

CHAPTER-III : MOTOR VEHICLES TAX

EXECUTIVE SUMMARY

Marginal increase in tax collection	In 2011-12, the collection of taxes from motor vehicles was less by 6.53 <i>per cent</i> as compared to the Budget Estimate for the year and increased by 8.30 <i>per cent</i> over the previous year which was attributed by the Department to increase in registration of vehicles, increase in the enforcement activities, amendment of the Orissa Motor Vehicles Taxation (OMVT) Act, 1975 and arrear collection.
Internal audit not conducted	Internal Audit of the units under the Transport Department has not been conducted since last few years due to shortage of staff in the Internal Audit Wing. This had its impact in terms of the weak internal control in the Department leading to leakage of revenue. It also led to omissions on the part of the Regional Transport Officers remaining undetected till audit was conducted.
Very low recovery by the Department against the observations pointed out by audit in earlier years	During the period 2006-07 to 2010-11, audit pointed out non / short-levy, non / short-realisation of tax, fee etc., with revenue implication of ₹ 348.75 crore in 8,58,741 cases. Of these, the Department / Government accepted audit observations in 88,169 cases involving ₹ 156.92 crore; but recovered only ₹ 7.53 crore in 4,255 cases. The average recovery position, being 4.80 <i>per cent</i> as compared to acceptance of objections, was very low and it ranged between 1.32 <i>per cent</i> and 5.93 <i>per cent</i> .
Results of audit in 2011-12	<p>In 2011-12, Records of 32 units relating to taxes on motor vehicles and noticed non / short-realisation / levy of tax, fees, penalty etc., involving ₹ 86.54 crore in 1,70,927 cases were test checked.</p> <p>The Department accepted non / short-realisation / levy of tax and other deficiencies of ₹ 18.25 crore in 7,673 cases, of which 579 cases involving ₹ 1.67 crore were pointed out by audit during 2011-12 and the rest in the earlier years. An amount of ₹ 1.12 crore was recovered in 561 cases during the year 2011-12 which included ₹ 0.05 crore in 43 cases for the year 2011-12.</p>
Highlights	In this Chapter, Audit findings of illustrative cases involving ₹ 84.34 crore selected during test check of records relating to assessment and collection of motor vehicles tax in the office of the Transport Commissioner-cum-Chairman, State Transport Authority and the Regional Transport Officers (RTOs), due to non-adherence to provisions of the Acts / Rules are presented.

It is a matter of concern that similar omissions have been pointed out by audit in the earlier Audit Reports also; but the Department has not taken adequate corrective action despite switching over to an IT-enabled system in all the RTOs. Though these omissions were apparent from the records database made available to audit, the RTOs were unable to detect these mistakes.

Conclusions

The Department needs to improve the internal control system including strengthening of internal audit so that weaknesses in the system are addressed and omissions of the nature detected by audit are avoided in future.

It also needs to initiate immediate action to recover the non-realisation, undercharge of tax, fees etc. pointed out, more so in those cases where audit contentions have been accepted.

