

CHAPTER-IV TAXES ON VEHICLES, GOODS AND PASSENGERS

4.1 Tax administration

The Uttar Pradesh Motor Vehicles Taxation Act, 1997 (UPMVT Act), UP Motor Vehicles Taxation Rules, 1998 (UPMVT Rules), Motor Vehicles Act, 1988 and Motor Vehicles Rules, 1989 provide for levy of various types of taxes viz. goods tax, additional tax (passenger tax) and fees etc. in the State.

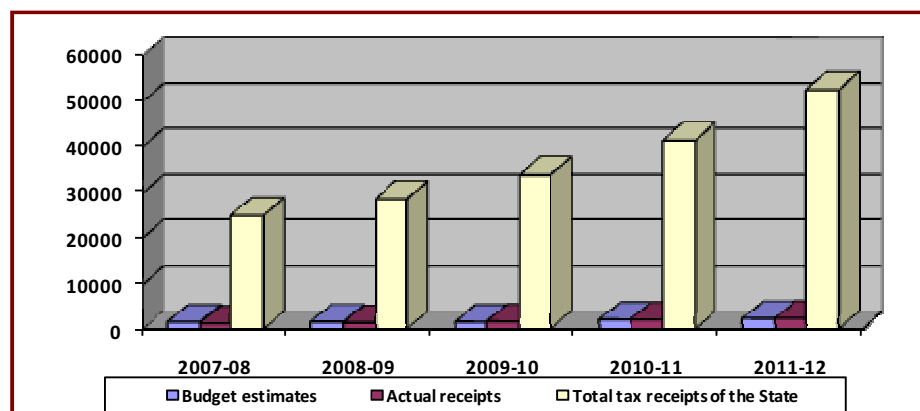
The Principal Secretary, Transport, Uttar Pradesh is the administrative head at Government level. The entire process of assessment and collection of taxes and fees is administered and monitored by the Transport Commissioner of UP, Lucknow, who is assisted by two Additional Transport Commissioners at Headquarters and six Deputy Transport Commissioners (DTCs), 19 Regional Transport Officers (RTOs) and 72 Assistant Regional Transport Officers (ARTOs) (Administration) in the field.

4.2 Trend of receipts

Actual receipts from Taxes on Vehicles, Goods and Passengers during the years 2007-08 to 2011-12 along with the total tax receipt during the same period is exhibited in the following table and graph.

(₹ 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	1,533.31	1,255.49	(-) 277.82	(-)18.12	24,959.32	5.03
2008-09	1,600.00	1,391.15	(-) 208.85	(-)13.05	28,658.97	4.85
2009-10	1,574.89	1,674.55	99.66	6.33	33,877.60	4.94
2010-11	2,089.90	2,058.58	(-) 31.32	(-)1.50	41,355.00	4.98
2011-12	2,329.95	2,380.67	50.72	2.18	52,613.43	4.52

Source: Finance Accounts of the Government of Uttar Pradesh.



It can be seen that while the actual receipts show an increasing trend, the percentage of actual receipts of the Department to the total tax receipts of the State shows a decreasing trend in the year 2011-12. However, in the last two years the estimation is broadly correct.

4.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2012 amounted to ₹ 29.69 crore. The following table depicts the position of arrears of revenue during the period 2007-08 to 2011-12.

(₹ in crore)

Year	Opening balance of arrears	Addition during the year	Amount collected during the year	Closing balance of arrears
2007-08	23.00	1,304.23	1,255.49	71.74
2008-09	71.74	1,380.02	1,391.15	60.61
2009-10	60.61	1,661.41	1,674.55	47.47
2010-11	47.47	2,040.78	2,058.58	29.67
2011-12	29.67	2,380.69	2,380.67	29.69

Source: Finance Accounts and Information provided by the Department.

We recommend that the Government may consider taking appropriate steps for early recovery of the arrears.

4.4 Cost of collection

The gross collection from taxes on vehicles, goods and passengers, expenditure incurred on collection and percentage of such expenditure to the gross collection during the years 2007-08 to 2011-12 along with the relevant all India average percentage of cost of collection to gross collection for the relevant previous year are mentioned below:

(₹ in crore)

Year	Gross collection	Expenditure on collection	Percentage of cost of collection to gross collection	All India average percentage of cost of collection for the previous year
2007-08	1,255.49	36.15	2.87	2.47
2008-09	1,391.15	50.43	3.62	2.58
2009-10	1,674.55	69.16	4.13	2.93
2010-11	2,058.58	78.13	3.80	3.07
2011-12	2,380.67	79.86	3.35	3.71

Source: Finance Accounts of the Government of Uttar Pradesh and information provided by the Department.

