13	RTO Kannur	87	0.13
14	RTO Kasargod	104	0.17
15	RTO Attingal	56	0.12
16	RTO Muvattupuzha	99	0.36
17	RTO Vada-kara	50	0.07
18	SRTO Parassala	34	0.14
19	SRTO Neyyattinkara	43	0.09
20	SRTO Nedumangad	154	0.25
21	SRTO Kazhakootam	55	0.07
22	SRTO Karunagappalli	39	0.10
23	SRTO Kottarakkara	51	0.17
24	SRTO Punalur	26	0.05
25	SRTO Adoor	41	0.11
26	SRTO Thiruvalla	32	0.05
27	SRTO Mallappally	23	0.07
28	SRTO Kayamkulam	70	0.16
29	SRTO Chengannur	26	0.04
30	SRTO Mavelikkara	37	0.08
31	SRTO Cherthala	23	0.04
32	SRTO Changanassery	33	0.08

Sl. No.	Office Name	No. of cases	Tax due (₹ in crore)
33	SRTO Kanjirappally	32	0.07
34	SRTO Pala	32	0.04
35	SRTO Vaikom	45	0.11
36	SRTO Vandiperiyar	20	0.05
37	SRTO Thodupuzha	21	0.03
38	SRTO Thripunithura	27	0.14
39	SRTO Perumbavoor	165	0.60
40	SRTO Aluva	40	0.06
41	SRTO North Paravur	39	0.05
42	SRTO Mattancherry	11	0.03
43	SRTO Kothamangalam	32	0.06
44	SRTO Irinjalakuda	64	0.13
45	SRTO Guruvayur	41	0.07
46	SRTO Kodungalloor	40	0.15
47	SRTO Wadakkanchery	119	0.32
48	SRTO Alathur	62	0.07
49	SRTO Mannarkkad	43	0.13
50	SRTO Ottappalam	75	0.11
51	SRTO Pattambi	142	0.18
52	SRTO Perinthalmanna	91	0.08
53	SRTO Ponnani	52	0.10
54	SRTO Tirur	211	0.31
55	SRTO Koyilandy	16	0.02
56	SRTO Koduvally	96	0.23
57	SRTO Thalassery	105	0.12
58	SRTO Taliparamba	45	0.05
59	SRTO Kanhangad	39	0.07
60	SRTO Kunnathur	22	0.09
61	SRTO Ranni	38	0.05
62	SRTO Angamaly	89	0.31
63	SRTO Chalakkudy	63	0.17
64	SRTO Tirurangadi	71	0.14
65	SRTO Kuttanad	17	0.06
66	SRTO Uzhavoor	18	0.05
67	SRTO Devikulam	30	0.07

Sl. No.	Office Name	No. of cases	Tax due (₹ in crore)
68	SRTO Udumbanchola	30	0.08
69	SRTO Chittur	49	0.07
70	SRTO Nilambur	75	0.11
71	SRTO Mananthavady	13	0.01
72	SRTO Sulthan Bathery	20	0.02
73	SRTO Kattakkada	67	0.11
74	SRTO Thriprayar	23	0.04
75	SRTO Nanmanda	23	0.02
76	SRTO Perambra	16	0.02
77	SRTO Iritty	24	0.02
78	SRTO Vellarikundu	14	0.02
79	SRTO Pathanapuram	15	0.04
80	SRTO Varkala	17	0.06
81	SRTO Chadayamangalam	14	0.04
82	SRTO Konni	25	0.10
83	SRTO Kondotty	48	0.04
84	SRTO Ramanattukara (Feroke)	15	0.03
85	SRTO Payyannur	15	0.02
<b>Total</b>		<b>4,447</b>	<b>9.52</b>

Source: VAHAN Database.

**Appendix XXII**  
**(Ref: Paragraph 2.4.6.11 - 7<sup>th</sup> bullet Table 2.20 Sl. No. 3)**  
**Non-realisation of Motor Vehicles Tax from Contract Carriages**

Sl. No.	Office Name	No. of cases	Total tax due (₹ in crore)
1	RTO Thiruvananthapuram	84	0.76
2	RTO Kollam	89	0.90
3	RTO Pathanamthitta	8	0.15
4	RTO Alappuzha	19	0.21
5	RTO Kottayam	54	0.71
6	RTO Idukki	5	0.05
7	RTO Ernakulam	73	1.04
8	RTO Thrissur	80	0.72
9	RTO Palakkad	55	0.73
10	RTO Malappuram	49	0.48
11	RTO Kozhikode	67	0.75
12	RTO Wayanad	11	0.14
13	RTO Kannur	73	0.70
14	RTO Kasargod	35	0.55
15	RTO NS KSRTC	1	0.04
16	RTO Attingal	29	0.42
17	RTO Muvattupuzha	13	0.17
18	RTO Vadakara	9	0.11
19	SRTO Parassala	47	0.50
20	SRTO Neyyattinkara	45	0.26
21	SRTO Nedumangad	48	0.53
22	SRTO Kazhakoottam	32	0.18
23	SRTO Karunagappalli	33	0.38
24	SRTO Kottarakkara	16	0.30
25	SRTO Punalur	25	0.56
26	SRTO Adoor	10	0.21
27	SRTO Thiruvalla	6	0.07
28	SRTO Mallappally	9	0.16
29	SRTO Kayamkulam	41	0.48
30	SRTO Chengannur	16	0.19
31	SRTO Mavelikkara	18	0.40
32	SRTO Cherthala	31	0.33

Sl. No.	Office Name	No. of cases	Total tax due (₹ in crore)
33	SRTO Changanassery	23	0.30
34	SRTO Kanjirappally	12	0.20
35	SRTO Pala	5	0.04
36	SRTO Vaikom	18	0.23
37	SRTO Vandiperiyar	11	0.11
38	SRTO Thodupuzha	12	0.16
39	SRTO Thripunithura	32	0.42
40	SRTO Perumbavoor	16	0.25
41	SRTO Aluva	31	0.45
42	SRTO North Paravur	33	0.24
43	SRTO Mattancherry	16	0.09
44	SRTO Kothamangalam	2	0.05
45	SRTO Irinjalakuda	71	0.70
46	SRTO Guruvayur	69	0.37
47	SRTO Kodungalloor	23	0.27
48	SRTO Wadakkanchery	83	0.61
49	SRTO Alathur	12	0.08
50	SRTO Mannarkkad	11	0.13
51	SRTO Ottappalam	22	0.19
52	SRTO Pattambi	25	0.16
53	SRTO Perinthalmanna	12	0.05
54	SRTO Ponnani	33	0.24
55	SRTO Tirur	70	0.29
56	SRTO Koyilandy	7	0.04
57	SRTO Koduvally	31	0.27
58	SRTO Thalassery	42	0.52
59	SRTO Taliparamba	14	0.20
60	SRTO Kanhangad	13	0.21
61	SRTO Kunnathur	10	0.11
62	SRTO Ranni	4	0.04
63	SRTO Angamaly	23	0.25
64	SRTO Chalakkudy	33	0.39
65	SRTO Tirurangadi	45	0.58
66	SRTO Kuttanad	4	0.06
67	SRTO Uzhavoor	6	0.12

Sl. No.	Office Name	No. of cases	Total tax due (₹ in crore)
68	SRTO Devikulam	14	0.09
69	SRTO Udumbanchola	6	0.01
70	SRTO Chittur	21	0.15
71	SRTO Nilambur	20	0.18
72	SRTO Mananthavady	8	0.17
73	SRTO Sulthan Bathery	13	0.25
74	SRTO Kattakkada	19	0.33
75	SRTO Thriprayar	23	0.25
76	SRTO Nanmanda	21	0.25
77	SRTO Iritty	9	0.14
78	SRTO Vellarikundu	1	0.03
79	SRTO Pathanapuram	3	0.01
80	SRTO Varkala	9	0.12
81	SRTO Chadayamangalam	13	0.34
82	SRTO Konni	4	0.12
83	SRTO Kondotty	4	0.02
84	SRTO Ramanattukara (Feroke)	4	0.06
85	SRTO Payyannur	1	0.02
<b>Total</b>		<b>2,198</b>	<b>24.14</b>

Source: VAHAN Database.

**Appendix XXIII**  
**(Ref: Paragraph 2.4.6.12 – 1<sup>st</sup> bullet)**  
**Lack of action on Certificate of Fitness expired Transport Vehicles**

Sl. No.	Office Name	No. of cases	Total penalty due (₹ in crore)	Total compounding fee due (₹ in crore)
1	RTO Thiruvananthapuram	2,101	0.41	0.50
2	RTO Kollam	1,200	0.25	0.31
3	RTO Pathanamthitta	472	0.11	0.11
4	RTO Alappuzha	578	0.14	0.15
5	RTO Kottayam	1,070	0.24	0.27
6	RTO Idukki	380	0.08	0.09
7	RTO Ernakulam	1,128	0.25	0.32
8	RTO Thrissur	1,123	0.21	0.29
9	RTO Palakkad	1,456	0.35	0.36
10	RTO Malappuram	1,021	0.22	0.27
11	RTO Kozhikode	1,123	0.27	0.28
12	RTO Wayanad	570	0.14	0.14
13	RTO Kannur	836	0.19	0.21
14	RTO Kasargod	827	0.19	0.22
15	RTO Attingal	550	0.12	0.14
16	RTO Muvattupuzha	792	0.20	0.20
17	RTO Vada-kara	554	0.13	0.14
18	SRTO Parassala	622	0.15	0.16
19	SRTO Neyyattinkara	499	0.12	0.12
20	SRTO Nedumangad	630	0.13	0.16
21	SRTO Kazhakoottam	455	0.09	0.12
22	SRTO Karunagappalli	475	0.11	0.13
23	SRTO Kottarakkara	575	0.13	0.15
24	SRTO Punalur	491	0.11	0.13
25	SRTO Adoor	523	0.13	0.13
26	SRTO Thiruvalla	400	0.09	0.10
27	SRTO Mallappally	266	0.07	0.07
28	SRTO Kayamkulam	454	0.11	0.12
29	SRTO Chengannur	318	0.08	0.08
30	SRTO Mavelikkara	445	0.10	0.12
31	SRTO Cherthala	524	0.13	0.14
32	SRTO Changanassery	494	0.11	0.13

