

CHAPTER IV TAXES ON VEHICLES

4.1 Results of audit

Test check of the records of the offices of the Transport Department conducted during the year 2008-09 indicated non/short levy of taxes and loss of revenue amounting to Rs. 80.81 crore in 242 cases which could be classified under the following categories:

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Citizen Friendly Services in Transport Department (A review)	1	16.94
2.	Non-levy of quarterly tax and penalty	42	13.76
3.	Short collection of penalty on belated payment of tax	42	10.54
4.	Non-realisation of fee due to non-renewal of fitness certificate	26	31.29
5.	Non-levy and collection of green tax	39	3.56
6.	Non-levy and collection of one time tax	21	1.65
7.	Non-levy and collection of quarterly tax and penalty on stage carriages	1	1.08
8.	Non-levy/collection of compounding fee	32	0.78
9.	Non-levy and collection of tax on road rollers	9	0.33
10.	Loss of revenue due to non-conversion of fair weather routes into all weather routes	4	0.05
11.	Other irregularities	25	0.83
Total		242	80.81

During the year 2008-09, the department accepted underassessments and other deficiencies of Rs. 14.62 crore in 68 cases which were pointed out in audit during the year 2008-09. Out of this, Rs. 1.80 crore was collected in 27 cases.

A few illustrative audit observations involving Rs. 51.99 crore and a review on “**Citizen Friendly Services in Transport Department**” involving Rs. 16.94 crore are mentioned in the succeeding paragraphs.

4.2 CITIZEN FRIENDLY SERVICES IN TRANSPORT DEPARTMENT (CFST)

Highlights

- Business rules were not incorporated into the CFST application resulting in non/short levy of life tax on company vehicles, second and subsequent vehicles of individuals, green tax and card fee etc., amounting to Rs. 6.20 crore.

(Paragraph 4.2.11)

- Lack of input validations had resulted in erroneous/inconsistent and incomplete data. There were gaps in issue of registration numbers resulting in non-allotment of registration numbers. Non-allotment of numbers under choice/reserve category resulted in loss of revenue on reservation fee/choice fee amounting to Rs. 23.64 lakh.

(Paragraphs 4.2.12.1 & 4.2.12.2)

- In 12 offices repetition of the numbers of insurance cover notes was noticed in 6,08,116 vehicles relating to eight insurance companies.

(Paragraph 4.2.14)

- In ten offices 31,831 vehicles with the same chassis number were noticed. Further, 53,582 duplicate engine numbers with different transactions and different classes of vehicles were noticed.

(Paragraph 4.2.15)

- CFST has been prompting demand which was either less or higher than the actual demand to be raised.

(Paragraph 4.2.16)

- The department did not have adequate internal control mechanism which resulted in non-monitoring of the driving licences issued, non-reconciliation of e-seva transactions and non-verification of data.

(Paragraphs 4.2.18.1 & 4.2.18.2)

- Though computerisation commenced in the year 2000, internal audit was not conducted to get an assurance on the working of the system. Discrepancies were noticed in the demand and collection statement.

(Paragraph 4.2.18.3)

4.2.1 Introduction

The Transport Department of the Government of Andhra Pradesh is governed by the Motor Vehicle (MV) Act 1988, the Central Motor Vehicle Rules, 1989, the Andhra Pradesh Motor Vehicles Taxation (APMVT) Act, 1963 and the Andhra Pradesh Motor Vehicle Rules, 1989. The Transport Department is primarily responsible for enforcement of the provisions of the Acts and the

rules framed thereunder which, *interalia*, includes the collection of taxes and fees, issuance of the driving licences, certificates of fitness to transport vehicles, registration of the motor vehicles and granting regular and temporary permits to the vehicles.

The Government of Andhra Pradesh envisaged the scheme of computerisation in the Transport Department in the year 1989 to make the department citizen friendly in its functioning and to provide smart services to the public. The objectives of the computerisation were to build a comprehensive database and provide online access to the public covering the entire gamut of services viz., issue of the driving licences and permits, registration and taxation of the vehicles and monitoring the transport system in the State.

The e-governance software initially named as “Fully Automated Services of Transport Department” (FAST) was implemented in 11 offices and was confined to the issue of the driving licences and registration of private (non-commercial) vehicles. The software was later renamed as ‘Citizen Friendly Services in Transport Department (CFST)’ and implemented in May 2000 in all the 44 Deputy Transport Commissioner (DTC)/Regional Transport Offices.

4.2.2 Organisational set up for implementation of the CFST

At the Government level, the Principal Secretary (Transport, Roads and Buildings Department) heads the implementation and monitoring of the CFST. At the Commissionerate, one Joint Transport Commissioner (JT) who directly reports to the Transport Commissioner (TC) is incharge of the CFST. At the district level, there are the DTCs and the Regional Transport Officers (RTOs) who are in turn assisted by the Motor Vehicles Inspectors (MVIs), the Enforcement Wing consisting of the Enforcement Officers, Inspectors and Assistant Motor Vehicle Inspectors. Database Administrators of M/s Raasi Enterprise Solutions Limited (RESL) assist the DTCs/RTOs in operation of the CFST.

4.2.3 Information System set up

M/s Tata Infotech Ltd and M/s ECIL developed the CFST application at a cost of Rs. 3.25 crore with Oracle 8i at the backend and Developer 2000 and Visual Basic at the front end. With Windows NT as the operating system, the system architecture was based on the client server model. There are five modules in the CFST viz., driving licences, registration of the vehicles, permits, tax and fitness certificates.

4.2.4 Significance of the database

The revenue from taxes on vehicles increased from Rs. 1,364.74 crore in 2006-07 to Rs. 1,800.62 crore in 2008-09 and is one of the major sources of revenue for the State (around six *per cent*). All the activities of the transport department viz., issue of the driving licences, permits, collection of taxes, generation of various statements etc., are performed through the CFST and there is no manual record. Details like names, addresses, and signatures of the

buyer and seller of the vehicles, life tax paid by the individuals and quarterly tax paid for the transport vehicles are captured during the process of registration/issue of permits/licences and are thus undeniably critical. Even for the department, the CFST application is immensely useful for issue/renewal of the licences, assessment of taxes and fees, monitoring of the transport system in the State etc.

4.2.5 Processes through the CFST

Registration of the vehicles: All the vehicles are classified as transport⁷⁴ and non-transport⁷⁵ vehicles. A new non-transport vehicle is initially issued a temporary registration number by the dealer after payment of life tax by way of a demand draft at e-seva⁷⁶ centre and the details are updated in the CFST. Subsequently, the vehicle is allotted a system generated permanent registration number within one month of purchase of the vehicle by the jurisdictional DTC/RTO and a registration certificate (laminated card) is issued through the CFST. All the details viz., name of the vehicle owner, vehicle cost, engine number, chassis number, life tax paid and date of registration etc., are captured during the registration.