The above indicates that during the year 2011-12 the percentage of expenditure on collection is below the All India average for the previous year.

4.5 Revenue impact of audit

During the period 2006-07 to 2010-11, we had pointed out through our Inspection Reports short levy, non/short realisation, underassessment/loss of revenue, incorrect exemption, application of incorrect rate of tax, incorrect computation etc. with revenue implication of ₹ 282.80 crore in 1,414 cases. Of these, the Department/Government had accepted audit observations in 458 cases involving ₹ 10.24 crore and had since recovered ₹ 10.21 crore out of these cases. The details are shown in the following table:

(₹ in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2006-07	48	243	14.01	3	0.21	3	0.18
2007-08	62	213	94.45	4	0.25	4	0.25
2008-09	71	344	118.34	148	2.49	148	2.49
2009-10	71	245	26.46	40	0.85	40	0.85
2010-11	71	369	29.54	263	6.44	263	6.44
Total	323	1414	282.80	458	10.24	458	10.21

In view of the large number of pending audit observations, the Government may ensure holding of audit committee meetings at regular intervals for expeditious settlement of the pending paragraphs.

4.6 Results of audit

Test check of the records of 96 units relating to the Transport Department during the period 2011-12 revealed underassessment of tax and other irregularities involving ₹ 130.66 crore in 648 cases which fall under the following categories:

(₹ in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Non/short levy of passenger tax/additional tax	187	37.68
2.	Underassessment of road tax	63	2.22
3.	Short levy of goods tax	49	4.15
4.	Other irregularities	349	86.61
	Total	648	130.66

During the year 2011-12, the Department accepted no case of under assessment and other deficiencies.

A few illustrative cases involving ₹ 15.43 crore are mentioned in the succeeding paragraphs.

4.7 Audit observations

Our scrutiny of the records in the office of the Transport Department revealed several cases of non/short levy/non-realisation of tax/additional tax, vehicles plying without fitness certificate, etc. and a case of unproductive expenditure as mentioned in the succeeding paragraphs in this Chapter. These cases are illustrative and are based on a test check carried out by us. We point out such omissions each year, but not only do the irregularities persist; these remain undetected till we conduct an audit. There is need for the Government to improve the internal control system so that recurrence of such lapses in future can be avoided.

4.8 Short levy of tax due to adoption of lesser seating capacity of Tata Magic Vehicle

Under the provisions of the Uttar Pradesh Motor Vehicles Taxation Act (UPMVT Act), 1997 (as amended on 28 October 2009) no transport vehicle shall be used in any public place in Uttar Pradesh unless a tax prescribed under sub section (2) of Section 4 of the Act has been paid. The rate of tax applicable to motor cab (excluding three wheelers motor cab) and maxi cab was ₹ 550 per seat/per quarter upto 7 November 2010 and ₹ 660 per seat per quarter from 8 November 2010. The Transport Commissioner vide order dated 30 July 2007 and 24 May 2010 permitted eight seats in all for Tata Magic vehicle (basic model) having kerb weight of 1000 kilogram.

We scrutinised the records¹ of five Regional Transport Offices (RTOs)² and 22 Assistant Regional Transport Offices (ARTOs)³ between April 2011 and March 2012 and noticed that during the period from October 2009 to February 2012, taxes in respect of 3,467 Tata Magic vehicles (basic model) having

kerb weight of 1000 kilogram were assessed and realised on the seating capacity of seven instead of eight in contravention of the orders of the Transport Commissioner dated 30 July 2007 and 24 May 2010. This resulted in short realisation of tax of ₹ 99.71 lakh as detailed in **Appendix-X**.

After we pointed this out (between April 2011 and May 2012) the Department replied in November 2012 that ₹ 23.86 lakh has been levied and realised against 571 such Tata Magic vehicles in 11 RTOs⁴/ARTOs⁵ and recovery

¹ Passenger tax register, vehicles files and vehicles database.

² RTO: Meerut, Mirzapur, Azamgarh, Gorakhpur and Allahabad.

