

CHAPTER V: TAXES ON MOTOR VEHICLES

5.1 Results of audit

Test check of the assessment cases and other records relating to the Transport Department during the year 2008-09 revealed non-realisation of duties, fees, fines etc., amounting to Rs. 551.70 crore in 51 cases which can be categorised as under:

(Rupees in crore)

Sl. no.	Category	Number of cases	Amount
1.	Non-levy of penalty	12	527.60
2.	Non-realisation of road tax	04	0.87
3.	Non/short realisation of fee	05	0.41
4.	Other irregularities	30	22.82
Total		51	551.70

During the year 2008-09, the department accepted irregularities in 05 cases amounting to Rs. 272.88 crore. No recovery has been made during the year 2008-09.

A few illustrative audit observations involving Rs. 272.69 crore are mentioned in the succeeding paragraphs.

5.2 Audit observations

Scrutiny of the records in the offices of Transport Department relating to revenue received from taxes on 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 need for the Government to consider directing the department to improve the internal control system including strengthening of internal audit so that such omissions can be avoided, detected and corrected.

5.3 Unauthorised retention of revenue

Rs. 3.71 crore was deposited into Government account after a lapse of 19 months resulting in loss of interest of Rs. 44.29 lakh

Under the provision of the Meghalaya Treasury Rules, 1985 all moneys received by the Government on account of revenue shall without undue delay be paid in full into the treasury for inclusion in the Government account. Further, all the receipts are to be noted in the cash book as soon as they occur and attested by the head of the office in token of the check. The said rules also stipulate that the details of the bank drafts/cheques are to be entered in the register of valuables.

Scrutiny of the records of the Commissioner of Transport, Meghalaya in April 2008 revealed that a cheque of Rs. 3.71 crore being reimbursement of the cost of operation of the Meghalaya Helicopter Service was received in June 2005 from the Government of India, Ministry of Home Affairs, New Delhi. The department misplaced the cheque and did not deposit it into the Government account and ultimately the cheque became time-barred. The department returned the time-barred cheque in May 2006 to the Ministry of Home Affairs for revalidation. In December 2006 the department received another bank draft in lieu of the time-barred cheque and credited it into the Government account on 30th January 2007. Thus, an amount of Rs. 3.71 crore remained out of the Government account for a period of 19 months. During this period the State government paid interest on market loans ranging from 7.53 per cent to 7.72 per cent. Thus, timely deposit of the amount could have helped the State Government in avoiding payment of interest of Rs. 44.29 lakh.

After this was pointed out, the Government while accepting the lapse regretted (April 2009) the belated deposit of the cheque into the Government account. The Government further stated that no disciplinary proceedings were possible as the concerned dealing assistant had already retired. The reply is not tenable as the particulars of cheque should have been entered in the register of valuables which has to be submitted periodically to the superior officers for verification. Thus, there was also monitoring lapse on the part of the superior officers.

5.4 Non-levy of fine on trucks carrying excess load of coal

Non-levy of fine of Rs. 271.80 crore on 3,58,992 commercial trucks for carrying excess load beyond the maximum permissible limit

In Meghalaya all commercial trucks are registered by the District Transport Officers (DTO) with the maximum permissible payload of 10 MT on which the road tax is payable under the Assam Motor Vehicle Taxation Act, 1936 (as adopted by Meghalaya). Further, under the Motor Vehicle Act, 1988, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven carrying a load in excess of the permissible limit, shall be liable to pay a minimum fine of Rs. 2,000 and an additional fine of Rs. 1,000 per MT of excess load.