Sl. No.	Office Name	No. of cases	Total penalty due (₹ in crore)	Total compounding fee due (₹ in crore)
33	SRTO Kanjirappally	412	0.08	0.10
34	SRTO Pala	335	0.07	0.09
35	SRTO Vaikom	344	0.09	0.09
36	SRTO Vandiperiyar	413	0.07	0.10
37	SRTO Thodupuzha	402	0.09	0.11
38	SRTO Thripunithura	493	0.13	0.13
39	SRTO Perumbavoor	655	0.18	0.20
40	SRTO Aluva	695	0.18	0.19
41	SRTO North Paravur	380	0.09	0.10
42	SRTO Mattancherry	372	0.08	0.11
43	SRTO Kothamangalam	530	0.14	0.13
44	SRTO Irinjalakuda	645	0.14	0.17
45	SRTO Guruvayur	701	0.13	0.17
46	SRTO Kodungalloor	357	0.08	0.11
47	SRTO Wadakkanchery	569	0.11	0.15
48	SRTO Alathur	572	0.12	0.15
49	SRTO Mannarkkad	575	0.10	0.14
50	SRTO Ottappalam	823	0.18	0.21
51	SRTO Pattambi	703	0.15	0.19
52	SRTO Perinthalmanna	1,026	0.24	0.25
53	SRTO Ponnani	839	0.20	0.20
54	SRTO Tirur	1,490	0.28	0.37
55	SRTO Koyilandy	441	0.12	0.11
56	SRTO Koduvally	493	0.11	0.14
57	SRTO Thalassery	741	0.17	0.19
58	SRTO Taliparamba	818	0.22	0.21
59	SRTO Kanhangad	934	0.24	0.23
60	SRTO Kunnathur	325	0.08	0.08
61	SRTO Ranni	294	0.07	0.08
62	SRTO Angamaly	314	0.09	0.11
63	SRTO Chalakkudy	517	0.13	0.14
64	SRTO Tirurangadi	851	0.17	0.21
65	SRTO Kuttanad	227	0.05	0.06
66	SRTO Uzhavoor	207	0.05	0.05
67	SRTO Devikulam	399	0.08	0.11

Sl. No.	Office Name	No. of cases	Total penalty due (₹ in crore)	Total compounding fee due (₹ in crore)
68	SRTO Udumbanchola	461	0.11	0.11
69	SRTO Chittur	567	0.13	0.15
70	SRTO Nilambur	677	0.14	0.16
71	SRTO Mananthavady	372	0.09	0.09
72	SRTO Sulthan Bathery	470	0.11	0.12
73	SRTO Kattakkada	331	0.06	0.09
74	SRTO Thriprayar	326	0.06	0.08
75	SRTO Nanmanda	214	0.05	0.06
76	SRTO Perambra	343	0.08	0.08
77	SRTO Iritty	237	0.05	0.07
78	SRTO Vellarikundu	177	0.04	0.04
79	SRTO Pathanapuram	140	0.03	0.04
80	SRTO Varkala	171	0.03	0.04
81	SRTO Chadayamangalam	163	0.03	0.04
82	SRTO Konni	113	0.02	0.03
83	SRTO Kondotty	197	0.03	0.05
84	SRTO Ramanattukara (Feroke)	121	0.02	0.03
85	SRTO Payyannur	135	0.02	0.03
	<b>Total</b>	<b>48,059</b>	<b>10.77</b>	<b>12.35</b>
<b>Grant total</b>			<b>23.12</b>	

Source: VAHAN Database.

**Appendix XXIV**  
**(Ref: Paragraph 2.4.6.12 – 1<sup>st</sup> bullet)**  
**Accidents involving Certificate of Fitness expired Transport Vehicles**

Sl. No.	Office name	Fatal	Grievous injury	Minor injury	Non injury	Total
1	RTO Thiruvananthapuram	0	14	0	2	16
2	RTO Kollam	0	5	0	0	5
3	RTO Pathanamthitta	0	3	0	0	3
4	RTO Alappuzha	0	3	0	0	3
5	RTO Kottayam	0	6	0	0	6
6	RTO Ernakulam	0	4	0	0	4
7	RTO Thrissur	0	5	1	0	6
8	RTO Palakkad	0	5	1	0	6
9	RTO Malappuram	1	1	0	0	2
10	RTO Kozhikode	1	3	0	0	4
11	RTO Kannur	1	0	1	0	2
12	RTO Attingal	1	2	1	0	4
13	RTO Muvattupuzha	1	1	1	0	3
14	RTO Vadakara	0	0	1	0	1
15	SRTO Neyyattinkara	1	1	1	1	4
16	SRTO Nedumangad	3	3	0	0	6
17	SRTO Kazhakoottam	0	1	1	0	2
18	SRTO Karunagappalli	1	2	0	0	3
19	SRTO Kottarakkara	0	3	0	0	3
20	SRTO Punalur	0	3	0	0	3
21	SRTO Adoor	0	2	0	0	2
22	SRTO Thiruvalla	0	1	0	1	2
23	SRTO Kayamkulam	0	4	0	0	4
24	SRTO Chengannur	0	2	0	0	2
25	SRTO Mavelikkara	1	3	0	0	4
26	SRTO Cherthala	0	3	0	0	3
27	SRTO Changanassery	0	1	0	0	1
28	SRTO Kanjirappally	1	5	0	0	6
29	SRTO Pala	0	2	0	0	2
30	SRTO Vandiperiyar	0	0	1	0	1
31	SRTO Thodupuzha	0	3	0	0	3
32	SRTO Thripunithura	0	2	1	0	3
33	SRTO Perumbavoor	0	1	0	0	1
34	SRTO Aluva	0	0	1	0	1
35	SRTO North Paravur	1	3	0	0	4
36	SRTO Mattancherry	0	0	0	1	1

Sl. No.	Office name	Fatal	Grievous injury	Minor injury	Non injury	Total
37	SRTO Kothamangalam	0	2	0	0	2
38	SRTO Irinjalakuda	0	1	1	0	2
39	SRTO Guruvayur	0	2	0	0	2
40	SRTO Kodungalloor	1	6	1	0	8
41	SRTO Wadakkanchery	0	4	1	0	5
42	SRTO Alathur	0	1	0	0	1
43	SRTO Ottappalam	1	1	0	0	2
44	SRTO Pattambi	0	1	0	1	2
45	SRTO Perinthalmanna	0	1	0	0	1
46	SRTO Ponnani	0	2	0	1	3
47	SRTO Tirur	0	4	2	1	7
48	SRTO Koyilandy	0	2	0	1	3
49	SRTO Koduvally	0	1	0	1	2
50	SRTO Thalassery	0	1	0	1	2
51	SRTO Taliparamba	1	2	1	0	4
52	SRTO Kunnathur	0	1	0	0	1
53	SRTO Angamaly	0	2	0	0	2
54	SRTO Chalakkudy	0	2	0	0	2
55	SRTO Tirurangadi	0	2	0	1	3
56	SRTO Devikulam	0	1	0	0	1
57	SRTO Udumbanchola	0	1	0	0	1
58	SRTO Chittur	0	1	0	0	1
59	SRTO Nilambur	0	2	0	0	2
60	SRTO Kattakkada	0	3	0	0	3
61	SRTO Thriprayar	1	2	0	0	3
62	SRTO Nanmanga	0	1	0	0	1
63	SRTO Perambra	1	1	0	0	2
64	SRTO Pathanapuram	1	0	0	0	1
65	SRTO Chadayamangalam	0	1	0	0	1
66	SRTO Konni	0	1	0	0	1
<b>Total</b>		<b>19</b>	<b>149</b>	<b>17</b>	<b>12</b>	<b>197</b>

Source: Data collected from Police department.

**Appendix XXV**

(Ref: Paragraph 2.4.6.12 - 2<sup>nd</sup> bullet)

**Lack of action on Certificate of Registration expired Non-Transport Vehicles**

Sl. No.	Office Name	No. of cases	Renewal fee due (₹ in crore)	Compounding fee due (₹ in crore)
1	RTO Thiruvananthapuram	2,414	0.57	0.73
2	RTO Kollam	1,279	0.35	0.38
3	RTO Pathanamthitta	438	0.10	0.13
4	RTO Alappuzha	531	0.11	0.16
5	RTO Kottayam	1,210	0.30	0.36
6	RTO Idukki	241	0.09	0.07
7	RTO Ernakulam	1,243	0.29	0.37
8	RTO Thrissur	1,680	0.41	0.50
9	RTO Palakkad	920	0.22	0.28
10	RTO Malappuram	940	0.29	0.28
11	RTO Kozhikode	1,132	0.27	0.34
12	RTO Wayanad	326	0.10	0.10
13	RTO Kannur	734	0.19	0.22
14	RTO Kasargod	491	0.15	0.15
15	RTO Attingal	714	0.21	0.21
16	RTO Muvattupuzha	765	0.20	0.23
17	RTO Vadakara	414	0.10	0.13
18	SRTO Parassala	575	0.19	0.17
19	SRTO Neyyattinkara	579	0.15	0.17
20	SRTO Nedumangad	873	0.27	0.26
21	SRTO Kazhakoottam	555	0.13	0.17
22	SRTO Karunagappalli	449	0.12	0.14
23	SRTO Kottarakkara	548	0.15	0.16
24	SRTO Punalur	480	0.15	0.14
25	SRTO Adoor	359	0.09	0.11
26	SRTO Thiruvalla	406	0.09	0.12
27	SRTO Mallappally	165	0.04	0.05
28	SRTO Kayamkulam	512	0.12	0.15
29	SRTO Chengannur	275	0.06	0.08
30	SRTO Mavelikkara	481	0.10	0.14
31	SRTO Cherthala	635	0.15	0.19
32	SRTO Changanassery	593	0.16	0.18