3.1.1 Tax administration

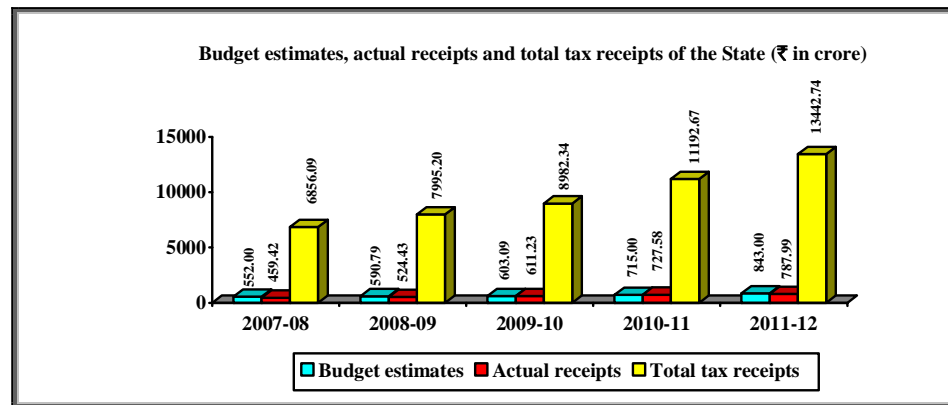
Levy and collection of taxes on motor vehicles is regulated under the Motor Vehicles (MV) Act, 1988 and the Orissa Motor Vehicles Taxation (OMVT) Act, 1975. The Transport Commissioner (TC)-cum-Chairman, State Transport Authority (STA), under the overall supervision of the Principal Secretary, Commerce and Transport (Transport) Department, administers the above Acts and Rules made thereunder and is assisted by the Headquarters and field staff. The RTOs are the Assessing Authorities (AAs) as well as the Tax Recovery Officers (TROs).

3.1.2 Trend of Receipts

Actual receipts from taxes on motor vehicles during the years 2007-08 to 2011-12 along with the total tax receipts during the same period is detailed in the following table.

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2007-08	552.00	459.42	(-)92.58	(-)16.77	6,856.09	6.70
2008-09	590.79	524.43	(-)66.36	(-)11.23	7,995.20	6.56
2009-10	603.09	611.23	(+)8.14	(+)1.35	8,982.34	6.80
2010-11	715.00	727.58	(+)12.58	(+)1.76	11,192.67	6.50
2011-12	843.00	787.99	(-)55.01	(-)6.52	13,442.74	5.86



The reasons for wide fluctuations in budget estimates and actuals during 2007-08 was attributed to less registration of vehicles as compared to the previous year and a campaign against overloading of vehicles, whereas for the year 2008-09 it was attributed to a downward trend in registration of new commercial vehicles as compared to the previous year. Increase of revenue during 2010-11 and 2011-12 are due to increase in registration of vehicles, increase in the enforcement activities, amendment of OMVT Act and arrear collection.

3.1.3 Cost of collection

The gross collection under taxes on motor vehicles, expenditure incurred for their collection and the percentage of such expenditure to gross collection during the years 2009-10 to 2011-12 along with the relevant all India average percentage of expenditure on collection to gross collection in the respective previous years are mentioned below:

(₹ in crore)

Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the previous year
2009-10	611.23	27.78	4.54	2.93
2010-11	727.58	30.73	4.22	3.07
2011-12	787.99	25.96	3.29	3.71

The percentages of the cost of collection were higher than the all India average percentages during 2009-10 and 2010-11; whereas during 2011-12 it was within the all India average percentages for the previous year.

3.1.4 Working of Internal Audit Wing

Although the Internal Audit Wing (IAW) of the Department exists, audit has not been conducted since last couple of years due to shortage of staff. **The Government may take suitable steps to strengthen the IAW so as to ensure effective implementation of the Acts / Rules for prompt and correct realisation of revenues as well as to clear the arrears in audit.**

3.1.5 Impact of Audit

Revenue impact

During the last five years (2006-07 to 2010-11) we pointed out non/short-levy, non/short-realisation of tax, fee etc., with revenue implication of ₹ 348.75 crore in 8,58,741 cases. Of these, the Department/Government accepted audit observations in 88,169 cases involving ₹ 156.91 crore and recovered ₹ 7.53 crore in 4,255 cases.

During the period 2006-07 to 2010-11 the recovery position as compared to acceptance of objections was very low ranging from 1.32 *per cent* to 5.93 *per cent*. **The Government may take appropriate steps to improve the recovery position.**

3.1.6 Results of Audit

During the year 2011-12, we test checked the records of 32 units involved in the assessment and collection of taxes on motor vehicles and found non / short-realisation / levy of tax, fees, penalty etc. involving ₹ 86.54 crore in 1,70,927 cases.