Issue of the driving licences: An individual above 16 years of age desiring to obtain a driving licence is initially issued a licence valid for six months after successfully negotiating a test through the CFST. His details like name, date of birth, address are captured and subsequently, after passing the driving test, a permanent licence is issued through the CFST.

All subsequent transactions viz., transfer of ownership, change of address etc., are monitored through the data captured. The quarterly taxes, fees on account of permits, fitness etc., are monitored/retrieved and the ledgers/DCB statements are updated.

4.2.6 Audit objectives

The review of the CFST was conducted to ascertain whether

- built-in input, process and output controls were adequate;
- business rules were incorporated in the CFST;
- data captured in the system were complete, correct and reliable;
- performance and utilisation of the CFST was consistent; and
- internal control framework and monitoring mechanism were adequate.

⁷⁴ A transport vehicle is a vehicle which is used for commercial purposes for e.g., stage carrier, truck, goods vehicles etc.

⁷⁵ A non-transport vehicle is a vehicle which is used for non-commercial purposes for e.g., motor cycle, motor car etc.

⁷⁶ An e-seva center is a facility provided by the Government of Andhra Pradesh under public private partnership to enable the public to pay all the taxes, fees, duties relating to various departments under one roof.

4.2.7 Scope and methodology of audit

Audit of the application software (CFST) was conducted for the period since implementation i.e., from May 2000 to March 2009. The data furnished by the JTCs/DTCs/RTOs were scrutinised using the generalised audit software – IDEA (Interactive Data Extraction and Analysis). The results of queries were compared with the information maintained in the physical records/documents available at the JTCs/DTCs/RTOs. 16 offices⁷⁷ were selected based on the transactions, vehicular strength etc., covering the three different regions of Andhra Pradesh (Andhra, Rayalaseema and Telangana).

4.2.8 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of Transport Department in providing the necessary information and data to audit. An entry conference was held in April 2009 with the Transport Commissioner in which the objectives of the IT review and audit methodology were explained. The draft review was forwarded (August 2009) to the Government with a request for their response. An exit conference was held in November 2009 in which the audit findings and recommendations were discussed with the department and the Government. Transport Commissioner represented the department and the Deputy Secretary Transport represented the Government. The response of the department and that of the Government received in the exit conference and at other points of time has been appropriately reflected in the relevant paragraphs of the review.

Audit findings

General controls

4.2.9 Lack of input validations

The database of any computerised system has to be correct and complete in all respects. To ensure this, the procedures and controls should guarantee that the data received for processing is genuine, complete, accurate and properly authorised.

The following discrepancies were noticed which were due to absence of data validation checks:

- **Fitness certificate renewed beyond the permissible period:** As per Section 56 of the MV Act and Rule 62 of the CMV Rules, a certificate of fitness granted in respect of the transport vehicles shall be in Form 38 and such certificate when renewed shall be valid for a period of one year. However, it was noticed in 1,36,558 cases that the fitness certificates involving fee of Rs. 10.74 crore were renewed for more than one year contrary to the provisions and having serious implications on the road safety.

⁷⁷ TC-Hyderabad, JTC-Khairatabad, DTCs - Chittoor, Guntur, Kurnool, Vijayawada, Visakhapatnam, RTOs - Amalapuram, Bhimavaram, Gudivada, Hindupur, Hyderabad (West), Narasaraopet, Rajahmundry, Rangareddy (East) and Tirupati.

- **Licences issued to underaged persons:** As per Section 4 of the MV Act, no person under the age of 16 years shall drive a motor vehicle in any public place. However, it was noticed that 1,280 driving licences were issued to persons below the age of 16 years.
- **Learners' licences issued beyond permissible period:** As per Section 14 of the MV Act, a learner's licence shall be effective for a period of six months from the date of issue of the licence. However, it was noticed in 18,626 cases of 11 offices that learners' licences remained valid for more than six months in contravention of the provisions of the Act.
- **Registration certificate (RC) renewed beyond the permissible period:** As per Rule 52(2) of the CMV Rules, RC of the vehicle shall be renewed for every five years after completion of 15 years from the date of registration. It was noticed in 41,978 cases that the validity of the RC issued was for more than 15 years.
- **International driving permit issued beyond the permissible period:** As per Rule 16(4) of the CMV Rules, every international driving permit issued by a licensing authority shall be valid for a period of not more than one year from the date of issue. However, it was noticed in two cases that they remained valid for more than two years.

After this was pointed out, the department stated (November 2009) that necessary validation checks would be provided.

The following inconsistencies/improbabilities were also noticed in the CFST due to lack of proper validation and input controls.

- In 551 cases, driving licences were issued to persons above 100 years of age.
- In 4,019 cases, the date of driving test was shown as the date prior to the date of application.
- In 9,105 cases, tax payment date was beyond the system date.
- The date of birth and the date of issue of licence were the same in one case.
- In three cases, the date of birth was later than the date of issue of driving licence.
- In one case, learner's licence marks were zero but the result was shown as passed though the minimum marks required for issue of a licence was 16 out of 20 marks.
- In 15 cases, validity of the date of registration of the vehicles was shown prior or same as the date of issue of the RC.
- In six cases, validity of international driving permit expired before the issue date.

The department stated (November 2009) that online services and slot-booking system for issue of the driving licences has been introduced (March 2009) and the necessary validation checks have been provided. The reply is not correct as the slot-booking system was introduced only in three districts covering seven offices⁷⁸ whereas the above findings pertain to the period prior to March 2009.

4.2.10 Blanks in the database

Scrutiny of the database relating to the CFST revealed that for many crucial fields, they were left blank or shown as information not available. Further, in case of many fields either the amounts shown were negative or zero which is not possible. The details of the number of such fields for the test checked units are as mentioned below:

Field	Field details	Number of fields
Learners licence, driving licence issue date	Blank/NA	8,25,191
Vehicle cost		5,77,381
Insurance company		2,04,229
Vehicle registration validity		1,61,553
Address		1,28,601
Engine number		71,246
Father/guardian name		53,031
Applicant's sex		31,029
Domestic licence number in case of international licences		13,186
Chassis number		8,623
Visa validity in case of international licences		5,633
Permit approval authority		3,792
Date of birth		1,284
Permit vehicle class identity		1,263
Applicant's name		4
<i>Challan</i> amount	Zero	1,950
Tax amount	Negative	2,278
Compounding fees		16,088
Cash amount		383
Penalty amount		180
Test fee amount		141
Demand amount		22

The department replied (November 2009) that the software did not have enough validation features to identify the inconsistencies in the data and remedial steps were being taken in a phased manner.