Sl. No.	Office Name	No. of cases	Renewal fee due (₹ in crore)	Compounding fee due (₹ in crore)
33	SRTO Kanjirappally	382	0.12	0.12
34	SRTO Pala	506	0.16	0.15
35	SRTO Vaikom	348	0.08	0.11
36	SRTO Vandiperiyar	262	0.10	0.08
37	SRTO Thodupuzha	473	0.13	0.14
38	SRTO Thripunithura	631	0.16	0.19
39	SRTO Perumbavoor	700	0.19	0.21
40	SRTO Aluva	647	0.15	0.19
41	SRTO North Paravur	750	0.18	0.22
42	SRTO Mattancherry	398	0.09	0.12
43	SRTO Kothamangalam	421	0.11	0.13
44	SRTO Irinjalakuda	875	0.20	0.26
45	SRTO Guruvayur	887	0.21	0.27
46	SRTO Kodungalloor	471	0.10	0.14
47	SRTO Wadakkanchery	613	0.15	0.18
48	SRTO Alathur	447	0.11	0.13
49	SRTO Mannarkkad	345	0.10	0.10
50	SRTO Ottappalam	388	0.10	0.12
51	SRTO Pattambi	411	0.11	0.12
52	SRTO Perinthalmanna	490	0.15	0.15
53	SRTO Ponnani	354	0.09	0.11
54	SRTO Tirur	972	0.27	0.29
55	SRTO Koyilandy	325	0.08	0.10
56	SRTO Koduvally	585	0.16	0.18
57	SRTO Thalassery	637	0.17	0.19
58	SRTO Taliparamba	483	0.13	0.15
59	SRTO Kanhangad	367	0.09	0.11
60	SRTO Kunnathur	183	0.05	0.05
61	SRTO Ranni	219	0.07	0.07
62	SRTO Angamaly	365	0.10	0.11
63	SRTO Chalakkudy	629	0.17	0.19
64	SRTO Tirurangadi	492	0.15	0.15
65	SRTO Kuttanad	130	0.03	0.04
66	SRTO Uzhavoor	291	0.08	0.09
67	SRTO Devikulam	233	0.09	0.07

Sl. No.	Office Name	No. of cases	Renewal fee due (₹ in crore)	Compounding fee due (₹ in crore)
68	SRTO Udumbanchola	342	0.14	0.10
69	SRTO Chittur	429	0.13	0.13
70	SRTO Nilambur	424	0.12	0.13
71	SRTO Mananthavady	175	0.06	0.05
72	SRTO Sulthan Bathery	340	0.11	0.10
73	SRTO Kattakkada	298	0.10	0.09
74	SRTO Thriprayar	400	0.12	0.12
75	SRTO Nanmanda	285	0.08	0.09
76	SRTO Perambra	164	0.04	0.05
77	SRTO Iritty	171	0.07	0.05
78	SRTO Vellarikundu	67	0.02	0.02
79	SRTO Pathanapuram	48	0.01	0.01
80	SRTO Varkala	146	0.05	0.04
81	SRTO Chadayamangalam	99	0.04	0.03
82	SRTO Konni	83	0.02	0.03
83	SRTO Kondotty	132	0.04	0.04
84	SRTO Ramanattukara (Feroke)	66	0.02	0.02
85	SRTO Payyannur	82	0.02	0.03
<b>Total</b>		<b>43,418</b>	<b>11.54</b>	<b>13.03</b>
<b>Grand Total</b>			<b>24.57</b>	

Source: VAHAN Database.

**Appendix XXVI**  
**(Ref: Paragraph 2.4.6.12 - 2<sup>nd</sup> bullet)**  
**Accidents involving Certificate of Registration expired Non-Transport Vehicles**

Sl. No.	Office Name	Fatal	Grievous injury	Minor injury	Non injury	Accident total
1	RTO Thiruvananthapuram	1	11	1	0	13
2	RTO Kollam	1	2	1	0	4
3	RTO Kottayam	0	3	1	0	4
4	RTO Idukki	0	1	0	0	1
5	RTO Ernakulam	0	1	1	0	2
6	RTO Thrissur	1	3	0	1	5
7	RTO Palakkad	0	2	1	0	3
8	RTO Kozhikode	0	4	0	1	5
9	RTO Kannur	0	2	0	0	2
10	RTO Kasargod	0	1	0	0	1
11	RTO Attingal	0	9	1	1	11
12	RTO Muvattupuzha	2	3	0	0	5
13	RTO Vadakara	0	1	0	0	1
14	SRTO Parassala	1	0	0	0	1
15	SRTO Neyyattinkara	1	0	0	0	1
16	SRTO Nedumangad	0	3	0	0	3
17	SRTO Kazhakoottam	0	1	0	1	2
18	SRTO Kottarakkara	0	2	0	0	2
19	SRTO Punalur	1	3	0	0	4
20	SRTO Adoor	0	3	0	0	3
21	SRTO Thiruvalla	0	4	0	0	4
22	SRTO Kayamkulam	0	1	0	0	1
23	SRTO Mavelikkara	0	2	0	0	2
24	SRTO Cherthala	1	2	0	0	3
25	SRTO Changanassery	0	3	0	0	3
26	SRTO Pala	0	1	0	0	1
27	SRTO Vaikom	0	1	0	0	1
28	SRTO Thripunithura	0	1	1	0	2
29	SRTO Perumbavoor	0	2	1	0	3
30	SRTO Aluva	0	2	1	0	3
31	SRTO North Paravur	1	3	1	0	5
32	SRTO Kothamangalam	0	0	5	0	5

Sl. No.	Office Name	Fatal	Grievous injury	Minor injury	Non injury	Accident total
33	SRTO Irinjalakuda	0	1	0	0	1
34	SRTO Kodungalloor	1	2	0	0	3
35	SRTO Wadakkanchery	0	1	0	0	1
36	SRTO Alathur	0	1	0	0	1
37	SRTO Mannarkkad	0	1	0	0	1
38	SRTO Ottappalam	0	2	0	0	2
39	SRTO Pattambi	0	0	1	0	1
40	SRTO Ponnani	0	2	0	0	2
41	SRTO Tirur	0	3	0	1	4
42	SRTO Koyilandy	0	2	0	0	2
43	SRTO Koduvally	0	1	0	0	1
44	SRTO Thalassery	0	0	1	1	2
45	SRTO Taliparamba	0	1	1	0	2
46	SRTO Kanhangad	1	1	0	0	2
47	SRTO Angamaly	0	2	1	0	3
48	SRTO Chalakkudy	0	4	0	0	4
49	SRTO Tirurangadi	0	1	1	0	2
50	SRTO Chittur	1	1	0	0	2
51	SRTO Kattakkada	0	1	0	0	1
52	SRTO Thriprayar	0	1	0	0	1
53	SRTO Nanmanda	0	2	0	0	2
54	SRTO Varkala	0	1	0	0	1
<b>Total</b>		<b>13</b>	<b>108</b>	<b>20</b>	<b>6</b>	<b>147</b>

Source: Data collected from Police Department.

**Appendix XXVII**  
**(Ref: Paragraph 2.4.6.12 - 3<sup>rd</sup> bullet)**  
**Operation of Transport Vehicles without a valid permit**

Sl. No.	Office Name	No. of cases	Compounding fee due (₹ in lakh)
1	RTO Thiruvananthapuram	29	1.77
2	RTO Kollam	29	1.77
3	RTO Pathanamthitta	11	0.64
4	RTO Alappuzha	9	0.45
5	RTO Kottayam	31	1.56
6	RTO Idukki	3	0.18
7	RTO Ernakulam	25	1.02
8	RTO Thrissur	44	2.58
9	RTO Palakkad	61	2.41
10	RTO Malappuram	36	1.98
11	RTO Kozhikode	27	1.30
12	RTO Wayanad	7	0.43
13	RTO Kannur	45	2.20
14	RTO Kasargod	31	2.24
15	RTO Attingal	18	0.86
16	RTO Muvattupuzha	25	1.52
17	RTO Vadakara	19	0.84
18	SRTO Parassala	27	1.26
19	SRTO Neyyattinkara	17	0.69
20	SRTO Nedumangad	14	0.82
21	SRTO Kazhakoottam	14	0.69
22	SRTO Karunagappalli	13	0.66
23	SRTO Kottarakkara	20	1.36
24	SRTO Punalur	11	0.60
25	SRTO Adoor	17	0.96
26	SRTO Thiruvalla	17	1.10
27	SRTO Mallappally	14	0.92
28	SRTO Kayamkulam	21	1.12
29	SRTO Chengannur	8	0.42
30	SRTO Mavelikkara	19	1.16
31	SRTO Cherthala	23	1.46
32	SRTO Changanassery	24	1.44

Sl. No.	Office Name	No. of cases	Compounding fee due (₹ in lakh)
33	SRTO Kanjirappally	9	0.58
34	SRTO Pala	7	0.44
35	SRTO Vaikom	21	1.26
36	SRTO Vandiperiyar	7	0.48
37	SRTO Thodupuzha	10	0.44
38	SRTO Thripunithura	20	1.05
39	SRTO Perumbavoor	59	3.88
40	SRTO Aluva	36	1.62
41	SRTO North Paravur	21	1.04
42	SRTO Mattancherry	3	0.14
43	SRTO Kothamangalam	12	0.76
44	SRTO Irinjalakuda	24	1.26
45	SRTO Guruvayur	38	1.54
46	SRTO Kodungalloor	24	1.08
47	SRTO Wadakkanchery	34	1.70
48	SRTO Alathur	21	0.76
49	SRTO Mannarkkad	9	0.50
50	SRTO Ottappalam	34	1.65
51	SRTO Pattambi	32	1.50
52	SRTO Perinthalmanna	23	1.05
53	SRTO Ponnani	34	1.56
54	SRTO Tirur	43	1.74
55	SRTO Koyilandy	9	0.36
56	SRTO Koduvally	23	1.14
57	SRTO Thalassery	41	1.86
58	SRTO Taliparamba	28	1.52
59	SRTO Kanhangad	19	1.06
60	SRTO Kunnathur	9	0.50
61	SRTO Ranni	15	1.08
62	SRTO Angamaly	31	1.65
63	SRTO Chalakkudy	37	1.92
64	SRTO Tirurangadi	22	1.02
65	SRTO Kuttanad	6	0.45
66	SRTO Uzhavoor	3	0.18
67	SRTO Devikulam	9	0.32

Sl. No.	Office Name	No. of cases	Compounding fee due (₹ in lakh)
68	SRTO Udumbanchola	11	0.60
69	SRTO Chittur	17	0.78
70	SRTO Nilambur	10	0.48
71	SRTO Mananthavady	12	0.86
72	SRTO Sulthan Bathery	12	0.81
73	SRTO Kattakkada	9	0.50
74	SRTO Thriprayar	12	0.58
75	SRTO Nanmanda	1	0.03
76	SRTO Perambra	9	0.40
77	SRTO Iritty	11	0.69
78	SRTO Vellarikundu	5	0.38
79	SRTO Pathanapuram	5	0.28
80	SRTO Varkala	4	0.30
81	SRTO Chadayamangalam	4	0.21
82	SRTO Konni	3	0.22
83	SRTO Kondotty	6	0.32
84	SRTO Ramanattukara (Feroke)	2	0.06
85	SRTO Payyannur	5	0.28
<b>Total</b>		<b>1,620</b>	<b>85.28</b>

Source: VAHAN Database.