During the year the Department accepted non / short-realisation / levy of tax and other deficiencies of ₹ 18.25 crore in 7,673 cases, of which 579 cases involving ₹ 1.67 crore were pointed out in audit during the year 2011-12 and the remaining pertained to earlier years. An amount of ₹ 1.12 crore was recovered in 561 cases during the year 2011-12 which included ₹ 0.05 crore in 43 cases for the year 2011-12.

3.2 Audit observations

We scrutinised the records relating to assessment and collection of Motor Vehicles Tax (MVT) in the offices of the Transport Commissioner (TC)-cum-Chairman, State Transport Authority (STA) and the Regional Transport Officers (RTOs) and found several cases of non-observance of some of the provisions of the Acts/Rules and other cases as mentioned in the succeeding paragraphs in this chapter. The cases are illustrative and are based on a test check carried out by us. Such omissions remain undetected till an audit is conducted by us. The Government may direct the Department to improve the internal control system including strengthening of internal audit so that such omissions can be detected, corrected and avoided in future.

3.3 Non-compliance of the provisions of the Acts/Rules

The provisions of the Motor Vehicles (MV) Act 1988, Orissa Motor Vehicles Taxation (OMVT) Act, 1975 and Rules made thereunder require levy and payment of:

- (i) *motor vehicles tax/additional tax by the vehicle owner at the prescribed rate in advance and within the grace period so provided;*
- (ii) *compounding fee from the goods vehicle carrying excess load;*

- (iii) *One Time Tax (OTT) from goods vehicle of Gross Vehicle Weight (GVW) not exceeding 3,000 Kg;*
- (iv) *differential tax when a stage carriage is used as a contract carriage;*
- (v) *additional tax at specified rates from the stage carriages plying under reciprocal agreement on inter State routes;*
- (vi) *inspection cum testing/fitness fees at prescribed rates at time of registration/renewal of vehicles and*
- (vii) *penalty up to double the tax for belated payment of tax, if the tax is not paid on time within two months after the expiry of the grace period of 15 days.*

Non-compliance of the provisions of the Act/Rules in some cases as mentioned in succeeding paragraphs resulted in non/short-realisation of ₹ 83.05 crore.

3.3.1 Non/short-realisation of motor vehicle tax and additional tax

3.3.1.1 Non-realisation of tax

Under Section 3, 3A and Section 4(1) of the OMVT Act, 1975, motor vehicle tax and additional tax due for a motor vehicle should be paid in advance at the rates prescribed in schedule I appended to the Act unless exemption from payment of such taxes are allowed for the period covered by off road undertaking prescribed under Section 10(1) of the above Act. If such tax is not paid within two months after expiry of the grace period of 15 days, penalty is to be charged at double the tax due as per of Section 13(1) read with Rule 9(2) of the OMVT Rules, 1976. As per the executive instruction (February 1966) of the TC, the RTOs are required to issue demand notices within 30 days from the expiry of the grace period for payment of tax.

During test check of the data base of Vahan¹ and selective cross check of records like General Registration Register (GRR), Permit Register (PR) Permit Case Record (PCR), Off Road (OR) Register of the RTOs, we noticed (between May 2011 and March 2012) that motor vehicles tax and additional tax from 37,278 vehicles for different periods between March 2010 and March 2011 were not realised even though the vehicles were not covered by off road undertakings as detailed in the following table.

¹ Vahan is a application software for registration of vehicles and collection of taxes.