⁷⁸ JTC-Khairatabad, DTCs - Kadapa and Vijayawada, RTOs, Hyderabad (East, North, South and West).

The Government may ensure that the validation controls are built into the system to avoid entry of unauthorised and inconsistent data.

Application controls

4.2.11 Business rules not mapped at the time of system design

4.2.11.1 Short collection of card fee

The Government of India by a notification revised (May 2002) the driving licence fee prescribed under Rule 32 of the CMV Rules. According to the notification, rate of fee prescribed for issue of fresh/renewal/endorsement of driving licence in form 7 (laminated card) was revised from Rs. 150 to Rs. 200 per card with effect from 31 May 2002.

Test check of the driving licences issued in all the 44 offices in the State between April 2007 and March 2008 indicated that card fee was collected at Rs. 150 per card instead of Rs. 200 in respect of 5,05,083 cards issued during the above period. This resulted in short collection of card fee of Rs. 2.53 crore.

The department stated (November 2009) that it had started issuing licences in laminated card (Form 7) from April 2008 onwards and hence there was no short levy. The reply is incorrect as the enhanced fee of Rs. 200 per card was payable in accordance with the notification in Form 7 since May 2002.

4.2.11.2 Short levy of life tax

As per the ordinance⁷⁹ issued by the Government of Andhra Pradesh dated 2 January 2008 read with the circular memo⁸⁰ dated 4 January 2008 issued by the TC, life tax at the rate of 12 *per cent* of the cost of the vehicle shall be levied on company vehicles and on second and subsequent non-transport vehicles owned by the individuals at the time of registration of a new vehicle instead of nine *per cent* levied earlier. TC in his circular memo dated 4 January 2008 instructed that all the registering authorities should invoke this amendment on new vehicles sold and registered in this state and the non-transport vehicles brought from the other states and further informed that in these cases, sixth schedule has to be referred to.

- a) Test check of the records in 10 offices⁸¹ indicated that life tax in respect of 1,136 company vehicles was calculated at nine *per cent* instead of 12 *per cent* in contravention of the above ordinance. Non-incorporation of the provision dated 4 January 2008 into the CFST resulted in short collection of life tax of Rs. 81.85 lakh.

After the cases were pointed out, it was stated (November 2009) that the tax payments received at e-seva reflect only nine *per cent* of the cost of the vehicle and the differential three *per cent* is collected at the departmental

⁷⁹ Ordinance No.1/2008 dated 2 January 2008 amending the 3rd proviso to sub-section (2) of Section 3 of MVT Act, 1963 wherein 6th schedule was inserted.

⁸⁰ Circular Memo No. 1/7831 /S/2005 dated 4.1.2008.

⁸¹ JTC-Khairatabad, DTCs - Chittoor, Guntur, Kurnool, Vijayawada, Visakhapatnam, RTOs - Amalapuram, Bhimavaram, Rajahmundry and Hyderabad (East).

counter. The reply of the department is incorrect as the CFST prompts only nine *per cent* life tax instead of 12 *per cent* payable. Besides collection of tax at two points defeats the basic purpose of providing customer friendly services.

The department may take necessary steps to update the CFST and link it with e-seva to prevent scope of short levy of tax and for providing better services.

- b) Test check of the data and registration files relating to non-transport vehicles owned by the individuals in seven offices⁸² indicated that there were no controls in the CFST to detect that a vehicle being registered was a second and subsequent vehicle. As a result, though the second and subsequent non-transport vehicles were registered with the DTC/RTOs in 330 cases, life tax was collected at the rate of nine *per cent* only instead of 12 *per cent* resulting in short levy of life tax of Rs. 44.58 lakh.

After the cases were pointed out, the department stated (November 2009) that details were awaited from the offices concerned. Further reply is awaited (February 2010).

4.2.11.3 Non-levy of life tax at the minimum prescribed rate in respect of non-transport vehicles

As per the 3rd schedule under 2nd proviso to the Section 3(2) of the APMVT Act, life tax at the minimum rate of nine *per cent* on the cost of the vehicle shall be levied at the time of registration of a new vehicle.

It was noticed in 12 offices⁸³ that the CFST did not levy tax on non-transport vehicles. The tax at the minimum rate of nine *per cent* amounted to Rs. 2.41 crore.

After the cases were pointed out, the department stated (November 2009) that battery-operated vehicles are exempted from the payment of life tax for a period of five years from the date of registration and hence there was no short levy. The reply is incorrect as the cases pointed out in audit do not include any battery operated vehicles.

4.2.12 Registration of vehicles

4.2.12.1 Gaps in issue of the registration numbers

Each DTC/RTO office in the State is allotted a unique registration series. The registration numbers should be awarded in a sequence to monitor the date/year of registration (model) of the vehicle. All the numbers in a series should be prompted by the CFST in a chronological order and exhausted before proceeding to the new series.

⁸² JTC-Khairatabad, DTCs - Chittoor, Nellore, Visakhapatnam, RTOs - Hyderabad (East and West) and Uppal.

⁸³ JTC-Khairatabad, DTCs - Chittoor, Guntur, Kurnool, Vijayawada, Visakhapatnam, RTOs - Amalapuram, Bhimavaram, Gudivada, Narasaraopet, Rajahmundry and Tirupati.

Test check of the latest series of the database relating to the registration numbers in 11 offices⁸⁴ indicated that there were gaps in the registration numbers as the CFST does not prompt the registration numbers in a chronological order. On cross verification with the registration details, it was confirmed that these numbers were not allotted to any of the vehicles and the next series was started.

After this was pointed out the department stated (November 2009) that suitable changes would be made in the CFST to take care of the gaps.

4.2.12.2 Allotment of choice numbers

According to the instructions⁸⁵ dated 20 September 2006 issued by the Government, an additional tax⁸⁶ under reservation fee/choice fee shall be collected if the owner of a vehicle desires to have a registration number of his choice.

During the test check of the records of 11 offices⁸⁷ it was noticed that there were 992 gaps in the registration numbers in 23 'series', most of which were covered under the reservation/choice category. Non-allotment of these numbers had resulted in loss of revenue on reservation fee/choice fee of Rs. 23.64 lakh.

After this was pointed out, it was replied in nine⁸⁸ offices that the matter would be examined. In two offices⁸⁹, it was replied that the special numbers were displayed on a notice board and the applicants were willing to take new series only. The reply is not tenable as the running series must be exhausted before proceeding to the new one.