³ ARTO: Etawah, Sant Kabir Nagar, Maharajganj, Hamirpur, Ambedkar Nagar, Siddharth Nagar, Mainpuri, Rampur, Kushinagar, Bagpat, Bulandshahar, Jalaun (Orai), Auraiya, Ghazipur, Ballia, Raebareli, Deoria, Lakhimpur Kheri, Chandauli, Kaushambi, Kanshi Ram Nagar and Lalitpur.

⁴ RTO: Allahabad and Meerut.

⁵ ARTO: Auraiya, Bagpat, Bulandshahar, Etawah, Hamirpur, Kaushambi, Lakhimpur Kheri, Mainpuri and Raebareli.

proceedings in 10 ARTOs⁶ and one RTO⁷ have begun. Action in the remaining RTOs⁸/ARTOs⁹ is awaited (February 2013).

4.9 Non-realisation of tax/additional tax in respect of vehicles surrendered beyond three months

Rule 22 of the Uttar Pradesh Motor Vehicles Taxation Rules (UPMVT Rules), 1998, modified in October 2009, provides that when the owner of a transport vehicle withdraws his motor vehicle from use for one month or more, the certificate of registration, tax certificate, additional tax certificate, fitness certificate and permit, if any must be surrendered to the Taxation Officer. The Taxation Officer shall not accept the intimation of non-use of any vehicle for more than three calendar months, within a calendar year, however, the period beyond three calendar months may be accepted by the Regional Transport Officer of the region concerned, if the owner makes an application with requisite fee to the Taxation Officer. If any such vehicle remains surrendered for more than three calendar months during a year without extension of acceptance of surrender by Regional Transport Officer it shall be deemed to be revoked and the owner shall be liable to pay tax and additional tax, as the case may be. Further, subject to the provision of sub-rule (4), the owner of a surrendered vehicle in respect of which intimation of non-use has already been accepted, shall be liable to pay tax and additional tax for the period beyond three calendar months during any calendar year, whether the possession of the surrendered documents has been taken from the taxation officer or not.

We scrutinised the records¹⁰ of 10 RTOs¹¹ and 23 ARTOs¹² between November 2010 and March 2012 and noticed that 753 vehicles were surrendered for periods beyond three calendar months during the period from April 2010 to March 2012. However, despite the fact that extension of acceptance of surrender beyond three months was not granted by concerned RTO, the Taxation Officers¹³ did not initiate any action to realise the tax/ additional tax due thereon. This resulted in non-realisation of revenue amounting to ₹ 2.29 crore¹⁴ as detailed in

Appendix-XI.

⁶ ARTO: Auraiya, Bagpat, Bulandshahar, Etawah, Hamirpur, Kaushambi, Lakhimpur Kheri, Mainpuri and Raebareli.

⁷ RTO: Allahabad.

⁸ RTO: Azamgarh, Gorakhpur and Mirzapur.

⁹ ARTO: Ambedkar Nagar, Ballia, Chandauli, Deoria, Ghazipur, Kushinagar, Lalitpur, Maharajganj, Orai and Sant Kabir Nagar.

¹⁰ Surrender register, vehicles files, passenger tax register and goods tax register.

¹¹ RTO: Ghaziabad, Meerut, Lucknow, Kanpur Nagar, Agra, Bareilly, Saharanpur, Gorakhpur, Allahabad and Banda.

¹² ARTO: Hamirpur, Unnao, Deoria, Mainpuri, Farrukhabad, Bagpat, Mathura, Rampur, Balrampur, Auraiya, Kushinagar, Bijnor, Fatehpur, Firozabad, Muzaffarnagar, Pilibhit, Sitapur, Etawah, Bulandshahar, Shahjahanpur, Bahraich, Raebareli and Janapur.

¹³ Taxation Officer: RTO or ARTO is defined as Taxation Officer within the local limits of their respective region or sub-region under UPMVT Rules, 1998.

¹⁴ Period for which tax leviable calculated from April 2010 as rule came into force in October 2009 and after leaving first three months of the calendar year from the date of surrender.

After we pointed this out (between May 2011 and April 2012) the Department replied in November 2012 that 265 vehicles of 19 RTOs/ARTOs has been released after realising an amount of ₹ 20.62 lakh and action to recover the tax due in a further 223 vehicles has started. We have not received final position of recovery of tax against these vehicles (February 2013).