**Appendix XXVIII**  
**(Ref: Paragraph 2.4.6.12 - 4<sup>th</sup> bullet (i))**  
**Non-compounding of offense for driving transport vehicles without**  
**a valid Certificate of Fitness**

Sl. No.	Office name	No. of challans	Penalty (₹ in lakh)
1	RTO Thiruvananthapuram	67	1.99
2	RTO Kollam	110	3.33
3	RTO Pathanamthitta	21	0.64
4	RTO Alappuzha	117	3.46
5	RTO Kottayam	80	2.42
6	RTO Idukki	55	1.70
7	RTO Ernakulam	63	1.88
8	RTO Thrissur	91	2.76
9	RTO Palakkad	38	1.14
10	RTO Malappuram	146	4.38
11	RTO Kozhikode	6	0.17
12	RTO Wayanad	25	0.78
13	RTO Kannur	118	3.56
14	RTO Kasargod	52	1.70
15	RTO NS, Thiruvananthapuram	5	0.13
16	RTO Attingal	21	0.64
17	RTO Muvattupuzha	9	0.27
18	RTO Vadakara	15	0.43
19	SRTO Chittur	1	0.05
20	DTC Office South Zone	1	0.03
21	DTC Office Central Zone-1	11	0.38
22	DTC Office Central Zone-2	33	1.06
23	DTC Office North Zone	15	0.46
24	RTO (E) Thiruvananthapuram	483	14.38
25	RTO (E) Kollam	473	14.21
26	RTO (E) Pathanamthitta	324	9.69
27	RTO (E) Alappuzha	446	13.44
28	RTO (E) Kottayam	485	14.88
29	RTO (E) Idukki	574	17.13
30	RTO (E) Ernakulam	476	14.21
31	RTO (E) Thrissur	805	24.31

Sl. No.	Office name	No. of challans	Penalty (₹ in lakh)
32	RTO (E) Palakkad	261	7.80
33	RTO (E) Malappuram	396	11.91
34	RTO (E) Kozhikode	267	7.98
35	RTO (E) Wayanad	156	4.68
36	RTO (E) Kannur	315	9.56
37	RTO (E) Kasargod	242	7.26
<b>Total</b>		<b>6,803</b>	<b>204.80</b>

Source: E-challan software.

**Appendix XXIX**  
(Ref: Paragraph 2.4.6.12 - 4<sup>th</sup> bullet (ii))  
**Non-compounding of offence for driving vehicles without valid registration**

Sl. No.	Office Name	No. of challans	Total penalty (₹ in lakh)
1	RTO Thiruvananthapuram	70	2.10
2	RTO Kollam	110	3.30
3	RTO Pathanamthitta	30	0.90
4	RTO Alappuzha	124	3.72
5	RTO Kottayam	48	1.44
6	RTO Idukki	42	1.26
7	RTO Ernakulam	49	1.47
8	RTO Thrissur	132	3.96
9	RTO Palakkad	87	2.61
10	RTO Malappuram	130	3.90
11	RTO Kozhikode	14	0.42
12	RTO Wayanad	20	0.60
13	RTO Kannur	67	2.01
14	RTO Kasargod	28	0.84
15	RTO NS, Thiruvananthapuram	13	0.39
16	RTO Attingal	25	0.75
17	RTO Muvattupuzha	35	1.05
18	RTO Vadakara	16	0.48
19	DTC Office South Zone	10	0.30
20	DTC Office Central Zone-1	16	0.48
21	DTC Office Central Zone-2	12	0.36
22	DTC Office North Zone	4	0.12
23	RTO (E) Thiruvananthapuram	9,901	297.03
24	RTO (E) Kollam	2,659	79.77
25	RTO (E) Pathanamthitta	1,344	40.32
26	RTO (E) Alappuzha	1,631	48.93
27	RTO (E) Kottayam	1,223	36.69
28	RTO (E) Idukki	1,072	32.16
29	RTO (E) Ernakulam	2,367	71.01
30	RTO (E) Thrissur	2,088	62.64
31	RTO (E) Palakkad	1,712	51.36
32	RTO (E) Malappuram	2,033	60.99

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Sl. No.	Office Name	No. of challans	Total penalty (₹ in lakh)
33	RTO (E) Kozhikode	1,893	56.79
34	RTO (E) Wayanad	634	19.02
35	RTO (E) Kannur	650	19.50
36	RTO (E) Kasargod	659	19.77
<b>Total</b>		<b>30,948</b>	<b>928.44</b>

Source: E-challan software.

**Appendix XXX**  
**(Ref: Paragraph 2.4.6.12 - 5<sup>th</sup> bullet)**  
**Irregular compounding of offence**

Sl. No.	Office Name	No. of cases
1	RTO Thiruvananthapuram	38
2	RTO Kollam	76
3	RTO Pathanamthitta	20
4	RTO Alappuzha	100
5	RTO Kottayam	56
6	RTO Idukki	86
7	RTO Ernakulam	21
8	RTO Thrissur	40
9	RTO Palakkad	83
10	RTO Malappuram	91
11	RTO Kozhikode	26
12	RTO Wayanad	114
13	RTO Kannur	58
14	RTO Kasargod	42
15	RTO NS, Thiruvananthapuram	3
16	RTO Attingal	14
17	RTO Muvattupuzha	18
18	RTO Vadakara	13
19	SRTO Chittur	1
20	DTC Office South Zone	3
21	DTC Office Central Zone-1	40
22	DTC Office Central Zone-2	15
23	DTC Office North Zone	22
24	RTO (E) Thiruvananthapuram	15
25	RTO (E) Kollam	173
26	RTO (E) Pathanamthitta	4
27	RTO (E) Alappuzha	125
28	RTO (E) Kottayam	70
29	RTO (E) Idukki	107
30	RTO (E) Ernakulam	25
31	RTO (E) Thrissur	116
32	RTO (E) Palakkad	38

Sl. No.	Office Name	No. of cases
33	RTO (E) Malappuram	75
34	RTO (E) Kozhikode	40
35	RTO (E) Wayanad	33
36	RTO (E) Kannur	92
37	RTO (E) Kasargod	79
<b>Total</b>		<b>1,972</b>

Source: E-challan software.

**Appendix XXXI**  
**(Ref: Paragraph 2.4.6.12 - 6<sup>th</sup> bullet)**  
**Short collection of penalty for carrying overload in vehicles**

Sl. No.	Office name	No. of cases	Amount (₹ in lakh)
1	RTO Thiruvananthapuram	2	0.23
2	RTO Kollam	2	0.26
3	RTO Pathanamthitta	1	0.03
4	RTO Alappuzha	1	0.26
5	RTO Kottayam	2	0.23
6	RTO Ernakulam	12	1.92
7	RTO Palakkad	3	0.27
8	RTO Malappuram	1	0.04
9	RTO Wayanad	1	0.02
10	RTO Kannur	1	0.15
11	RTO Kasargod	1	0.04
12	RTO Attingal	1	0.08
13	RTO Muvattupuzha	4	0.44
14	RTO Vadakara	1	0.05
15	DTC Office Central Zone-2	2	0.11
16	RTO (E) Thiruvananthapuram	5	0.20
17	RTO (E) Kollam	16	1.20
18	RTO (E) Pathanamthitta	3	0.10
19	RTO (E) Alappuzha	4	0.45
20	RTO (E) Kottayam	12	1.22
21	RTO (E) Idukki	4	0.54
22	RTO (E) Ernakulam	68	12.05
23	RTO (E) Thrissur	23	4.58
24	RTO (E) Palakkad	9	1.68
25	RTO (E) Malappuram	9	1.61
26	RTO (E) Kozhikode	4	0.22
27	RTO (E) Wayanad	2	0.16
28	RTO (E) Kannur	5	0.31
29	RTO (E) Kasargod	5	0.30
<b>Total</b>		<b>204</b>	<b>28.75</b>

Source: E-challan software.

**Appendix - XXXII**  
**(Reference: Paragraph 3.4.6.1)**  
**Non demand of Excise Duty, Sales Tax and Turnover Tax on liquor manufactured from**  
**ENA found short/ unaccounted**

Particulars		Amount
Shortage of ENA detected in storage tanks	A	4,60,659 BL
Allowable storage wastage @ 0.5 per cent of 4,60,659	B = 0.5% of A	2,303 BL
Available ENA for production	C = A - B	4,58,356 BL
Ethyl alcohol contained in imported ENA (95 per cent based on the average purity determined in chemical laboratory)	D = C * 95%	4,35,438 BL
Percentage of Ethyl Alcohol contained in One BL of Liquor in Kerala	E	42.86
Quantity of liquor that could have been manufactured using 4,35,438 BL of ethyl alcohol (4,35,438 x 100/42.86)	F = D*100/E	10,15,954 BL
Allowable bottling wastage @ 0.5% of 10,15,954	G = 0.5% of F	5,080 BL
Available Quantity of Liquor for sale	H = F - G	10,10,874 BL
No. of cases of one litre bottle (10,10,874/9)	I = H/9	1,12,319
Excise Duty leviable per case of one litre bottle	J	₹729.67
Excise Duty due (729.67 x 1,12,319)	K = I * J	₹8,19,55,805
Sales tax leviable per case of liquor	L	₹3,416.71
Sales Tax due (₹3,416.71 x 1,12,319)	M = I * L	₹38,37,61,450
Sales price after tax	N	₹4,800
Total Turnover (4,800 x 1,12,319)	O = I * N	₹53,91,31,200
Turnover Tax due (5% of 53,91,31,200)	P = 5% of O	₹2,69,56,560
Cess due @ one per cent on the tax payable (38,37,61,450 + 2,69,56,560 = 41,07,18,010)	Q = 1% of (M + P)	₹41,07,180
Total due (8,19,55,805 + 38,37,61,450 + 2,69,56,560 + 41,07,180)	R = K + M + P + Q	₹49,67,80,995

Source: Calculation based on Departmental records.