Cross verification of the records of the Commissioner of Transport (COT), Meghalaya with those of the Director of Mineral Resources (DMR) check gates at Umkiang, Mookyndur, Umling, Athiabari and Dainadubi in January 2009 revealed that 3,58,992 commercial trucks carried 55,89,983 MT of coal against the maximum permissible limit of 35,89,920 MT between April 2007 and March 2008. But the excess load of 20,00,063 MT carried by these trucks beyond the permissible limit escaped the notice of the enforcement wing of the Transport Department resulting in the non-levy and consequent non-realisation of the minimum fine of Rs. 271.80 crore. Besides, plying of overloaded trucks on the public roads was fraught with the risk of damaging the public roads and consequent loss of human lives.

After this was pointed out, the COT, while admitting the facts, stated in March 2009 that the matter would be taken up with the Mining and Geology Department to ensure that the overloaded coal trucks are penalised with fines. Further development has not been reported (January 2010).

The case was reported to the Government in March 2008; their reply has not been received (February 2010).

5.5 Loss of revenue due to delay in deployment of enforcement staff

Delay in deployment of enforcement staff in a private weighbridge as stipulated in the agreement led to loss of revenue of Rs. 20.83 lakh

To ensure that the goods carriage vehicles do not carry load beyond the prescribed limit and that weighbridges have been installed at important locations as specified under Section 138 of the Motor Vehicle Act for weighing of the goods carriage vehicles. Weighbridges are generally leased out by inviting tenders.

Scrutiny of the records of the Commissioner of Transport, Meghalaya in January 2009 revealed that the State government entered into an agreement in December 2007 with an owner of a weighbridge allowing him to weigh the vehicular traffic along the National Highway at Thangskai in Jaintia Hills for a period of three years from 2007-08 to 2009-10 on payment of Rs. 30 lakh per year. For enforcing compulsory weighing of trucks on the route, the State government agreed to deploy enforcement staff of the Transport Department for duties at the weighbridge. But the weighbridge started functioning belatedly from September

2008 due to non-deployment of the enforcement staff as stipulated in the agreement and the licensee requested the Government to exempt payment of Rs. 20.83 lakh for the period from 20 December 2007 to 31 August 2008 which was accepted by the Government. Thus, delay in posting the enforcement staff at the weighbridge at Thangskai led to loss of revenue of Rs. 20.83 lakh.

The case was reported to the department/Government in March 2009; their reply has not been received (February 2010).

5.6 Non-levy of fine on non-renewal of permits

Non-levy of fine of Rs. 8.92 lakh due to non-renewal of permits of 446 transport vehicles

As per Section 66 of the Motor Vehicles Act, 1988 no owner of a motor vehicle shall use his vehicle as a transport vehicle in any public place without a valid permit whether or not such vehicles are actually carrying any passenger or goods. Further, Section 81 of the Act *ibid* states that the validity of a permit is five years and may be renewed on an application made not less than 15 days before the date of expiry of the permit. Non-compliance of the above provisions of the Act attracts the provisions of Section 192 A, under which a minimum fine of Rs. 2,000 shall be levied.

Scrutiny of the records of the District Transport Officer (DTO), East Khasi Hills, Shillong in March 2008 and February 2009 revealed that 446 transport vehicles were plying without getting their permits renewed. Further, there were no recorded reasons for non-renewal of the permits of the vehicle or withdrawal of the vehicles on the strength of form 'H'. No action was taken by the DTO to detect these vehicles plying without the permits and to recover the fine from the defaulters. This resulted in non-levy of fine of Rs. 8.92 lakh.

After this was pointed in May 2008, the DTO stated in June 2008 that show cause notices had been issued to the owners of the vehicles. Report on recovery has not been received (February 2010).

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

5.7 Non-imposition of penalty

Sale of vehicles without valid registration led to non-levy of penalty of Rs. 2.56 lakh

Under Rule 33 of the Central Motor Vehicles (CMV) Rules 1989, for the purpose of the provision to Section 39 of the MV Act, a motor vehicle in possession of a dealer shall be exempted from the necessity of registration subject to the condition that he obtains a trade certificate from the registering authority in accordance with the aforesaid rule. As per Rule 42 of CMV Rule, no holder of a trade certificate shall deliver a motor vehicle to a purchaser without registration, whether temporary or permanent. Further, as per Section 192 of the Motor Vehicles Act, whosoever drives or allows a motor vehicle to be driven in contravention of the

provisions of Section 39, shall be punishable for the first offence with a fine extendable upto Rs. 5,000 but not less than Rs. 2,000.