4.10 Vehicles carrying excess load

4.10.1 Non-imposition of penalty on the vehicles carrying excess load

Section 113 of the Motor Vehicles Act, 1988 (MV Act), defines the limits of weight and limitation of use, which are laid down by the Transport Commissioner (TC) who prescribes conditions for issue of permits for transport vehicles in the state. Section 113 (3) (b) states that no person shall drive or cause or allow to be driven in any public place any motor vehicle or trailer, the laden weight exceeds the gross vehicle weight specified in the certificate of registration.

As per provisions made under Section 194 (1) of the MV Act, 1988, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven with a load exceeding permissible weight, shall be punishable with minimum fine of two thousand rupees and an additional amount of one thousand rupees per ton of excess load, together with the liability to pay charges for off-loading of the excess load.

As per the certificate of registration issued by the TC for the vehicles the maximum laden weight for the vehicles is fixed and the maximum limit of weight of sub minerals transported by different categories of vehicles is as below:

Sl. No.	Minor mineral	Two Wheel Tractor	Four Wheel Tractor	Six Wheel Truck	10 Wheel Truck
1.	Ordinary Sand	3.00	5.25	13	19
2.	Morrum	3.00	5.25	13	19
3.	Ordinary Soil	3.00	5.25	13	19

We scrutinised the records¹⁵ of one RTO¹⁶ and 10 ARTOs¹⁷ and MM-11 issued to the vehicles for carrying sub minerals¹⁸ in respective District Mines Offices between July 2011 and March 2012 and observed that in 2,113 cases, transportation of sub-mineral sand and ordinary soil was carried out during the period April 2008 to January 2012 by different categories of vehicles.

In all these cases the actual load¹⁹ carried by these vehicles as evidenced by the MM-11 forms²⁰ issued was higher than the permitted load as per their Registration Certificates. Hence all these vehicles were liable for action under Section 194(1) of the Motor Vehicles Act, 1988.

We noticed that these vehicles were not mentioned in the Prosecution book, Crime or Seizure registers of the respective RTO/ARTO offices as having

¹⁵ Prosecution Books, Crime and Seizure Registers.

¹⁶ RTO Lucknow.

¹⁷ ARTO: Raebareli, Unnao, Pratapgarh, Balrampur, Auraiya, Hardoi, Lalitpur, Siddharth Nagar, Shravasti and Sant Kabir Nagar

¹⁸ Sand and ordinary soil.

¹⁹ Conversion of volume to weight for sand/morrum 1 m³=2 tonnes and 1 m³ of ordinary soil = 1.70 tons.

²⁰ Transit Pass issued by the holder of the mining lease or mining permit or prospecting licence as the case may be.

been checked and booked as overloaded and charged for off loading of the excess load. The RTO/ARTOs did not take action to stop and off load these vehicles carrying greater than permissible load and penalise them.

The plying of overloaded vehicles compromised public safety. These vehicles were liable for imposition of penalty of ₹ 2.04 crore as detailed in **Appendix-XII**.

After we pointed this out to the Department/Government (between October 2011 and April 2012), the Department in November 2012 has forwarded the replies of the RTOs/ARTOs concerned which state that these vehicles were not detected plying on road by the enforcement squads hence there is no loss. The reply itself shows the Departmental lapse in detecting the overloaded vehicles and taking necessary action as per the MV Act. The fact that the vehicles were overloaded is proven on basis of documentation available at the respective DMOs.

We recommend that the Department develop a system to cross verify the same with the DMO offices and take action against overloaded vehicles plying in contravention of the MV Act.

4.10.2 Short levy of penalty due to incorrect computation of excess load

As per G.O. No. 1844/M-5 issued by Director, Geology and Mining, Lucknow dated 16 February 2004 one cubic meter volume of *Morrum* and *Gitti* will be equivalent to two ton and 1.70 ton in weight respectively for these sub minerals. Further, as per provisions made under section 194 (1) of the MV Act, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven with a load exceeding permissible weight, shall be punishable with minimum fine of two thousand rupees and an additional amount of one thousand rupees per ton of excess load, together with the liability to pay charges for off loading of the excess load.

We scrutinised the records²¹ in the ARTO Fatehpur in January 2012 and observed that during the period January 2011 to June 2011, 135 vehicles transporting the sub minerals (*morrum* and *gitti*) were compounded for carrying excess load. We noticed that the weight of *morrum* and *gitti* was quantified wrongly²² as the

correct conversion factor of two ton and 1.70 tons for per cubic meter of *morrum* and *gitti* respectively was not used. This resulted short levy and short realisation of penalty amounting to ₹ 10.16 lakh.