**Appendix - XXXIII**  
**(Reference: Paragraph 3.4.6.1)**  
**Non demand of Excise Duty, Sales Tax and Turnover Tax on liquor manufactured from ENA found short/ unaccounted**

Particulars	Formula	Amount
Shortage of ENA detected from Tanker lorries	A	20,386 BL
Allowable wastage @ 0.5 per cent of 20,386	B = 0.5% of A	102 BL
Available ENA for production	C = A - B	20,284 BL
Volume of ethyl alcohol available for liquor production (95 per cent)	D = 95% of C	19,270 BL
Percentage of Ethyl Alcohol contained in One BL of Liquor in Kerala	E	42.86
Quantity of liquor that could have been manufactured using 19,270 BL of ethyl alcohol (19,270 x 100/42.86)	F = D*100/E	44,960 BL
Allowable bottling wastage @ 0.5% of 44,960	G = 0.5% of F	225 BL
Available quantity of Liquor for sale	H = F - G	44,735 BL
No. of cases of one litre bottle (44,735/9)	I = H/9	4,971
Excise Duty leviable per case of one litre bottle	J	₹729.67
Excise Duty due (729.67 x 4,971)	K = I * J	₹36,27,190
Sales tax leviable per case of liquor	L	₹3,416.71
Sales Tax due (₹3,416.71 x 4,971)	M = I * L	₹1,69,84,465
Sales price after tax	N	₹4,800
Total Turnover (4,800 x 4,971)	O = I * N	₹2,38,60,800
Turnover Tax due (5% of 2,38,60,800)	P = 5% of O	₹11,93,040
Cess due @ one per cent on the tax payable (1,69,84,465+11,93,040 = 1,81,77,505)	Q = 1% of (M + P)	₹1,81,775
Total due (36,27,190 + 1,69,84,465 + 11,93,040 + 1,81,775)	R = K + M + P + Q	₹2,19,86,470

Source: Calculation based on Departmental record.

**Appendix – XXXIV**  
**(Reference: Paragraph 3.4.6.4)**  
**Short collection of fine due to allowance of excess transit wastage of ENA**

<b>Sl. No</b>	<b>Distillery Name</b>	<b>Excess loss of ENA in proof litre</b>	<b>Amount (₹ in lakh)</b>
1	Distillery at Govindapuram	11,779	1.75
2	Distillery at Kiraloor	6,465	1.29
3	Distillery at Chalakudy	6,711	1.34
4	Distillery at Mannuthy	12,378	2.47
<b>Total</b>		<b>37,333</b>	<b>6.85</b>

**Appendix - XXXV**  
**(Reference: Paragraph No. 3.4.6.6 (i))**  
**Non-demand of cost of establishment**

Sl. No.	Name (Ms./ Mr.) & Designation	Period	Revised pay (₹)	Pre-revised pay (₹)	Total amount (₹)
1	Sreenivasan Pathil, PO	01.07.2019 to 31.12.2019	51,400	36,600	88,800
	-do-	01.01.2020 to 31.10.2020	52,600	37,500	1,51,000
2	Nidheesh Vaikath, CEO	01.07.2019 to 31.10.2019	39,300	27,800	46,000
3	Ajeesh C, CEO	01.07.2019 to 30.06.2020	35,600	25,200	1,24,800
4	Jijin MV, CEO	01.11.2019 to 31.08.2020	41,300	29,200	1,21,000
	-do-	01.09.2020 to 31.10.2020	42,300	29,900	24,800
5	Sajith Kumar TK, CEO	01.07.2020 to 31.01.2021	33,800	24,600	64,400
	-do-	01.02.2021 to 28.02.2021	35,600	25,200	10,400
6	Muralidharan M, CEO	01.10.2020 to 28.02.2021	28,700	20,550	40,750
<b>Total</b>					<b>6,71,950</b>

**Appendix - XXXVI**  
**(Reference: Paragraph 3.4.6.6 (ii))**  
**Non demand of cost of establishment**

Sl. No.	Month	Designation	Pay Scale	Basic pay	Gross	Cost of Establishment	Leave salary & Pension Contribution
1	07/2021	CEO	37,400-79,000	41,300	47,029	58,200	19,750
2	08/2021	PO	41,300-87,000	53,900	61,047	64,150	21,750
		CEO	37,400-79,700	41,300	47,029	58,200	19,750
		WCEO	27,900-63,700	35,600	40,588	45,800	15,925
3	09/2021	PO	41,300-87,000	53,900	61,047	64,150	21,750
		CEO	37,400-79,700	41,300	47,029	58,200	19,750
		WCEO	27,900-63,700	35,600	40,588	45,800	15,925
4	10/2021	PO	41,300-87,000	53,900	61,047	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	27,900-63,700	35,600	40,588	45,800	15,925
5	11/2021	PO	41,300-87,000	53,900	61,047	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	27,900-63,700	35,600	40,588	45,800	15,925
6	12/2021	PO	41,300-87,000	53,900	61,047	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	27,900-63,700	35,600	40,588	45,800	15,925
7	01/2022	PO	41,300-87,000	53,900	61,047	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	27,900-63,700	35,600	40,588	45,800	15,925
8	02/2022	PO	41,300-87,000	53,900	61,047	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	27,900-63,700	35,600	40,588	45,800	15,925
9	03/2022	PO	41,300-87,000	53,900	61,047	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	27,900-63,700	35,600	40,588	45,800	15,925
10	04/2022	PO	41,300-87,000	53,900	61,047	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	27,900-63,700	35,600	40,588	45,800	15,925
11	05/2022	PO	41,300-87,000	53,900	61,047	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750

Sl. No.	Month	Designation	Pay Scale	Basic pay	Gross	Cost of Establishment	Leave salary & Pension Contribution
12	06/2022	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750
13	07/2022	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750
14	08/2022	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750
15	09/2022	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	42,300	48,159	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750
16	10/2022	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750
17	11/2022	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750
18	12/2022	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750
19	01/2023	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750
20	02/2023	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750
21	03/2023	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	37,400-79,000	38,300	42,653	58,200	19,750
22	04/2023	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
23	05/2023	PO	41,300-87,000	55,200	62,516	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750

Sl. No.	Month	Designation	Pay Scale	Basic pay	Gross	Cost of Establishment	Leave salary & Pension Contribution
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
24	06/2023	PO	41,300-87,000	56,500	63,985	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
25	07/2023	PO	41,300-87,000	56,500	63,985	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
26	08/2023	PO	41,300-87,000	56,500	63,985	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
27	09/2023	PO	41,300-87,000	56,500	63,985	64,150	21,750
		CEO	37,400-79,000	43,400	49,402	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
28	10/2023	PO	41,300-87,000	56,500	63,985	64,150	21,750
		CEO	37,400-79,000	44,500	49,539	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
29	11/2023	PO	41,300-87,000	56,500	63,985	64,150	21,750
		CEO	37,400-79,000	44,500	49,539	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
30	12/2023	PO	41,300-87,000	56,500	63,985	64,150	21,750
		CEO	37,400-79,000	44,500	49,539	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
31	01/2024	PO	41,300-87,000	56,500	63,985	64,150	21,750
		CEO	37,400-79,000	44,500	49,539	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
32	02/2024	PO	41,300-87,000	56,500	63,985	64,150	21,750
		CEO	37,400-79,000	44,500	49,539	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
33	03/2024	PO	41,300-87,000	56,500	63,985	64,150	21,750
		CEO	37,400-79,000	44,500	49,539	58,200	19,750
		WCEO	27,900-63,700	39,300	44,740	58,200	19,750
<b>Total</b>						<b>57,24,200</b>	<b>19,45,325</b>
<b>Grand Total</b>							<b>76,69,525</b>

Source: Departmental records.

**Appendix - XXXVII**  
**(Reference: Paragraph 3.4.7.1)**  
**Non-establishment of permanent Excise establishment at Warehouses**

Name of KSBC warehouse	Posting Order	Pay scale of PO	Average pay (₹)	Leave salary & pension contribution (₹)	Uniform allowance (₹)	Total Amount (₹)
Naduvannur, Kozhikode	LF-9/2022/00012 dated 01.10.2022	37,400-79,000	58,200	19,750	417	78,367
Kadavanthra, Ernakulam	LF-9/2022/00011 dated 01.10.2022	-do-	58,200	19,750	417	78,367
Menamkulam, Thiruvananthapuram	LF-9/2022/00009 dated 01.10.2022	-do-	58,200	19,750	417	78,367
<b>Total</b>						<b>2,35,101</b>

**Appendix - XXXVIII**  
**(Reference: Paragraph 3.4.8.2)**  
**Non-payment of Turnover tax by a Brewery at Kanjikkode, Palakkad**

Particulars	Amount
Assessee	Brewery at Kanjikkode
TIN/ KGST No.	32XXXXXX1992
Year of assessment	2023-24
Nature of Business	Manufacture of beer
Total turnover conceded for 2023-24	₹2,90,12,48,734
Taxable turnover conceded for 2023-24 after deducting cash discount	₹2,73,47,44,573
Turnover tax due including cess @ 5.05%	₹13,81,04,600
<b>Total</b>	<b>₹13,81,04,600</b>

**Appendix - XXXIX**  
**(Reference: Paragraph 3.4.8.3)**  
**Short levy/ collection of Sales Tax due to application of incorrect rate of tax**

Sl. No.	Item	Pre-revised rate of tax* (%)	Revised rate# (%)
1	Beer not covered under sub entry (ii)	112	116
2	Wine not covered under sub entry (i)	82	86
3	Foreign Liquor not covered under sub entries (i), (ii) & (iii) above for which price value incurred is above ₹400 per case	247	251
4	Other Foreign Liquor not covered under items (i) & (ii) above	237	241

\* with effect from 16 May 2020 by KGST (Amendment) Act, 2021.

# with effect from 16 December 2022 by Kerala Finance Act, 2022.

**Appendix - XL**  
**(Reference: Paragraph 3.4.8.3 (a))**  
**Short levy/ collection of Sales Tax due to application of incorrect rate of tax**

Particulars		Amount
Name of the Assessee		Liquor Canteen, GC, CRPF Pallipuram
TIN		32010674826
Year and Date of Assessment Order		2018-19 dated 28 July 2021
Assessment done by		Assistant Commissioner, III Circle, Thiruvananthapuram
Current Assessing Authority		Deputy Commissioner, TPS Division, Kazhakoottam
Taxable Turnover as per return	A	₹3,09,28,787
Sales Tax due @ 210 per cent of 3,09,28,787	B = 210% of A	₹6,49,50,453
Total Tax paid	C	₹4,59,67,677
Short levy of Sales Tax	D = B - C	₹1,89,82,776
ToT applicable on the short levy of tax	E = 5% of D	₹9,49,139
Total short levy (₹1,89,82,776 + ₹9,49,139)	F = D + E	₹1,99,31,915
Interest due @ 12 per cent per annum from April 2019 to March 2024	G = 60% of F	₹1,19,59,149
<b>Total short levy</b>	<b>H = F + G</b>	<b>₹3,18,91,064</b>

**Appendix - XLI**  
**(Reference: Paragraph 3.4.8.3 (b))**  
**Short levy/ collection of Sales Tax due to application of incorrect rate of tax**

Sl. No.	Item	Tax rate applied	Sale price collected (including Sales Tax) (₹)							Total Sales Turnover	Turnover excluding Sales Tax
			16.12.22	17.12.22	18.12.22	19.12.22	20.12.22	21.12.22	22.12.22		
1	Beer	112	1,64,06,460	2,35,52,500	3,760	Nil*	Nil	Nil	Nil	3,99,62,720	1,88,50,340
2	Wine	82	14,80,870	21,38,860	Nil	Nil	Nil	Nil	Nil	36,19,730	19,88,862
3	Foreign Liquor	247	31,61,48,200	11,55,290	15,720	7,860	9,170	13,100	18,340	31,73,67,680	9,14,60,426

\* 'Nil' represents the date from which rate was revised and hence no short collection.