(₹ in crore)					
Sl. No.	No. of regions Type of vehicles	No. of vehicles	Non-realisation of tax/additional tax	Penalty leviable	Total
1.	²⁹ Goods carriages	17,681	19.65	39.30	58.95
2.	³¹ Contract carriages	7,210	3.77	7.54	11.31
3.	³⁰ Tractor-trailer combinations	12,283	3.29	6.59	9.88
4.	²² Stage carriages	104	0.28	0.56	0.84
Total		37,278	26.99	53.99	80.98

Thus failure of the Department/ RTOs concerned to review the GRR, PR, PCR and OR etc due to non-streamlining of the monitoring process post computerisation for recovery of legitimate tax from the owner of the vehicles resulted in non-realisation of motor vehicles tax and additional tax of ₹ 80.98 crore including penalty of ₹ 53.99 crore.

3.3.1.2 Short-realisation of tax

During test check of GRR, PR, PCR, OR register of vehicles and data of VAHAN of 12 RTOs⁶, we noticed (between May 2011 and March 2012) that motor vehicles tax / additional tax of ₹ 0.03 crore for 35 stage carriages for the period from March 2007 and March 2011 was short-realised due to change in permit conditions and consequential slab rates etc. Besides, penalty of ₹ 0.06 crore was also leviable.

After we pointed out these cases, all the RTOs except Ganjam region agreed (between May 2011 and March 2012) to issue demand notices for realisation of dues. Further, the Taxing Officer (TO), Ganjam, stated that computerised demand notices had already been issued to the owners of the vehicles. However, the demand notices issued by the RTO did not specify the amount of tax and penalty. Besides, the DCB register was not maintained to watch the recovery.

We brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in April and May 2012 and the Government in July and August 2012. Reply is yet to be received (January 2013).

² Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar, Bolangir, Boudh, Chandikhol, Cuttack, Dhenkanal, Gajapati, Ganjam, Jagatsinghpur, Jharsuguda, Kalahandi, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nawarangpur, Nayagarh, Nuapada, Phulbani, Puri, Rayagada, Rourkela, Sambalpur, Subarnapur and Sundargarh.

³ All regions as at foot note 2 along with Deogarh and Kendrapara regions.

⁴ All regions as at foot note 3 except Kendrapara regions.

⁵ All regions as at foot note 2 except Balasore Boudh, Malkangiri, Nuapada, Phulbani, Puri and Subarnapur.

⁶ Angul, Bargarh, Bhubaneswar, Chandikhol, Gajapati, Ganjam, Nayagarh, Phulbani, Puri, Rourkela, Sambalpur and Sundargarh.

3.3.2 Non/short-realisation of motor vehicle tax from Private Service Vehicles

Under Section 3, 3A and Section 4(1) of the OMVT Act, 1975, tax shall be levied and realised in advance on the basis of the seating capacity of a Private Service Vehicle (PSV). The tax rate in respect of PSV was raised by the Government to ₹ 800 from ₹ 270 per seat per annum with effect from 14 May 2010. As per the provision of section 13(1) of the Act read with Rule 9(2) of the OMVT Rules, 1976, in the event of non-payment of tax within the specified period, the vehicle owner/possessor shall be liable to pay penalty amounting to 200 *per cent* of the tax due, if it is not paid within two months of the due date of payment after the grace period of 15 days.

During test check of the taxation records such as endorsement of tax payment made in GRRs and database of Vahan of 14 RTOs⁷, we noticed (between May 2011 and March 2012) that motor vehicle tax was not realised from 51 PSVs for different periods, between April 2010 and March 2011, though the vehicles were not covered by off road undertakings during that period. Tax in respect of 201 PSVs was collected at the rate of ₹ 270 for the whole year instead of ₹ 800 from May 2010 to March 2011. This resulted in non/short-realisation of tax of ₹ 18.66 lakh (non-realisation of ₹ 6.07 lakh and short-realisation of ₹ 12.59

lakh), besides penalty of ₹ 37.33 lakh from the above PSVs.

After we pointed out these cases, all the RTOs stated (between May 2011 and March 2012) that action would be taken to realise the amounts by issuing demand notices.

We brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in May 2012 and Government in July 2012. The reply is yet to be received (January 2013).