4.2.12.3 Modification of data resulting in short levy of reservation fee for other than special numbers

According to the notification⁹⁰ dated September 2006, an amount of Rs. 5,000 for four wheeler and Rs. 2,000 for two-wheeler shall be collected for reserving any number other than the special numbers. As per the existing instructions, the vehicle has to be produced for inspection/registration within fifteen days of the reservation of the number.

Test check of the data relating to the reservation fee for other than special numbers in two offices⁹¹ indicated that Rs. 2,000 was collected towards the reservation of a number for two-wheeler and an acknowledgement was issued.

⁸⁴ JTC-Khairatabad, DTCs - Chittoor, Guntur, Vijayawada, Visakhapatnam, RTOs - Amalapuram, Bhimavaram, Gudivada, Narasaraopet, Rajahmundry and Tirupati.

⁸⁵ G.O.Ms.No.175, TR&B (TR I) dated 20 September 2006.

⁸⁶ Rs. 1,000 for same day choice number and Rs. 50,000 for special numbers like 9, 99, 999.

⁸⁷ JTC-Khairatabad, DTCs - Chittoor, Guntur, Vijayawada, Visakhapatnam, RTOs - Amalapuram, Bhimavaram, Gudivada, Narasaraopet, Rajahmundry and Tirupati.

⁸⁸ JTC-Khairatabad, DTCs - Chittoor, Guntur, Visakhapatnam, RTOs - Amalapuram, Gudivada, Narasaraopet, Rajahmundry and Tirupati.

⁸⁹ DTC Vijayawada and RTO Bhimavaram.

⁹⁰ G.O.Ms.No.175, Transport, Road & Buildings (TR.I) dated 20 September 2006.

⁹¹ DTC-Visakhapatnam and RTO-Rajahmundry.

Subsequently, four-wheeler was produced for inspection/registration and the data was modified. It was, however, noticed that the differential amount of Rs. 3,000 (between two and four wheeler) was not collected in respect of 15 vehicles which resulted in short levy of reservation fee of Rs. 0.45 lakh.

Lacunae in the CFST enabling the users to select option of two wheeler or four wheeler after reservation of the number resulted in modification of the data and unintended benefit to the vehicle owners.

The Government may consider reviewing the business rules to ensure that all business rules are incorporated into the CFST and updated regularly to avoid leakage of revenue.

4.2.13 Duplicate demand drafts

The demand drafts (DD) issued by the banks bear unique numbers and cannot be allotted to any other drafts in the same bank. The DD number has to be entered in the concerned field in the CFST as a proof of payment.

Test check of the details relating to DDs pertaining to nine offices⁹² revealed that 1,50,602 transactions were made with the same DD numbers repeated two to six times and issued by the same bank. Cross verification of the DD numbers with the reports generated by the department confirmed the same.

After this was pointed out, the department stated (November 2009) that the duplication was due to the bidding of special numbers where the unsuccessful bidder can produce the same DD again. The reply is incorrect as the duplicate DDs pointed out include DDs received on account of national permits, taxes, fees etc.

4.2.14 Insurance cover note numbers

Rule 47 of CMV Rules prescribes Form 20 for the application of vehicle registration in which the insurance certificate or the cover note number is to be filled in by the owner of the vehicle.

Test check of the data relating to the insurance cover note numbers in 12 offices⁹³ indicated that there was repetition of the insurance cover notes relating to eight insurance companies in 6,08,116 vehicles. The recurrence of multiplicity of the insurance certificate/cover note numbers indicated that the insurance certificate/cover note numbers appeared to have been forged to get the vehicles registered.

After this was pointed out, the department stated (November 2009) that there exists a larger malpractice in the insurance cover notes where similar cover notes are given for different vehicles at different or some times in the same offices. It was also stated that the matter was taken up with Insurance

⁹² JTC-Khairatabad, DTCs - Chittoor, Visakhapatnam, RTOs - Amalapuram, Bhimavaram, Gudivada, Hyderabad West Zone, Narasaraopet and Rajahmundry.

⁹³ JTC-Khairatabad, DTCs - Chittoor, Guntur, Kurnool, Vijayawada, Visakhapatnam, RTOs -Bhimavaram, Gudivada, Hyderabad (West), Narasaraopet, Rajahmundry and Tirupati.

Regulatory and Development Authority (IRDA) to deal with the menace of duplicate insurance cover notes.

4.2.15 Chassis/engine numbers

Chassis/engine number is unique to each vehicle and the same number cannot be allotted to more than one vehicle.

Test check of the data relating to 10 offices⁹⁴ indicated that there were 31,831 vehicles with the same chassis numbers. Further, 53,582 duplicate engine numbers with different transactions and different class of vehicles were also noticed.

After this was pointed out, the department stated (November 2009) that two vehicles with same engine/chassis number was possible as it relates to temporary/permanent registration number. The reply is incorrect as all the cases pointed out pertain to other than temporary registration numbers only.

4.2.16 Incorrect demand on stage carriages

According to a notification⁹⁵ issued (April 2006) by the Government under Section 3 of the APMVT Act, tax is leviable on transport and non-transport vehicles at the rates specified therein.

Test check of the data relating to levy of demand and collection of the quarterly tax on the stage carriages⁹⁶/contract carriages indicated that the CFST has been prompting demand which was either less or higher than the actual demand to be raised. Results of test check of the records of six stage carriages in four offices are mentioned below:

(Amount in rupees)			
Office	Registration number of stage carriages test checked	Actual demand	Demand prompted by CFST
JTC, Hyderabad	AP09Y 5830	11,240	8,320
DTC, Guntur	APC6633	11,720	19,470
	TSE418	8,320	13,630
DTC, Kurnool	KA03-1655	6,620	9,270
DTC, Visakhapatnam	AP31X9899	22,230	49,980
	AP31TT2405	16,280	36,620

As and when a registered owner approaches the DTC/RTO to pay the quarterly tax, taxes are being accepted by referring to the taxation schedule based on the mode of the permit⁹⁷, seating capacity of the vehicle, ignoring the demand prompted by the CFST.

⁹⁴ JTC-Khairatabad, DTCs - Chittoor, Guntur, Vijayawada, Visakhapatnam, RTOs - Bhimavaram, Gudivada, Narasaraopet, Rajahmundry and Tirupati.

⁹⁵ G.O.Ms.No.68 TR&B (TR.I) dated 13 April 2006.

⁹⁶ Stage carriage is a transport vehicle intended to carry passengers from one stage to another stage. Tax has to be paid quarterly depending on the seating capacity/mode of permit.