**Appendix - XLII**  
**(Reference: Paragraph 3.4.8.3 (b))**  
**Short levy/ collection of Sales Tax due to application of incorrect rate of tax**

Sl. No.	Particulars	Amount (₹)
1	Taxable Turnover on beer excluding tax on sale price of ₹3,99,62,720	1,88,50,340
2	Taxable Turnover on wine excluding tax on sale price of ₹36,19,730	19,88,862
3	Taxable Turnover on IMFL excluding tax on sale price of ₹31,73,67,680	9,14,60,426
4	Total Taxable Turnover at which tax collected at reduced rate	11,22,99,628
5	Short levy of tax @ differential rate of 4%	44,91,985
6	ToT due on the short levy of tax	2,24,599
7	Interest due @ 12 <i>per cent</i> per annum from January 2023 to March 2024	7,07,487
<b>Total short levy (5+6+7)</b>		<b>54,24,071</b>

**Appendix - XLIII**  
**(Reference: Paragraph 3.4.9.1)**  
**Transit Permits issued for Mahe**

Sl. No.	Permit No. Mahe transit	IMFL (BL)	Entry Check point
1	725/2021	6,174	Muthanga
2	727/2021	5,364	Muthanga
3	740/2021	2,381.4	Manjeswaram
4	753/2021	6,480	Muthanga
5	774/2021	6,480	Manjeswaram
6	776/2021	5,362.2	Muthanga
7	441/22-23	6,483	Muthanga
8	445/22-23	4,437	Muthanga
9	446/22-23	5,400	Muthanga
10	447/22-23	6,480	Manjeswaram
11	448/22-23	2,520	Manjeswaram
12	496/22-23	2,991.6	Muthanga
13	527/22-23	6,300	Muthanga
14	1113/23-24	1,569.6	Manjeswaram
15	1123/23-24	6,228	Manjeswaram
16	1146/23-24	6,210	Muthanga
17	1152/23-24	4,776.6	Muthanga
18	1164/23-24	5,850	Muthanga
19	1165/23-24	4,010.4	Muthanga
20	1189/23-24	6,283.8	Muthanga
21	1194/23-24	4,258.8	Muthanga
22	1195/23-24	4,680	Muthanga
<b>Total</b>		<b>1,10,720.4</b>	

**Appendix - XLIV**  
**(Reference: Paragraph 3.4.9.2)**  
**Transit permits issued by JEC, Central Zone, Kochi**

Sl. No.	Transit Permit No. issued by JEC, Ernakulam	Date	No. of cases of liquor
1	4/2021-22	26-06-2021	240
2	5/2021-22	29-06-2021	205
3	6/2021-22	14-07-2021	71
4	8/2021-22	30-07-2021	250
5	9/2021-22	09-08-2021	228
6	13/2021-22	29-09-2021	49
7	14/2021-22	05-10-2021	147
8	15/2021-22	21-10-2021	210
9	16/2021-22	21-10-2021	148
10	17/2021-22	26-10-2021	133
11	18/2021-22	28-10-2021	550
12	25/2021-22	16-11-2021	535
13	30/2021-22	01-01-2022	400
14	32/2021-22	20-01-2022	106
15	39/2021-22	16-02-2022	150
16	40/2021-22	26-02-2022	70
17	42/2021-22	09-03-2022	249
18	6/2022-23	17-05-2022	170
19	8/2022-23	19-05-2022	250
20	29/2022-23	11-08-2022	450
21	30/2022-23	17-08-2022	163
22	34/2022-23	29-08-2022	360
23	39/2022-23	14-09-2022	566
24	40/2022-23	17-09-2022	200
25	41/2022-23	17-09-2022	727
26	42/2022-23	17-09-2022	993
27	43/2022-23	27-09-2022	250
28	45/2022-23	17-10-2022	378
29	48/2022-23	20-10-2022	135
30	55/2022-23	23-11-2022	291
31	62/2022-23	14-12-2022	464
32	63/2022-23	15-12-2022	165

Sl. No.	Transit Permit No. issued by JEC, Ernakulam	Date	No. of cases of liquor
33	68/2022-23	03-01-2023	30
34	71/2022-23	19-01-2023	243
35	72/2022-23	19-01-2023	1,016
36	73/2022-23	31-01-2023	1,110
37	74/2022-23	31-01-2023	1,180
38	75/2022-23	31-01-2023	1,299
39	77/2022-23	06-02-2023	152
40	78/2022-23	09-02-2023	892
41	79/2022-23	09-02-2023	507
42	81/2022-23	16-02-2023	1,400
43	82/2022-23	01-03-2023	85
44	83/2022-23	03-03-2023	20
45	85/2022-23	09-03-2023	155
46	88/2022-23	14-03-2023	197
47	95/2022-23	31-03-2023	1,290
48	96/2022-23	31-03-2023	1,290
49	12/2023-24	24-05-2023	231
50	21/2023-24	02-06-2023	168
51	26/2023-24	08-06-2023	2,200
52	42/2023-24	04-08-2023	2,200
53	53/2023-24	22-08-2023	674
54	55/2023-24	26-08-2023	487
55	56/2023-24	05-09-2023	910
56	60/2023-24	18-09-2023	968
57	61/2023-24	18-09-2023	816
58	62/2023-24	18-09-2023	235
59	65/2023-24	19-09-2023	640
60	71/2023-24	25-09-2023	2,200
61	72/2023-24	25-09-2023	1,248
62	74/2023-24	27-09-2023	688
63	76/2023-24	29-09-2023	2,200
64	79/2023-24	06-10-2023	909
65	88/2023-24	29-10-2023	505
66	89/2023-24	25-10-2023	178
67	108/2023-24	27-11-2023	239

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Sl. No.	Transit Permit No. issued by JEC, Ernakulam	Date	No. of cases of liquor
68	109/2023-24	27-11-2023	627
69	111/2023-24	27-11-2023	773
70	114/2023-24	04-12-2023	80
71	132/2023-24	16-01-2024	617
72	155/2023-24	14-02-2024	250
73	159/2023-24	22-02-2024	752
74	167/2023-24	06-03-2024	924
75	168/2023-24	06-03-2024	236
76	169/2023-24	06-03-2024	799
77	171/2023-24	06-03-2024	364
78	172/2023-24	06-03-2024	364
<b>Total</b>			<b>43,651</b>

**Appendix - XLV**  
**(Reference: Paragraph 3.4.10.1)**

**Absence of regulatory support allows tax defaulters to retain Abkari Licences**

Sl. No.	Name of assessee/ licensee	TPS Division	Arrear amount (₹)	Continuous defaulter w.e.f.
1	Hotel Landmark, Kanhangad	Kasargod	3,26,88,273	2020-21
2	Kals Breweries	Irinjalakuda	7,79,20,733	10.01.2023
3	Chand V Industries, Aravusala, Kaipamangalam TIN-32081051654	-do-	2,21,92,624	2010-11 to 2023-24
4	ChandV Residency, Thrissur	Thrissur		May 2024
5	Hotel Savera Park	Thrissur		July 2024
6	Mangala Tourist Home	Thrissur		July 2024
7	Royal Residency Park Pvt. Ltd., Thiruvilvamala	Wadakkancherry		August 2024
8	Kangappadan Residency, Ramavarmapuram	-do-		September 2024
9	Mayura Inn, Mannuthy	-do-		September 2024
10	Palakkad Heritage Hotel	Palakkad	Penalty notices issued	October 2024
11	Kalyan Tourist Home	-do-		July 2024
12	Hotel Sreechakra	-do-		October 2024
13	Chithrapuri heritage Hotel	-do-		October 2024
14	Mannarkkad Wines	Ottappalam	Not yet ascertained	April 2023
15	Surya & Girirani Tourist Home	Pathanamthitta	35,00,000	10 months

**Appendix - XLVI**  
**(Reference: Paragraph 3.4.10.1)**  
**Absence of regulatory support allows tax defaulters to retain Abkari Licences**

Sl. No.	Name of licensee	Period without KGST registration	Remarks
1	CRPF Master Canteen, Pallipuram (BW1A licensee)	27.02.2019 - 08.06.2020	Registration taken on 08.06.2020
2	Varsha International, Kodakara, Thrissur (FL-3 licensee)	05.06.2024 - 25.06.2024	Registration cancelled. New registration w.e.f. 26.06.2024
3	Chand V Industries, Kaipamangalam, Thrissur	05.06.2024 - 24.07.2024	Registration cancelled on 05.06.2024. New registration w.e.f. 25.07.2024
4	Hotel Saradhy, Arattupuzha, Pathanamthitta (FL-11)	20.06.2024 - 06.08.2024	Registration cancelled on 20.06.2024. New registration w.e.f. 06.08.2024
5	Travancore Club, Thiruvalla	20.06.2024 - 31.08.2024	Registration cancelled on 20.06.2024. New registration w.e.f. 31.08.2024

**Appendix - XLVII**  
**(Ref: Paragraph 3.4.11.1)**  
**Failure to detect unauthorised reconstitution of Board of Directors/ Partners of Company/ partnership firm holding Foreign Liquor Licence**