⁷ Angul, Bargarh, Bhubaneswar, Bolangir, Gajapati, Jagatsinghpur, Jharsuguda, Keonjhar, Nuapara, Phulbani, Rayagada, Rourkela, Sambalpur and Sundergagh.

3.3.3 Non-realisation of compounding fees from goods vehicles carrying excess load

Under Section 194(1) of MV Act, 1988, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention of the provisions of Section 113 or Section 114 or Section 115 shall be punishable with minimum fine of ₹ 2000 and an additional amount of ₹ 1000 per ton of excess load, together with the liability to pay charges for off loading of the excess load. Under Section 200 of the MV Act, 1988 read with the Government notification of 29 September 1995, an offence for driving a vehicle exceeding the permissible weight may be compounded with realisation of a minimum amount of ₹ 2000 and an additional amount of ₹ 1000 per ton of excess load without any concession unlike other Sections relating to offences. Further, the TC, Odisha in July 2005 instructed the RTOs for expeditious disposal of Vehicle Check Reports (VCRs) by issue of notices to the owners or persons having possession or control over the vehicles for compounding the offence, failing which the Certificate of Registration (RC) of the vehicle shall be suspended/cancelled.

During test check of Miscellaneous Proceeding Register (MPR)/VCR register along with the database of Vahan and Management Information System (MIS) for Vahan of two RTOs⁸ we noticed (between February and March 2012) that the VCRs issued against 1,125 goods vehicles for carrying excess loads were lying undisposed from June 2001 to March 2011 and no action was either taken for early disposal of such VCRs through issue of notices and compounding of the offences or for suspension or cancellation of the RCs. This resulted in non-realisation of compounding fee of ₹ 56.64 lakh. Besides non-cancellation of RCs of such vehicles resulted in non-enforcement of the penal provision.

After we pointed out these cases, the RTOs stated (February and March 2012), that action would be taken to realise the amounts by issuing demand notices.

We brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in May 2012 and the Government in July 2012. The reply is yet to be received (January 2013).

⁸ Keonjhar and Rourkela.

3.3.4 Non/short-levy of penalty on belated payment of motor vehicles tax and additional tax

Under Section 3, 3A and Section 4(1) of the OMVT Act, 1975 and Rules made thereunder, tax and additional tax due at the prescribed rate against a vehicle shall be paid in advance or within a grace period of 15 days from the due date. As per Section 13(1) read with Rule 9(2) of the OMVT Rules, 1976, in case of default, penalty ranging from 25 to 200 *per cent* of the tax and additional tax due, depending on the extent of delay in payment, shall be realisable.

During test check of the GRR Register, taxation details from the database of Vahan of 17 RTOs⁹, we noticed (between May 2011 and March 2012) that motor vehicles tax and additional tax in respect of 94 motor vehicles for different periods between July 2001 and March 2011 were not paid on the due dates. Although such taxes were paid belatedly between February 2010 and April 2011, penalty of ₹ 5.13 lakh

was not realised in twelve cases and penalty of ₹ 22.96 lakh in 82 cases was short-realised. Thus non-detection of the cases by the Taxing Officers and failure on the part of the enforcement wing to detect such cases resulted in non/short-realisation of penalty of ₹ 28.09 lakh

After we pointed out these cases, all the RTOs stated (between June 2011 and March 2012) that demand notices would be issued to realise the dues.

We brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in April 2012 and the Government in July 2012. The replies are yet to be received (January 2013).

3.3.5 Short-realisation of onetime tax

Under Section 4B of the OMVT Act, 1975, as amended and Government Notification of 14 May 2010 every goods carriage, the Gross Vehicle Weight (GVW) of which does not exceed 3,000 Kg is liable to pay One Time Tax (OTT) at the rate equal to ten times of the annual tax specified in the taxation schedule or five *per cent* of the cost of such vehicle, whichever is higher at the time of registration of the vehicle.