⁹⁷ Various types of permits are district permit (to ply within the district), state permit (to ply within the state) etc.

In the above cases, the permit (idle/home/state) is not being updated in the CFST and payments were being accepted at the departmental counters thereby exposing a potential threat of short realisation if the person at the counter was not vigilant. Further, temporary permits to SETWIN buses were continued to be issued manually though the CFST was in use for over nine years. It was also noticed that the system change request for incorporation of the correct tax rate was not sought for by any of the field offices so far.

After this was pointed out the department stated (November 2009) that action would be initiated to codify the stage and contract carriages to avoid short collection.

4.2.17 Transactions on holidays

As per the existing procedure, the Transport Department and all the district offices work for six days a week and the transactions are closed on Sundays and holidays.

However, a scrutiny of the CFST data relating to 12 offices⁹⁸ indicated that the following transactions occurred on Sundays.

- In 6,552 records, fitness certificates were issued.
- In 4,082 records, motor vehicle driving test was conducted.
- In 28,120 records, *challans* were paid.
- In 1,441 records, learners' licences were approved.
- In 656 records driving licences were issued.

After this was pointed out, the department accepted (November 2009) the audit observation and replied that the database has been regulated to permit transactions only on working days. The point, however, remains as to whether these transactions were genuine and if so, what necessitated carrying out the transactions on Sundays.

4.2.18 Lack of internal controls

4.2.18.1 Non-monitoring of the driving licences issued

As per the existing instructions, the work relating to issue of the driving licences is allotted to the MVIs at the DTC/RTO Offices and later approved by the DTC/RTO concerned. The work done by the staff needs to be monitored by the higher authorities through MIS reports generated through the CFST.

Scrutiny of the data relating to issue of the driving licences in the office of the DTC, Vijayawada indicated that 54,048 driving licences were issued by the MVIs in 26 months between the period May 2006 and June 2008. It is evident that the MVI on an average had issued 87 driving licences per day.

⁹⁸ JTC-Khairatabad, DTCs - Chittoor, Visakhapatnam, Guntur, Vijayawada and Kurnool, RTOs - Bhimavaram, Gudivada, Hyderabad (West), Narasaraopet, Rajahmundry and Tirupati.

After this was pointed out, the department stated (November 2009) that at present only 27 driving licences are being issued. As regards the reasons for issue of more licences per day, it was stated that an enquiry in this regard was under process.

Similarly, it was noticed in the office of the RTO, Rajahmundry that 12,314 licences were issued by an MVI between the period November 2008 and June 2009 at an average of 68 driving licences per day. This figure also seems to be on the higher side.

After this was pointed out the department stated (November 2009) that at present, issue of licences were being restricted to only 23 per day.

4.2.18.2 Non-reconciliation of e-seva transactions

As per the existing instructions, payment of taxes and fee can be made at the departmental counters as well as at e-seva centers by the owner of the vehicle. Payments made at e-seva centers shall be remitted to the transport department on periodical basis. The reconciliation of e-seva figures with the departmental figures has to be done and the difference, if any, need to be analysed. It was noticed in audit that periodic reconciliation was not done in any of the offices test checked except the DTC Vijayawada. In the absence of the reconciliation, the correctness of the amount paid could not be ascertained.

After this was pointed out the department stated (November 2009) that reconciliation would be done.

4.2.18.3 Lack of monitoring and internal control mechanism

- **Internal audit:** Though computerisation commenced in the year 2000, internal audit was not conducted to get an assurance on the working of the computerised system. After this was pointed out, the department accepted (November 2009) the fact and assured that the internal audits would be conducted in future.
- **Verification of data:** As both client and server are independent DTCs/RTOs, transaction data relating to issue of licences, permits, collection of taxes and fees etc., has to be forwarded to the TC for scrutiny. It was, however, noticed that the data was not being sent to the TC resulting in non-detection of errors and loss of revenue which could have otherwise been restricted/curtailed through executive instructions and guidelines.

Audit observed that the existing internal control mechanism was not effective for reviewing the transaction data by management. There was also no system to generate logs for recording actions of users which would provide the system administrators and organisation management, a certain degree of control.

Discrepancies in DCB statement

Scrutiny of the DCB statement relating to transport vehicles in three⁹⁹ offices for the quarter ended 31 March 2009 revealed that the statement was not reflecting the actual strength of the vehicles as well as the actual demand due to the following reasons.

- Numbers of vehicles which are under stoppage¹⁰⁰ were not indicated in the DCB leading to overstatement of demand.
- The vehicles with 0 kilometres and taxation thereon were included in DCB without any details of vehicles.
- Andhra Pradesh State Road Transport Corporation (APSRTC) vehicles are taxed centrally for the entire state at the Transport Commissionerate, Hyderabad based on gross traffic earnings. However, fitness and permits to the APSRTC vehicles are issued at DTCs/RTOs to the RTC depot managers. In this process, the DCB particulars at DTCs/RTOs are updated resulting in over statement of demand.

After this was pointed out the department stated (November 2009) that remedial measures would be taken to ensure an accurate DCB.

The Government may ensure the internal audit inspection and strengthening the internal controls at various levels.

4.2.19 Other points of interest

Scrutiny of miscellaneous records at the TC office and 13 offices¹⁰¹ indicated following:

4.2.19.1 Non-documentation of the business continuity and disaster recovery plan

Though CFST was in use since May 2000, the department had not prepared and implemented a business continuity and disaster recovery plan.

4.2.19.2 Non-monitoring of IT assets

The total cost of the hardware in all the offices was about Rs. 10.25 crore. However, audit noticed that neither the hardware issue register nor the register of IT assets was being maintained in any of the offices test checked. After this was pointed out, the department (November 2009) stated that the same would be maintained.

⁹⁹ DTCs - Chittoor, Visakhapatnam and RTO-Amalapuram.

¹⁰⁰ The state of inactivity of a vehicle for a particular period for which no tax is payable.

¹⁰¹ JTC-Khairatabad, DTCs - Chittoor, Guntur, Kurnool, Vijayawada, Visakhapatnam, RTOs - Amalapuram, Bhimavaram, Gudivada, Hindupur, Narasaraopet, Rajahmundry and Tirupati.

4.2.19.3 Non-provision of fire fighting equipment at server room

Audit noticed that there was no fire detection/fighting equipment or fire extinguishers to fight any contingency in any of the 16 offices test checked. After this was pointed out the department stated (November 2009) that action would be taken to provide the fire fighting equipment.

4.2.19.4 User manuals not provided

It was noticed that user manuals on the CFST were not provided to the employees in 8 out of the 16 offices test checked. After this was pointed out, the department stated (November 2009) that online user manual would be created and made available to the staff.