Sl. No.	Name of the Excise Division	Name of the Hotel & FL Licence No.	Name of the Company	CIN of the Company	Name of the changed members in the Board of Directors	Date of reconstitution	Number of times reconstituted	Fee plus Fine due for each reconstitution (₹)	Amount due (₹)	
1	Kottayam	Vembanadu Tourist Home, Vaikkom FL-3 No. KT-24/2023-24/ Kottayam	Partnership	NA	<ul style="list-style-type: none"> <li>Wilson Poulse</li> <li>Joyce George</li> </ul>	03.09.2022	1	4,00,000	4,00,000	
2	Thrissur	Central Residency Thrissur FL-3 No.TSR-142/Thrissur	Vynika Hotels Private Limited	U55209KL2019PTC059734	<ul style="list-style-type: none"> <li>Sali Valath Sankaranarayanan</li> </ul>	02.12.2022	1	4,00,000	4,00,000	
3	Thrissur	Blue Serene Resorts, Thrissur FL-3 No.TSR-140/Thrissur	Karuvanthala Hotels and Resorts Private Limited	U55101KL2010PTC025320	<ul style="list-style-type: none"> <li>Jobi Brahmakulath Thekkath Inasu</li> </ul>	10.08.2022	1	4,00,000	4,00,000	
4	Alappuzha	ATS Old Lake House, Alappuzha FL-3 No.43/ Alappuzha	Arakkathara Transport Services Private Limited	U60231KL1999PTC013435	<ul style="list-style-type: none"> <li>Sreelakshmi</li> </ul>	14.09.2022	1	4,00,000	4,00,000	
<b>Total</b>							<b>4</b>		<b>₹16,00,000</b>	<b>₹16 lakh</b>

**Appendix - XLVIII**  
**(Reference: Paragraph 3.4.11.2)**  
**Delay in calibrating the vessels**

Sl. No.	Licensee	Total No. of tanks	No. of tanks calibration expired	Year in which calibration ended - No of tanks
1	Elite Distilleries, Mundur	18 ENA tanks	12	2022-4 2023-6 2024-2
		12 Blending tanks	2	2022-1 2024-1
2	Kaycee Distilleries, Pudukkad	6 ENA tanks	6	2018-3 2020-3
		17 Blending tanks	17	2018-5 2020-4 2021-6 2023-2
3	Polson Distilleries, Chalakkudy	10 Blending tanks	3	2024-3
4	SDF Industries, Pampady	12 ENA tanks	9	2021-7 2024-2
		11 Blending tanks	8	2021-7 2023-1
5	Seven Seas Distilleries, Mannuthy	29 ENA tanks	15	2023-15
		21 Blending tanks	13	2023-13
6	Normandy Breweries & Distilleries, Cheemeni	8 ENA tanks	6	2023-6
		13 Blending tanks	6	2023-5 2024-1

**Appendix - XLIX**  
**(Reference: Paragraph 3.4.11.3)**  
**Non-receipt of Excise Verification Certificates**

<b>Distillery/ Warehouse</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>Total</b>
Amrut Distilleries	61	75	25	161
Kerala Alcoholic Products	N.A.	N.A.	N.A.	17
Empee Distilleries	291	256	294	841
Imperial Spirits Ltd.	0	0	18	18
United Breweries Kanjikode	1,372	1,534	1,243	4,149
Normandy Distilleries	268	354	446	1,068
Elite Distilleries	306	329	428	1,063
Kals Breweries	0	9	460	469
Polson Distilleries	410	270	495	1,175
SDF Distilleries	N.A.	N.A.	N.A.	1,116
Chalakudy Warehouse (to be received)	N.A.	N.A.	N.A.	33
Battathur warehouse (to be received)	N.A.	N.A.	15	15
Thiruvalla warehouse (to be received)	0	0	7	7
Pathanamthitta warehouse (to be received)	0	0	7	7
<b>Total</b>				<b>10,139</b>

**Appendix - L**  
**(Reference: Paragraph 3.4.11.4 (i))**  
**Other Internal Control lapses**

Name of licensee	2021-22		2022-23		2023-24	
	PET (in number of bottles)	Glass (in number of bottles)	PET (in number of bottles)	Glass (in number of bottles)	PET (in number of bottles)	Glass (in number of bottles)
Elite Distilleries, Mundur	1,74,21,928	0	1,75,69,800	0	1,88,01,216	5,55,300
Kaycee, Pudukkad	1,99,85,468	0	2,57,85,081	0	2,15,30,682	0
SDF, Pampady	1,75,04,702	13,687	1,66,63,779	17,073	1,59,37,920	0
Seven Seas, Mannuthy	2,86,15,284	29,42,370	3,59,36,751	45,31,620	5,41,87,161	19,84,269
Polson, Chalakkudy	2,08,83,297	0	2,30,08,893	1,03,416	2,33,71,917	82,608
Travancore Sugars & Chemicals Ltd., Thiruvalla	1,09,86,075	0	1,81,31,040	0	2,23,53,552	0
Normandy Breweries and Distilleries, Cheemeni	1,01,56,674	2,03,796	1,75,16,256	92,076	2,62,88,628	2,99,616
Amrut Distilleries, Pampanpallam	85,56,366	0	1,10,11,833	13,632	1,02,65,745	6,792
Imperial Spirits, Govindapuram	4,02,75,381	6,24,588	4,95,01,992	9,71,388	4,93,04,049	8,88,612
Kerala Alcoholic Products Ltd., Meenakshipuram	1,72,87,215	0	22,14,735	0	38,37,675	0
<b>Total</b>	<b>19,16,72,390</b>	<b>37,84,441</b>	<b>21,73,40,160</b>	<b>57,29,205</b>	<b>24,58,78,545</b>	<b>38,17,197</b>

**Appendix - LI**  
**(Reference: Paragraph 3.4.11.4 (ii))**  
**Other Internal Control Lapses**

<b>Distillery/ Warehouse</b>	<b>No. of inspections to be conducted as per Rule 3 of Distillery and Warehouse Rules, Part II</b>	<b>No. of inspections by DC or higher authorities during 2021-24</b>
Elite Distillery	6	2
Kals Brewery	6	2
Kaycee Distillery	6	2
Polson Distillery	6	2
SDF Distillery	6	2
Seven Seas Distillery	6	3
Amrut Distilleries	6	2
Imperial Distillery	6	1
Kerala Alcoholic Products	6	2
United Breweries	6	Nil
Normandy Brewery & Distillery	6	2
Travancore Sugars & Chemicals	6	4

**Appendix - LII**  
**(Reference: Paragraph 3.4.11.4 (vi))**  
**Other Internal Control Lapses**

Sl. No.	Distillery/ Warehouse	Amount (₹)	Type of demand	Date of demand	Remarks
1	Kaycee Distilleries, Pudukkad	8,38,477	Tanker accident ENA loss	01.01.2019	WPC 4822/2019
2	-do-	71,83,619	Excise duty flood stock	01.09.2019	WPC 11954/2019
3	Polson Distillery, Chalakkudy	78,831	Excess ENA wastage	05.07.2023 to 05.10.2023	Not paid
4	-do-	3,93,916	Interest of 'cost of establishment'	30.03.2024	WPC 11798/2024
5	SDF Industries, Pampady	48,00,000	Partnership reconstitution	13.09.2022	WPC 30153/2018
6	-do-	7,32,220	Tanker accident ENA loss	09.09.2021	WPC 26331/2021
7	-do-	6,000	Excess transit wastage	23.07.2019	WPC 20868/2019
8	Seven Seas Distillery, Mannuthy	1,61,730	Arrear cost of establishment	14.04.2018	WPC 14508/2018
9	-do-	30,95,820	Demand of import fee on special spirit	01.03.2012 to 02.06.2012	WPC 5438/2012, WPC 8743/2012, WPC 16343/2012
10	-do-	5,07,492	Surrender of earned leave	26.03.2019 to 10.01.2024	WPC 11073/2019
11	Amrut Distillery, Pampanpallam	35,65,587	Excess ENA transit wastage	03/2012 to 03/2024	WPC 35062/2014, 31877/2017, 18192/2020, 13107/2021, 20943/2024, 19940/2022, 7391/2016
12	Kerala Alcoholic Products Ltd., Meenakshipuram	17,04,710	Import fee special spirit	29.09.2011	WPC
13	-do-	12,00,000	Unauthorised reconstitution	19.01.2024	Appeal against judgement under process
14	Empee Distillery, Kanjikode	3,16,000	ENA excess wastage	20.02.2015	WPC 6303/2015
15	-do-	1,36,434	ENA excess wastage	12.02.2016	WPC 6860/2016
16	-do-	1,50,702	ENA excess wastage	23.04.2018	WPC 14670/2018
17	-do-	64,408	ENA excess wastage	05.09.2022	
18	Imperial Spirits Ltd., Govindapuram	39,390	Import fee special spirit	17.09.2012	WPC 22709/2012

Sl. No.	Distillery/ Warehouse	Amount (₹)	Type of demand	Date of demand	Remarks
19	-do-	6,00,000	Unauthorised reconstitution	13.03.2024	WPC 3377/2024
20	-do-	3,00,000	Unauthorised reconstitution	18.01.2024	WPC 10622/2024
21	United Brewery, Kanjikode	36,00,000	Unauthorised reconstitution	07.10.2023	WPC
22	Normandy Distillery, Cheemeni	2,08,260	Excise duty for destruction of dead stock		WPC 15517/2017
23	-do-	8,11,613	Surrender of earned leave		WPC 159/2020
24	-do-	50,022	Cost of establishment		WPC 20/2022
<b>Total</b>		<b>3,05,45,231</b>			

**Appendix - LIII**  
**(Ref: Paragraph 4.4)**  
**Short levy of Stamp Duty and Registration fees due to non-consideration of fair value of the land conveyed**

Sl. No.	Name of the SRO/ Sale deed Number	Survey/ Re-survey number of the land conveyed	Classification of land by its usage	Extent of land conveyed (in Ares)	Fair value applicable (₹)	Value to be adopted (5x6) (₹)	Value declared in the document (₹)	Under valuation (7-8) (₹)	Short levy of SD plus RF @ (8+2) per cent (₹)
1	2	3	4	5	6	7	8	9	10
1	Melattur, Malappuram 2236/2022, 2235/2022	Resurvey No.257/5-1, 257/6, 257/12 in Resurvey block No 145 of Pandikkad village in Ernad <i>Taluk</i>	Commercially Important plot	5.40 6.38 1.17	8,80,000 8,80,000 2,86,000	1,07,01,000	37,05,000	69,96,000	6,99,600
2	Puthencruz, Ernakulam 7703/1/2022	Resurvey No. 171/1/2 in Resurvey block No. 46 of Mazhuvannoor village in Kunnathunadu <i>Taluk</i>	Garden land with road access	10.53	3,30,000	34,74,900	14,00,000	20,74,900	2,07,490
3	Puthencruz, Ernakulam 6955/1/2022	Resurvey No. 68/10/2 in Resurvey block No. 35 of Kunnathunadu village in Kunnathunadu <i>Taluk</i>	Residential plot with <i>panchayath</i> road access	14.03	4,40,000	61,73,200	40,13,000	21,60,200	2,16,020
4	Puthencruz, Ernakulam 6983/1/2022	Resurvey No. 240/8 in Resurvey block No. 33 of Mazhuvannoor village in Kunnathunadu <i>Taluk</i>	Residential plot with private road access	5.73	3,30,000	18,90,900	9,95,000	8,95,900	89,590
5	Irikkur, Kannur 674/1/2018	Survey No. 108/1 in Muttannur <i>desam</i> of Koodali village in Thalassery <i>Taluk</i>	Garden land without road access	288.54	39,600	1,14,26,184	43,50,000	70,76,184	7,07,618
<b>Total</b>									<b>19,20,318</b>

Source: Departmental records.