After we pointed this out (February, 2012) the Government accepted our point and stated in August 2012 that notices for realisation of differential amount of compounding fee have been issued. The recovery is awaited (February 2013).

²¹ Prosecution Books, Crime and Seizure Registers, compounding files, receipt books and cash book.

²² ARTO used 1.5 ton per cubic meter instead of 2 and 1.70 ton per cubic meter.

4.11 Absence of monitoring and follow up mechanism for realisation of arrears

Under the provisions of Section 20 of the UPMVT Act, arrears of any tax or additional tax or penalty shall be recoverable as arrears of land revenue. Further, the taxation officer shall raise a demand in the form as may be prescribed from the owner or operator, as the case may be, for the arrears of tax and additional tax and penalty of each year, which shall also include the arrears of tax, additional tax or penalty, if any of preceding years.

Section 22 authorises the taxation officer to seize and detain the vehicle and to get the dues recovered by auction of the vehicle if the dues are not paid within 45 days from the date of seizure or detention of the vehicle.

We scrutinised records²³ of two RTOs²⁴ and five ARTOs²⁵ between February 2011 and December 2011 and observed that there were arrears of tax/additional tax amounting to ₹ 8.32 crore in 2,220 cases for which Recovery Certificates (RCs) were issued during the period 2002 to 2011. Recovery of the outstanding dues could not be made. No evidence of regular follow up with the

revenue authorities for the recovery of these outstanding RCs was seen on file. The taxation officer of the district did not initiate any action under section 22 regarding seizure of vehicles etc against the motor vehicle owners who had defaulted on their dues. No provision for a time frame regarding issue of RCs was made in the Rules and the Department also had no system to monitor the issue of the RCs within a specified time frame. RCs were issued after three months to 17 years from the date of revenue became due. Absence of monitoring mechanism led to non-realisation of revenue amounting to ₹ 8.32 crore as shown in table below:

Sl. No.	Name of office	No of RCs issued	Amount of RCs (₹ in lakh)	Time taken in issuing RCs
1.	RTO Faizabad	914	189.04	10 months to 17 years
2.	RTO Gorakhpur	490	205.63	7 months to 12 years
3.	ARTO Kushinagar	293	313.94	5 months to 10 years
4.	ARTO Mahrajganj	48	23.23	3 months to 8 years
5.	ARTO Ramabai Nagar (Kanpur Dehat)	200	17.73	Not mentioned
6.	ARTO Shahjahanpur	33	10.57	1 year to 8 years
7.	ARTO Siddharth Nagar	242	71.76	Not mentioned
Total		2220	831.90	

After we pointed this out (between July 2011 and January 2012), the Department replied in November 2012 that in three ARTOs²⁶ ₹ 8.76 lakh was recovered in 36 cases out of 568 cases and agreed that the action for recovery will be taken. The reply regarding the other districts is awaited (February 2013).

²³ Tax register, arrear register, recovery certificate issue register and vehicles files.

²⁴ RTO: Gorakhpur and Faizabad.

²⁵ ARTO: Kushinagar, Shahjahanpur, Siddharth Nagar, Ramabai Nagar (Kanpur Dehat) and Mahrajganj.

²⁶ ARTO: Kushinagar, Shahjahanpur and Siddharth Nagar.

4.12 Non-levy of tax and fines on the tractors registered for agricultural purposes which were engaged in commercial activities

Under the provisions of the UPMVT Act, (as amended on 28 October 2009) no transport vehicle shall be used in any public place in Uttar Pradesh unless a tax prescribed under sub section (2) of Section 4 of the Act has been paid. The rate of tax applicable to tractor used for commercial purposes other than agricultural purposes, for every metric ton of the unladen weight of the vehicle or part thereof is ₹ 500 per quarter or ₹ 1,800 per annum. Further, Section 192-A of the MV Act, postulates that whoever drives a motor vehicle or causes or allows a motor vehicle to be used in contravention of the provisions of sub-section (1) of Section 66 or in contravention of any condition of a permit relating to the route on which or the area in which or the purpose for which the vehicle may be used, shall be punishable for the first offence with a fine of ₹ 2,500 which was raised to ₹ 4,000 w.e.f. 25 August 2010. (As per UP *Shashan* Notification No 1452/30-4-10-172/89 dated 25 August 2010).