Scrutiny of the records of the District Transport Officer (DTO), East Khasi Hills, Shillong in February 2009 revealed that in 128 cases, vehicles were sold by the firm/dealers to the purchasers without temporary/permanent registration between November 2005 and March 2006. In all these cases the vehicles were registered by the DTO after delays ranging from 4 to 169 days from the date of delivery. Despite specific provision prohibiting delivery of vehicles without a valid registration, the dealers sold these vehicles violating the provision of the Motor Vehicles Act and the Central Motor Vehicles Rules. This not only resulted in plying of these vehicles without valid registration but also in non-levy of minimum penalty of Rs. 2.56 lakh.

The case was reported to the department/Government in March 2009; their reply has not been received (February 2010).

5.8 Non-realisation of revenue due to non-renewal of certificate of registration of private vehicles

Non-renewal of registration certificate of private vehicles after expiry of 15 years led to non-realisation of revenue of Rs. 4.76 lakh including fine

Section 41(7) of the MV Act lays down that the certificate of registration in respect of a motor vehicle other than a transport vehicle shall be valid for a period of 15 years from the date of issue of such registration and shall be renewable as per provision of the Act *ibid*. Under Rule 44 of the Assam Motor Vehicle Rules, the District Transport Officer shall maintain a register of all the vehicles in Form III known as the combined register in which details of every vehicle registered in the district shall be recorded. The register is to be reviewed periodically by the DTO. Further, Section 192 of the Act prescribes that whosoever drives or causes to drive a motor vehicle without registration shall be penalised for the first offence with fine which may extend to Rs. 5,000 but shall not be less than Rs. 2,000.

Scrutiny of the records of the DTO East Khasi Hills, Shillong in March 2008 and February 2009 revealed that though in 226 cases, the certificates of registration of the vehicles were not renewed by the owners after the expiry of the 15 years' period from the date of registration, yet no action was taken by the DTO to issue notices to these vehicle owners for re-registration of the vehicles. Thus, failure of the DTO to review the combined register periodically not only resulted in plying of vehicles without registration but also led to non-realisation of revenue of Rs. 4.76 lakh including fine.

The cases were reported to the department/Government in May 2008 and March 2009; their reply has not been received (February 2010).

5.9 Non-realisation of inspection/fitness fee

Failure of the Transport Department/enforcement wing to detect plying of vehicles without fitness certificates led to non-realisation of inspection fee of Rs. 2.67 lakh

Under the provision of Section 56 of the Assam MV Act a transport vehicle shall not be deemed to be validly registered for the purpose of Section 39 unless it carries a certificate of fitness issued by the prescribed authority on realisation of the inspection fee. Further, as per Section 192 A of the MV Act, whoever drives or allows a vehicle to be driven without registration is punishable with a minimum fine of Rs. 2,000 for the first offence. The DTO is required to review the combined registers periodically to ensure timely realisation of the inspection fee. In addition, the enforcement wing is required to monitor the plying of vehicles with proper fitness certificate on realisation of fee.

Scrutiny of the fitness register of the DTO, Shillong in April 2008 revealed that in 260 cases the fitness certificates which had expired between March 2002 and April 2006 were not renewed. Reasons for non-renewal of the fitness certificates were not on record. This was not only fraught with the risk of plying of the vehicles in the public places without proper fitness but also resulted in non-realisation of fitness/inspection fee of Rs. 2.67 lakh and minimum fine of Rs. 5.20 lakh.

The case was reported to the department/Government in May 2008; their reply has not been received (February 2010).