Appendix - LIV  
(Ref: Paragraph 4.5)

Short levy of Stamp Duty and Registration Fees due to non-consideration of fair value of the mother survey number

Sl. No.	Name of the SRO/ Sale deed Number	Survey/ Re-survey number of the land conveyed	Classification of land by its usage	Extent of land conveyed (in Ares)	Fair value applicable as per mother survey (₹)	Value to be adopted (5x6) (₹)	Value declared in the document (₹)	Under valuation (7-8) (₹)	Short levy of SD plus RF @ (8+2) per cent (₹)
1	2	3	4	5	6	7	8	9	10
1	Thiruvananthapuram Thiruvananthapuram District 481/2020	Survey No. 641 in Kottakkakam <i>desam</i> of Vanchiyoor village in Thiruvananthapuram <i>Taluk</i>	Residential plot with Corporation Road access	8.43	27,22,500	2,29,50,675	1,91,30,000	38,20,675	3,82,068
<b>Total</b>									<b>3,82,068</b>

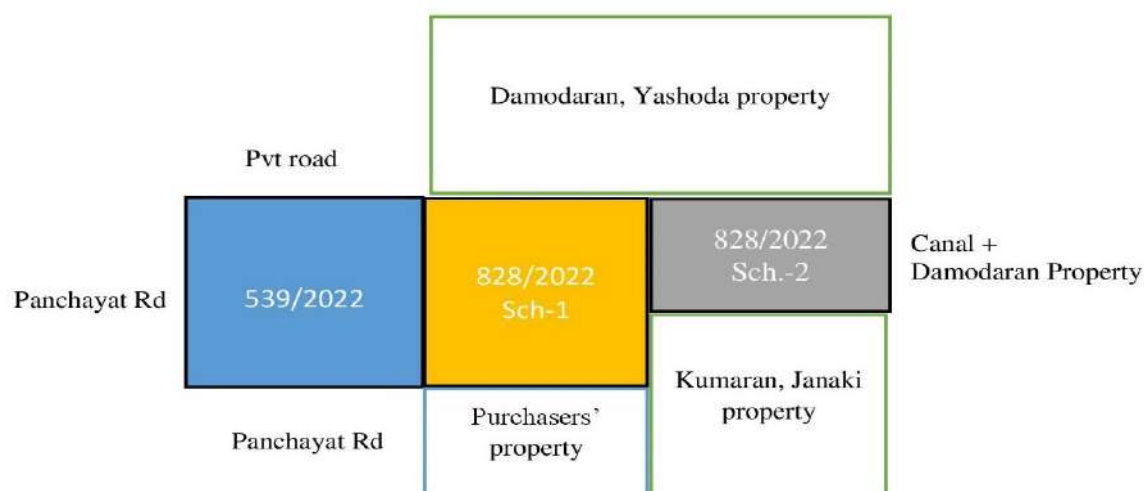
Source: Departmental records.

**Appendix - LV**  
**(Ref: Paragraph 4.9)**  
**Splitting of land to evade Stamp Duty and Registration Fees**

Particulars	Sale Deed No. 539/2022				Sale Deed No. 828/2022			
Date of Execution	16.03.2022				26.04.2022			
Date of Registration	23.03.2022				28.04.2022			
Vendors/ Executants	Purushottaman				Purushottaman			
Extent (in Ares)	60.70 Ares in Sy. No. 26/PT323				121.41 Ares (Sch.-1) in Sy. No. 26/PT323 + 10.32 Ares (Sch.-2) in Sy. No. 90/1PT6			
Boundaries declared by Executant	East	North	West	South	East	North	West	South
	Balance property of Vendor	Private Road	Panchayat Road	Panchayat Road	Sch. 2 property + properties of Kumaran, Janaki	Properties of Yashoda, Damodaran	Property of Purchaser	Property of Purchaser
Classification adopted by Executant	Residential plot with Corp./Muni./Panch. Road access				Garden Land without road access (Sch.-1), Wet Land (Sch.-2)			
Fair value adopted	₹36,064 per Are				₹7,331 per Are (Sch.-1), ₹13,860 per Are (Sch.-2)			
Value declared by Executant	₹22,50,000				₹24,00,000 (land – ₹10,50,000 + building – ₹13,50,000)			

Source : Departmental records.

**Layout of properties, based on the declared boundaries**



**Appendix - LVI**  
**(Ref: Paragraph 5.1.1)**  
**Calculation of short payment for an extent of 2,45,523 Are (2,455.23 Ha)**

From	To	Area (Hectare)	Rate of licence fee levied from 01.04.2012	Rate to be applied	Licence fee paid (₹)	Licence Fee payable (₹)	Short payment (₹)	Interest (@ 12 per cent per annum)	Total Short payment (₹)
01-04-2012	31-03-2013	2,455.23	₹1 per Are <sup>148</sup>	₹2 per Are	2,45,523	4,91,046	2,45,523	3,24,090	5,69,613
01-04-2013	31-03-2014	2,455.23	₹1 per Are	₹2 per Are	2,45,523	4,91,046	2,45,523	2,94,628	5,40,151
01-04-2014	29-09-2014	2,455.23	₹1 per Are	₹2 per Are	1,22,762	2,45,523	1,22,761	1,32,582	2,55,343
30-09-2014	31-03-2015	2,455.23	₹1 per Are	₹5 per Are	1,22,762	6,13,808	4,91,046	5,30,330	10,21,376
01-04-2015	31-03-2016	2,455.23	₹1 per Are	₹5 per Are	2,45,523	12,27,615	9,82,092	9,42,808	19,24,900
01-04-2016	31-03-2017	2,455.23	₹1 per Are	₹5 per Are	2,45,523	12,27,615	9,82,092	8,24,957	18,07,049
01-04-2017	31-03-2018	2,455.23	₹1 per Are	₹5 per Are	2,45,523	12,27,615	9,82,092	7,07,106	16,89,198
01-04-2018	31-03-2019	2,455.23	₹1 per Are	₹5 per Are	2,45,523	12,27,615	9,82,092	5,89,255	15,71,347
01-04-2019	31-03-2020	2,455.23	₹1 per Are	₹5 per Are	2,45,523	12,27,615	9,82,092	4,71,404	14,53,496
01-04-2020	31-03-2021	2,455.23	₹1 per Are	₹5 per Are	2,45,523	12,27,615	9,82,092	3,53,553	13,35,645
01-04-2021	31-03-2022	2,455.23	₹1 per Are	₹5 per Are	2,45,523	12,27,615	9,82,092	2,35,702	12,17,794
01-04-2022	31-03-2023	2,455.23	₹1 per Are	₹8 per Are	2,45,523	19,64,184	17,18,661	2,06,239	19,24,900
01-04-2023	31-03-2024	2,455.23	₹1 per Are	₹8 per Are	2,45,523	19,64,184	17,18,661	0	17,18,661
<b>Total</b>							<b>1,14,16,819</b>	<b>56,12,654</b>	<b>1,70,29,473</b>

<sup>148</sup> One Hectare is equal to 100 Ares.



# **Glossary**



### **Glossary of Abbreviations**

1	AC	Assistant Commissioner
2	ACM	Audit Committee Meeting
3	ADTC	Accredited Driver Training Centre
4	ADTT	Automated Driving Test Track
5	AG	Accountant General
6	AIT	Agricultural Income Tax
7	ARAI	Automotive Research Association of India
8	ATN	Action Taken Note
9	ATS	Automated Testing Station
10	BL	Bulk Litre
11	BOO	Build Own and Operate
12	BOOT	Built Own Operate Transfer
13	CB & B	Compounding, Blending and Bottling
14	C-DAC	Centre for Development of Advanced Computing
15	CDTT	Computerised Driving Test Track
16	CEO	Civil Excise Officer
17	CF	Certificate of Fitness
18	CI	Circle Inspector
19	CMV	Central Motor Vehicles
20	CRPF	Central Reserve Police Force
21	CSD	Canteen Stores Department
22	DC	Deputy Commissioner
23	DL	Driving Licence
24	DPR	Detailed Project Report
25	DSC	Digital Signature Certificate
26	ENA	Extra Neutral Alcohol
27	EPR	Extended Producer Responsibility
28	FIR	First Investigation Report
29	FMFL	Foreign Made Foreign Liquor
30	FMS	Facility Management Services

31	GoK	Government of Kerala
32	GoTN	Government of Tamil Nadu
33	GST	Goods and Services Tax
34	GSTIN	Goods and Services Tax Identification Number
35	HSN	Harmonized System of Nomenclature
36	IAW	Internal Audit Wing
37	IDEA	Interactive Data Extraction and Analysis
38	IMFL	Indian Made Foreign Liquor
39	IR	Inspection Report
40	IT Act	Income Tax Act
41	JC	Joint Commissioner
42	JEC	Joint Excise Commissioner
43	JPV	Joint Physical Verification
44	KGST	Kerala General Sales Tax
45	KMV Rules	Kerala Motor Vehicles Rules
46	KMVT Act	Kerala Motor Vehicles Taxation Act
47	KSBC	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited
48	KVAT Act	Kerala Value Added Tax Act
49	LMV	Light Motor Vehicles
50	MoRTH	Ministry of Road Transport and Highways
51	MSL	Mean Sea Level
52	MSVD	Mobile Speed Violation Detection
53	MVD	Motor Vehicles Department
54	NHAI	National Highway Authority of India
55	NOC	No Objection Certificate
56	PL	Proof Litre
57	PO	Preventive Officer
58	PUCC	Pollution Under Control Certificate
59	PVDS	Parking Violation Detection System
60	RC	Registration Certificate

61	RTO	Regional Transport Office
62	SCRB	State Crime Records Bureau
63	SLA	Service Level Agreement
64	SOP	Standard Operating Procedure
65	SRTO	Sub-Regional Transport Office
66	SSCA	Subject Specific Compliance Audit
67	STA	State Transport Authority
68	STO	State Tax Officer
69	TIN	Taxpayer Identification Number
70	TPS	Tax-Payer Services





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