During test check of taxation records such as endorsements of tax payment made in new registration case records, database of Vahan in respect of 10 RTOs¹⁰, we noticed (between August 2011 and March 2012) that OTT at appropriate rate was not realised from 73 goods carriages, whose GVW did not exceed 3,000 Kg at the time of registration of these vehicles.

Thus the failure of adoption of the revised rate and continuance of collections at the old rate instead of at new rate resulted in short-realisation of motor vehicles tax of ₹ 15.13 lakh

⁹ Angul, Balasore, Baragarh, Bhadrak, Chandikhole, Cuttack, Dhenkanal, Gajapati, Ganjam, Jagatsinghpur, Jharsuguda, Kalahandi, Keonjhar, Mayurbhanj, Rayagada, Rourkela and Sundergarh.

¹⁰ Bargarh, Bolangir, Chandikhole, Deogarh, Ganjam, Jharsuguda, Nuapara, Rayagada, Rourkela and Sambalpur.

After we pointed out the cases, all the RTOs stated (between August 2011 and March 2012), that action would be taken to realise the amount by issuing demand notices.

We brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in May 2012 and the Government in July 2012. The reply is yet to be received (January 2013).

3.3.6 Non-realisation of differential tax from stage carriages used as contract carriages

Under Section 6 of the OMVT Act, 1975 and Rules made thereunder, when a vehicle, for which motor vehicle tax and additional tax for any period has been paid, is proposed to be used in a manner for which tax at higher rates is payable, the owner of the vehicle is liable to pay the differential tax on the date of alteration of use or within a period of 15 days from the due date. Under Section 13(1) of the Act read with Rule 9(2) of the OMVT Rules, 1976, if such tax is not paid within two months after the expiry of the grace period of 15 days, penalty equal to twice the tax due shall be charged.

During test check of GRRs Special Permit Registers (SPRs) and database of Vahan in respect of 22 RTOs¹¹, we noticed (between May 2011 and March 2012) that 134 stage carriages were permitted to ply temporarily as contract carriages during different periods (between November

2009 and March 2011) without payment of the differential taxes in advance for alteration of use of the above vehicles. The RTOs did not take any action to issue demand notices for realisation of such taxes. This resulted in non-realisation of differential tax of ₹ 4.23 lakh and penalty of ₹ 8.46 lakh.

After we pointed out the cases, all the RTOs stated (between June 2011 and March 2012), that demand notices would be issued to realise the dues.

We brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in April 2012 and the Government in July 2012. The reply is yet to be received (January 2013).

¹¹ Angul, Balasore, Bhadrak, Bhubaneswar, Bolangir, Chandikhol, Cuttack, Deogarh, Dhenkanal, Ganjam, Kalahandi, Kendrapara, Keonjhar, Koraput, Mayurbhanj, Nawarangpur, Nayagarh, Puri, Rayagada, Rourkela, Sambalpur and Sundargarh.

3.3.7 Non-realisation of additional tax from stage carriages plying on inter State routes

Rule 9(4) of the OMVT Rules, 1976 and explanation of item 4 (v) and (vi) of the OMVT Act, 1975 stipulate that where, a stage carriage plies on a route partly within the State of Odisha and partly within another State, in pursuance of any agreement between the Government of Odisha and Government of any other State, such carriage is liable to pay tax/additional tax calculated on the total distance covered by it on the approved route in the State of Odisha, at the rates prescribed and in the manner as specified thereunder. As per Section 13(1) read with Rule 9(2) of the OMVT Rules, 1976, in case of delay in payment of such tax after the grace period of 15 days, penalty extending up to 200 per cent of tax/additional tax shall be levied.

During test check of the taxation records and inter State permit records of STA, Odisha with reference to the reciprocal agreements made with the States of West Bengal and Jharkhand along with permit particulars, we noticed (February 2012) that additional tax in respect of six stage carriages authorised to ply on the inter State routes under reciprocal agreement were not realised for different periods (between December 2009 to March 2011). This resulted in non-

realisation of additional tax of ₹ 2.43 lakh and penalty of ₹ 4.85 lakh¹².