4.2.19.5 Linking of the database with other agencies

The information relating to vehicles i.e., registration number, chassis number, vehicle type, engine number etc., contained in the CFST have to be shared with the Police Department for initiating action in cases of theft, loss etc. Since the functions of the Police Department have also been computerised, the databases of both the departments should be linked to enable the departments to share critical information in time.

4.2.19.6 Non-development of technical expertise within the department

Any IT system though initially developed/implemented through outsourcing has to be invariably taken over by the department, eventually, by developing expertise within the department. The data captured through the CFST is very critical since it involves personal data relating to the vehicle owners, insurance details besides revenue particulars and DCB. Though the employees of the department handle entire data entry at the departmental counters, database administration was, however, handled by the outsourced agency M/s RESL. It was noticed in audit that efforts were not made to develop expertise within the department to handle the database administration function.

After this was pointed out, the department stated (November 2009) that steps would be taken to develop technical expertise within the department.

Considering the importance of the data maintained by the CFST, it is recommended that the training of staff may be undertaken on priority basis. This will also reduce dependency on the outsourcing agency and it will be in the interest of data integrity.

4.2.20 Conclusion

CFST was implemented with an intention to build a comprehensive database and automate all services to the public. However, a scrutiny of the system through test check of various aspects indicates that despite nine years of the system having been operational, the level of assurance derived from it is very low. Non-incorporation of the business rules into the system, serious lack of validations, non-capturing of essential data for computation of taxes and fees

have resulted in non/short levy of green tax, life tax etc. The software also lacked essential validation controls resulting in repetitions in insurance cover notes, engine numbers, and chassis numbers.

The data retrieved through the system is not complete, as all information is not being captured. There is no facility available to reconcile the payments made by *e-seva*. Various software deficiencies necessitated manual interventions particularly for computation of taxes for stage carriages, apart from the risks of omissions.

The software was not backed by proper internal control mechanism and continuous monitoring. By not obtaining the transactions data of its unit offices, the department failed to use the database effectively for curtailing loss of revenue. Efforts were also not made to develop technical expertise within the department for managing either the software or the database. Use of the system as a management information system (MIS) was also inadequate.

4.2.21 Summary of recommendations

The Government/department may consider to:

- ensure that the validation controls are built into the system to avoid entry of unauthorised and inconsistent data;
- take necessary steps to update the CFST and link it with *e-seva* to prevent scope of short levy of tax and for providing better services;
- review the business rules to ensure that all business rules are incorporated into the CFST and updated regularly to avoid leakage of revenue;
- ensure the internal audit inspection and strengthening the internal controls at various levels; and
- undertake the training of staff on priority basis. This will also reduce dependency on the outsourcing agency and it will be in the interest of data integrity.

4.3 Other audit observations

Scrutiny of the records in the offices of the Transport Department relating to revenue received from quarterly tax, green tax, life tax etc., on the vehicles indicated several cases of non-observance of the provisions of the Acts/Rules resulting in non/short levy of tax/penalty and other cases as mentioned in the succeeding paragraphs in this Chapter. These cases are illustrative and are based on a test check carried out in audit. Such omissions are pointed out in audit each year, but not only do the irregularities persist; these remain undetected till an audit is conducted. There is a need for the Government to improve the internal control system including strengthening the internal audit so that such omissions are detected and rectified.

4.4 Non-realisation of quarterly tax and penalty

Section 3 of the APMVT Act, 1963, stipulates that every owner of a motor vehicle is liable to pay the tax at the rates specified by the Government from time to time. Section 4 of the APMVT Act specifies that the tax shall be paid in advance either quarterly, half yearly or annually within one month¹⁰² from the commencement of the quarter. In case of failure to pay the tax within the stipulated time, penalty shall be imposed under the Act.

Test check of the records of the Joint Transport Commissioner (JTC), Khairatabad, 10 Deputy Transport Commissioners¹⁰³ (DTCs) and 19 Regional Transport Officers¹⁰⁴ (RTOs) (between April 2008 and January 2009) indicated that the quarterly tax of Rs. 3.36 crore for the year 2007-08 was neither paid by the owners of 4,441 vehicles nor demanded by the department. Besides, penalty of Rs. 6.72 crore though leviable was not levied. This resulted in non-realisation of tax and penalty amounting to Rs. 10.08 crore.

After the cases were pointed out, the assessing authorities (AAs) stated (between April 2008 and January 2009) that Rs. 12.22 lakh was collected from the owners of 113 vehicles, action was being/would be taken to collect the amount in respect of 2,368 vehicles and registration of 1,821 vehicles was being cancelled. A report on further action taken in respect of these vehicles and the reply for the remaining 139 vehicles have not been received (February 2010).

The matter was referred to the department between August 2008 and April 2009 and the Government in April 2009; their reply has not been received (February 2010).

¹⁰² Vide notification issued under Section 9 (1) of the APMVT Act.

¹⁰³ Chittoor, Guntur, Kadapa, Kakinada, Karimnagar, Nellore, Srikakulam, Vijayawada, Visakhapatnam and Warangal.

¹⁰⁴ Amalapuram, Anakapalle, Bhimavaram, Gudivada, Hindupur, Hyderabad (East, South and West), Ibrahimpatnam, Khammam, Mahabubnagar, Nandyal, Narasaraopet, Ongole, Rajahmundry, Ranga Reddy East, Secunderabad, Tirupati and Vizianagaram.

4.5 Short realisation of penalty for belated payment of tax

Section 6 of the APMVT Act read with Rule 13 framed thereunder as amended vide Government order¹⁰⁵ dated 7 July 2003, envisages the levy of penalty at 100 *per cent* of the tax due, if the tax is paid in the second month of the quarter and at 200 *per cent*, if the tax is paid beyond two months from the beginning of the quarter. In contravention of the provisions of the Act/Rules, the TC issued a circular¹⁰⁶ for levy of penalty at the rate of 25 *per cent* and 50 *per cent* of the tax due for belated payment of the tax by one month and beyond one month respectively of the quarter in which it was due.

Test check of the records of the JTC, Khairatabad, 10 DTCs¹⁰⁷ and 18 RTOs¹⁰⁸ (between April 2008 and January 2009) indicated that penalty of Rs. 10.61 crore was leviable in accordance with the provisions of the Act for belated payment of tax, but the authorities levied penalty of Rs. 2.65 crore only for the period from April 2007 to March 2008 in accordance with the TC's circular. This resulted in short realisation of penalty of Rs. 7.96 crore.