After we pointed out these cases, the TC stated, (February 2012) that action was being taken for realisation of the dues by issuing demand notices.

We brought the matter to the notice of the Government in July 2012. The reply is yet to be received (January 2013).

¹² As per Section 13(1) read with Rule 9(2) of the OMVT Rules, 1976.

3.3.8 Plying of Goods vehicles with expired fitness

Under Section 56 of the MV Act, 1988 read with Rule 62 of the Central Motor Vehicles (CMV) Rules, 1989, a transport vehicle shall not be deemed to be validly registered, unless it carries a Certificate of Fitness (FC) issued by the prescribed authority in the prescribed form. The FC in respect of a new transport vehicle shall be valid for two years; otherwise it shall be renewed every year against receipt of prescribed fees for inspection and testing of the vehicles and grant or renewal of FC. The fees for conducting test of the vehicle for grant or renewal of FC was fixed at ₹ 400 in addition to a fee of ₹ 100 per motor vehicle towards grant or renewal of FC. Further, sub Rule 7(22) of the OMV Rules, 1993 prescribes a penalty of ₹ 100 for non filing of the renewal of FC application within the prescribed date.

During test check of the taxation records together with database of Vahan and MIS for Vahan of two RTOs¹³ we noticed (during February 2011 and March 2012) that 590 goods vehicles, were allowed by the RTOs to pay up to date taxes without renewing their FCs and payment of the prescribed fitness fees. The expiry of fitness of these vehicles ranged from April 2007 to December 2010. This resulted in loss of Government revenue towards testing/fitness fees for renewal and penalty for non-renewal of the vehicles on time amounting to ₹ 6.31 lakh, as on 31 March 2011. Further the system did not prompt alerts of fitness expiry during acceptance of tax of the vehicles.

After we pointed out the cases, the concerned RTOs stated (February and March 2012) that action would be taken to realise the amounts by issuing demand notices. Since FCs for the current period only can be insisted upon, and no FC can be issued for back periods, the possibility of recovery of the amounts is unlikely.

We brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in May 2012 and the Government in August 2012. The reply is yet to be received (January 2013).

¹³ Keonjhar and Rourkela.

3.3.9 Non-registration of omnibuses under transport category

Under Section 41 of the MV Act, 1988 as amended on 5 November 2004 read with Rule 81 of the CMV Rules 1989, fitness and testing fees are to be collected from the transport category of vehicles including omnibuses (vehicles with seating capacity more than seven excluding the driver) at prescribed rates at the time of registration or renewal of registration of such vehicles. The fees for conducting fitness test of omnibus was fixed at ₹ 200 in addition to a fee of ₹ 100 per vehicle towards grant or renewal of fitness. As per Rule 62 of CMV Rules 1989, the FC issued for new vehicles is valid for two years, whereas in renewal cases it is valid for one year.

During test check of registration records and analysis of the database of Vahan in respect of two RTOs¹⁴ we noticed (February and March 2012) that 690 Omnibuses were registered under 'private' category instead of 'transport category' and testing/fitness fees were not collected at the appropriate rates from time to time since March 2007, i.e. the date of implementation of Vahan application software in the State. Even the application system was not customised to prompt collection of such fees and inclusion of these vehicles in the transport category at the

time of new registration. This resulted in non-realisation/loss of testing/fitness fees amounting to ₹ 3.72 lakh.

After we pointed out the cases, the RTOs concerned stated (February and March 2012) that fitness fee were not collected as omnibuses are registered under 'private' and 'non-transport' category under the OMVT Act, 1975. The fitness fee as per the CMV Rules, would be followed after getting instruction from the STA, Odisha.

The reply is not tenable as omnibuses were categorised as transport vehicles in the CMV Rules made under the MV Act and the required fees had to be collected.

We brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in May 2012 and Government in July 2012. The reply is yet to be received (January 2013).

¹⁴ Keonjhar and Rourkela.

3.3.10 Non-realisation of fee from non-transport vehicles with lapsed registration

Under Section 41(7) of MV Act, 1988 and Rule 53(2) of CMV Rule, 1989, in respect of a motor vehicle, other than a transport vehicle, the RC shall be valid for a period 15 years from the date of issue of such RC and shall be renewable for a further period of five years after realisation of renewal fee under sub Section 11 of Section 41 of above Act at the rate of ₹ 200, testing fee at the rate of ₹ 200 for conducting test of the vehicle and fitness fee at the rates of ₹ 100 for grant of certificate for renewal of the RC as prescribed under Rule 81 of above Rules. Further, in case the owner fails to make an application for renewal, a sum not exceeding ₹ 100 may also be realised from the owner of vehicles as required. Besides, fine under Section 192 of MV Act, 1988 ranging from ₹ 2,000 to ₹ 5,000 shall be imposed for using vehicles without registration.

During test check of the database of Vahan with selective cross check of taxation records along with the GRRs in respect of two RTOs¹⁵ we noticed (February and March 2012) that 457 non-transport vehicles registered during the years from 1990 to 1996 were not renewed for further period of five years after expiry of their RCs. This resulted in non-realisation of government revenue towards fitness fees, re-registration fees etc. amounting to ₹ 2.74 lakh. No action was taken by the RTOs concerned for imposition of minimum fine of ₹ 9.14 lakh under Section 192 of MV Act, 1988.

After we pointed out the cases, the RTOs concerned stated, between February and March

2012, that action would be taken to realise the amount by issuing demand notices.

We brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in May 2012 and the Government in July 2012. The reply is yet to be received (January 2013).

¹⁵ Keonjhar and Rourkela.

3.4 Non-compliance of Government notification/decision

Government decisions notified on 24 January 2003 prescribe for payment of process fee at the prescribed rate. Non-compliance of the above decisions in the following cases as mentioned in paragraphs 3.4.1 resulted in non realisation of process fees of ₹ 1.29 crore.

3.4.1 Non-realisation of process fees

Under Section 96 of the MV Act, 1988 read with the Government notification of 24 January 2003, Process fee of ₹ 100 on every application/objection filed was introduced with effect from 28 January 2003. The Department, by an order of March 2003, however, postponed the collection of the fees at the rate prescribed in the notification.

During test check of the Permit Register (PR) and other connected records in the offices of the STA, Odisha and 28 Regional Transport Officer (RTOs)¹⁶ we noticed, between May 2011 and March 2012, that the process fees were not realised in 1,28,710 cases between June 2009 and March 2011. This resulted in non-

realisation of process fee amounting to ₹ 1.29 crore.

After we pointed this out, the STA, Odisha and all the RTOs stated, between May 2011 and March 2012, that the collection of fees was postponed in view of the Government's letter dated 7 March 2003.

The reply is not acceptable since the executive orders cannot overrule the statutory provisions in the law. However, the TC in response to similar comments made in the Audit Report for the year ended 31 March 2011, informed audit in May 2011 that a draft amendment proposal was sent to the Government on 16 July 2010. The matter was also taken up demi-officially with the Principal Secretary of the Department (July 2011) to expedite action for early realisation.

We brought the matter to the notice of the TC-cum-Chairman, STA, Odisha in April 2012 and the Government in June 2012. The reply is yet to be received (January 2013).

¹⁶ Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar, Boudh, Chandikhol, Cuttack, Deogarh, Dhenkanal, Gajapati, Ganjam, Jagatsinghpur, Jharsuguda, Kalahandi, Kendrapara, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nawarangpur, Nayagarh, Nuapara, Phulbani, Puri, Rourkela, Sambalpur, Sundergarh.