After the cases were pointed out, the AAs stated (between April 2008 and January 2009) that penalty for belated payment of tax was levied as per the instructions of the TC issued in August 2003. Thus, issue of instructions in contravention of the provisions of the Act resulted in short realisation of revenue of Rs. 7.96 crore.

The matter was referred to the department between July 2008 and March 2009 and the Government in April 2009; their reply has not been received (February 2010).

4.6 Non-renewal of fitness certificate

As per Section 56 of the Motor Vehicles Act, 1988 (MV Act), a transport vehicle shall not be deemed to be validly registered, unless it carries a certificate of fitness issued by the prescribed authority. As per Rule 62 of the CMV Rules, 1989, the certificate of fitness in respect of the transport vehicles shall be renewed every year. Rule 81 prescribes the fee for conducting test of a vehicle for grant and renewal of the certificate of fitness. Plying of a vehicle without the fitness certificate is an offence and attracts a minimum compounding fine of Rs. 1,000.

Test check of the records of the JTC, Khairatabad, five DTCs¹⁰⁹ and 10 RTOs¹¹⁰ (between June and December 2008) indicated that fitness certificates of 2,20,435 transport vehicles that completed two years of life during 2007-08,

¹⁰⁵ G.O.Ms. No. 110 TR&B dated 7 July 2003.

¹⁰⁶ Circular Memo. No. 9693/R1/2003 dated 19 August 2003.

¹⁰⁷ Chittoor, Guntur, Kadapa, Kakinada, Karimnagar, Nellore, Srikakulam, Vijayawada, Visakhapatnam and Warangal.

¹⁰⁸ Anakapalle, Bhimavaram, Gudivada, Hindupur, Hyderabad (East, South and West), Ibrahimpatnam, Khammam, Mahabubnagar, Nandyal, Narasaraopet, Ongole, Rajahmundry, Ranga Reddy (East), Secunderabad, Tirupati and Vizianagaram.

¹⁰⁹ Chittoor, Karimnagar, Nellore, Srikakulam and Vijayawada.

¹¹⁰ Anakapalle, Hindupur, Hyderabad (East and South), Khammam, Mahabubnagar, Nandyal, Ongole, Secunderabad and Vizianagaram.

were not renewed. This resulted in non-realisation of fitness certificate fee of Rs. 6.99 crore and a minimum compounding fine of Rs. 22.04 crore.

After the cases were pointed out (between June 2008 and April 2009), the Government/AAs stated (between June 2008 and August 2009) that Rs. 89.60 lakh had been collected from the owners of 28,064 vehicles and fee would be collected whenever the registered owners approached for the certificate of fitness in respect of 82,858 vehicles and show cause notices would be issued to the owners of 11,126 vehicles. The DTC, Chittoor stated (July 2008) in respect of 17,395 vehicles that the CMV Rule 62 did not prescribe that every registered vehicle should obtain a fitness certificate in respect of a transport vehicle and further stated that the vehicle owners were unable to follow the norms prescribed in the MV Act due to financial problems. The fact remains that the vehicle owners were paying the tax on the vehicles regularly which indicates that the vehicles were plying without fitness certificate. The reply for the remaining cases has not been received (February 2010).

4.7 Non-levy of green tax

The Government ordered (November 2006¹¹¹) levy of a tax called the “green tax” on the transport vehicles and non-transport vehicles that have completed seven years and 15 years of age respectively from the date of registration. The rate of tax is Rs. 200 per annum for the transport vehicles. In respect of the non-transport vehicles, it is Rs. 250 for every five years in the case of motorcycles and other than motorcycles, it is Rs. 500 for every five years.

Test check of the records of the JTC, Khairatabad, 10 DTCs¹¹² and 18 RTOs¹¹³ (between April 2008 and January 2009) indicated that green tax aggregating to Rs. 3.35 crore in respect of 1,02,951 transport vehicles and 42,475 non-transport vehicles that had completed seven years and 15 years of age respectively was not levied and collected during the period from April 2007 to March 2008.

After the cases were pointed out (between April 2008 and April 2009), the Government stated (between April 2008 and July 2009) that Rs. 72.43 lakh had been collected from owners of 32,947 vehicles and action would be taken to collect the green tax in respect of 22,535 vehicles. The reply in the remaining cases has not been received (February 2010).

4.8 Non-levy of life tax and penalty

The Government amended the APMVT Act in September 2006 bringing the motor cabs of the cost of Rs. 3.50 lakh and above under the purview of the life tax with effect from 25 May 2006. The tax was leviable as a percentage of the

¹¹¹ G.O. Ms. No.238, Transport, Roads and Buildings (TR.I) dated 23 November 2006.

¹¹² Chittoor, Guntur, Kadapa, Kakinada, Karimnagar, Nellore, Srikakulam, Vijayawada, Visakhapatnam and Warangal.

¹¹³ Amalapuram, Anakapalle, Bhimavaram, Gudivada, Hindupur, Hyderabad (East, South and West), Ibrahimpatnam, Khammam, Mahabubnagar, Nandyal, Narasaraopet, Rajahmundry, Ranga Reddy East, Secunderabad, Tirupati and Vizianagaram.

cost of the vehicle that was based on the age of the vehicle. The age of the vehicle as on 25 May 2006 was to be reckoned for the purpose of the calculation of the tax. Under Section 6 read with Rule 13 of the APMVT Act, non-payment of life tax in time attracts penalty leviable at the rate of two *per cent* per month from the date on which the tax becomes due for payment.

Test check of the records of the five DTCs¹¹⁴ and nine RTOs¹¹⁵ (between May and December 2008) indicated that life tax of Rs. 67.62 lakh and penalty of Rs. 24.20 lakh thereon (upto March 2008) was not levied and collected in case of 152 motor cabs. This resulted in non-realisation of tax and penalty of Rs. 91.82 lakh during the year 2007-08.

After the cases were pointed out, the AAs stated (between May and December 2008) that action would be taken to collect the life tax and penalty in respect of 59 vehicles, show cause notices had been issued/would be issued to owners of 31 vehicles and the matter would be examined in respect of the remaining 62 vehicles.

The matter was referred to the department in October 2008 and March 2009 and the Government in April 2009; their reply has not been received (February 2010).

4.9 Non-realisation of life tax on road rollers

The Government promulgated an ordinance¹¹⁶ vide TC's circular¹¹⁷ dated 3 June 2006 incorporating a proviso to sub-section 2 of Section 3 of the APMVT Act, bringing road rollers under the purview of one time tax. The tax was to be collected at the rates prescribed in the APMVT Act. The circular provided that the one time tax shall not be collected without collecting the arrears upto 30 June 2006 due against any in-use road rollers.

Test check of the records of the JTC, Khairatabad and three DTCs¹¹⁸ (between April and October 2008) indicated that the arrears of tax have not been collected and one time tax was not realised for the years 2003 to 2008 in respect of 37 road rollers. This resulted in non-realisation of the arrears of tax and life tax with penalty of Rs. 20.29 lakh.

After the cases were pointed out, the AAs stated (between April and October 2008) that notices had been issued to the owners of 11 vehicles, action would be taken to collect the life tax in respect of two vehicles and the matter would be examined in respect of the remaining 24 vehicles.

The matter was referred to the department between February and April 2009 and the Government in April 2009; their reply has not been received (February 2010).

¹¹⁴ Chittoor, Karimnagar, Nellore, Vijayawada and Warangal.

¹¹⁵ Bhimavaram, Hindupur, Hyderabad (West), Khammam, Mahabubnagar, Ongole, Ranga Reddy East, Tirupati and Vizianagaram.

¹¹⁶ No. 3/2006 dated 25 May 2006.

¹¹⁷ Memo. No.21/3999/R2/04 dated 03 June 2006.

¹¹⁸ Kakinada, Visakhapatnam and Warangal.

4.10 Non-levy/collection of compounding fee

Under the provisions of the MV Act, the AA may compound certain offences punishable under the Act by collecting compounding fee in lieu of the penal action as prescribed by the Government. The Government in October 2001 prescribed¹¹⁹ minimum rates of compounding fee for various offences. The checking officers of the Transport Department prepare vehicle check reports (VCRs) on the motor vehicles checked by them and forward these to the RTO for taking departmental action against the defaulting permit holders/owners of the concerned vehicles. These reports are to be noted in the register of VCR to take necessary action to suspend/cancel the licence/permit or to levy the compounding fee.

Test check of the VCR registers for the year 2007-08 of eight DTCs¹²⁰ and eight RTOs¹²¹ (between April 2008 and January 2009) indicated that 360 vehicles were involved in compoundable offences *viz.*, carrying overload, excess passengers etc. In all these cases, neither was any penal action taken nor was compounding fee levied. This resulted in non-realisation of compounding fee of Rs. 13.47 lakh.

After the cases were pointed out (between May 2008 and April 2009), the Government/AAs stated (between May 2008 and July 2009) that Rs. 5.62 lakh had been collected in respect of 93 vehicles, action would be taken to collect the compounding fee from the owners of 26 vehicles, permits/registrations were suspended/would be suspended of 17 vehicles, notices were issued/would be issued to 105 vehicles and the VCRs were forwarded to other districts for 33 vehicles. The reply for the remaining 86 vehicles has not been received (February 2010).

4.11 Non-collection of bilateral tax and penalty

As per the Government order dated 22 February 2000¹²², a tax of Rs. 3,000 per annum per State is to be levied under the APMVT Act, irrespective of the laden weight, on every goods carriage which is registered and normally kept in the States of Tamilnadu, Karnataka and Maharashtra and covered by countersignature of permits and operating on the routes lying partly in the State of Tamilnadu/Karnataka/Maharashtra and partly in the state of Andhra Pradesh, in pursuance of the bilateral agreement entered into with the States of Tamilnadu/Karnataka and Maharashtra. The tax shall be paid in advance in lumpsum before the 15th of April every year failing which an additional sum of Rs. 100 for each calendar month of default shall be paid as penalty in addition to the tax.

¹¹⁹ G.O.Ms.No.138, Transport, Roads and Buildings (TR-II) Department dated 31 October 2001.

¹²⁰ Guntur, Kadapa, Kakinada, Karimnagar, Nellore, Srikakulam, Vijayawada and Visakhapatnam.

¹²¹ Anakapalle, Bhimavaram, Hyderabad (East, South and West), Mahabubnagar, Ongole and Ranga Reddy East.

¹²² G.O.Ms.No.38, Transport, Roads and Buildings (Tr. II) department dated 22 February 2000.

Test check of the records of the DTC, Chittoor (June and July 2008) indicated that in respect of 288 vehicles pertaining to Tamilnadu and Karnataka States, bilateral tax amounting to Rs. 8.64 lakh for the year 2007-08 and penalty of Rs. 3.46 lakh thereon was pending for realisation. This resulted in non-collection of bilateral tax and penalty of Rs. 12.10 lakh.

After the cases were pointed out, the DTC, Chittoor stated (July 2008) that the non-payment list of bilateral tax had been communicated to the border check posts and show cause notices were being sent to the registered owners as well as the original registering authorities for payment of the tax. Further development has not been reported (February 2010).

The matter was referred to the department in March 2009 and the Government in April 2009; their reply has not been received (February 2010).

4.12 Non-levy of quarterly tax on idle contract carriages

As per the Government order dated 13 April 2006¹²³, in case of idle contract carriages not covered by any permit and plying on the strength of temporary/special permits issued under Section 87 or sub-section (8) of Section 88 of MV Act, tax of Rs. 892.50 per seat per quarter shall be levied.

Test check of the records of the DTC, Vijayawada and two RTOs¹²⁴ (between May and July 2008) indicated that quarterly tax amounting to Rs. 10.77 lakh on seven idle contract carriages which were not covered by any permit for the period between October 2005 to March 2008 was not levied and collected.

The matter was referred to the department in February 2009 and the Government in April 2009; their reply has not been received (February 2010).

4.13 Non-realisation of revenue due to non-cancellation and re-notification of special numbers

As per Rule 81(3) of the APMV Rules, 1989, the registering authority may reserve special numbers on payment of the prescribed fee by the owner of the vehicle. Further, as per Rule 81(6) of the APMV Rules, the reservation shall be cancelled if the vehicle is not produced within 15 days from the date of reserving and the number reserved shall be re-notified immediately.

Test check of the records of the JTC, Khairatabad and the RTO, Ongole (September and November 2008) indicated that in 51 cases, the reservation of the special numbers was not cancelled and the numbers re-notified though the registration of the vehicle was not done within 15 days from the date of reserving the number. This resulted in non-realisation of Rs. 9.25 lakh.

¹²³ G.O.Ms. No. 68 Transport, Roads and Buildings (TR-I), department dated 13 April 2006.

¹²⁴ Bhimavaram and Nandyal.

After the cases were pointed out, the JTC, Khairatabad stated (October 2008) that the mistake occurred as the software was not updated. The RTO, Ongole stated (November 2008) that action would be taken to collect the amount. Further reply has not been received (February 2010).

The matter was referred to the department in March 2009 and the Government in April 2009; their reply has not been received (February 2010).