We scrutinised the records²⁷ of one RTO²⁸ and 11 ARTOs²⁹ between July 2011 to March 2012 and observed that during the period April 2008 to January 2012, in 533 cases, tractors registered for agricultural purposes were engaged in the commercial activities of transporting sub-mineral (Sand and ordinary soil). The fact was verified by the MM-11 issued by the respective District Mines Officers. Department did not initiate any action for levy and collection of tax as commercial vehicles and also did

not impose the necessary fines for violation of act. This inaction led to non-realisation of tax and fines of ₹ 29.05 lakh³⁰ as detailed in **Appendix-XIII**.

After we pointed this out (between October 2011 to April 2012), the Department forwarded the replies of the RTOs/ARTOs (November 2012) which stated that an amount of ₹ 1 lakh has been realised in case of 25 vehicles against notices issued in two RTO/ARTOs. Other units stated that challans of these vehicles were not done hence compounding fees can not be imposed/realised.

The reply of the units that since these vehicles were not challaned, the compounding fee cannot be realised shows that the Department has not appreciated the fact that these vehicles were clearly engaged in commercial activities³¹ and hence should be registered as such.

²⁷ Registration register, tax register and Prosecution Books, Crime and Seizure Registers.

²⁸ RTO Allahabad.

²⁹ ARTO Mathura, Unnao, Hardoi, Raebareli, Lucknow, Auraiya, Rampur, Mainpuri, Siddharth Nagar, Sant Kabir Nagar and Shravasti.

³⁰ ₹ 5.33 lakh tax and ₹ 23.72 lakh fine.

³¹ As per documents available at the offices of DMOs.

4.13 Non realisation of permit fee on school vehicles

Under the provisions of the UPMVT Act, as amended in 2000 in respect of notification No. 27/2000 of Government of India, no Educational Institute shall use vehicles for transportation of students without proper permit. Further, Rule 125 of the UPMVT Rules, (as amended on 31 December, 2010) prescribes ₹ 3,750 for issue of new permit, its renewal and countersignature.

We scrutinised the records³² of four RTOs³³ and eight ARTOs³⁴ between August 2011 and March 2012 and observed that during the period January 2010 to February 2012, 421 school

vehicles were plying in sub regions without permit. This resulted in non realisation of permit fees of ₹ 15.79 lakh.

After we pointed this out (November 2011 to April 2012), the Department stated in November 2012 that permit fees of ₹ 4.38 lakh have been realised from 108 vehicles and action initiated in other cases. Further report on recovery is awaited (February 2013).

4.14 Non/short realisation of penalty from vehicles registered late

As per Section 9 (1)(i) of the UPMVT Act, the tax payable for registration of a private vehicle shall be paid at the time of the registration of vehicle under the Motor Vehicles Act, 1988.

As per Section 9 (3) where the tax or additional tax in respect of a Motor Vehicle is not paid within the period specified in sub-section (1) in addition to the tax or the additional tax due, a penalty at such rate not exceeding the due amount, as may be prescribed, shall be payable. Further, as per Rule 24 of the UPMVT Rules, where the tax or additional tax in respect of a motor vehicle is not paid within the period specified in sub-section (1) of section 9, a penalty at the rate of five *per cent* of the due tax/additional tax, per month or part thereof shall be payable.

As per Section 43 temporary registration may be given to a vehicle which shall be valid only for a period not exceeding one month, and shall not be renewable except a motor vehicle so registered is a chassis to which a body has not been attached and the same is detained in a workshop beyond the said period of one month.

We scrutinised the records³⁵ of two ARTOs³⁶ between November 2011 and April 2012 and observed that during the period November 2010 to March 2012, 173 private vehicles were brought for registration to concerned ARTOs. They were registered one to 98 months after the date of their purchase. The transport authorities failed to detect this and impose/realise an amount of ₹ 7.99 lakh payable as penalty as per rule for paying the belated one-time tax. This resulted in

³² Vehicles files, permit register and vehicles database.

³³ RTO: Saharanpur, Allahabad, Agra and Banda.

³⁴ ARTO: Raebareli, Etah, Auraiya, Unnao, Bagpat, Fatehpur, Shahjahanpur and Pratapgarh.

³⁵ Tax register, vehicles files and vehicles database, receipt books and cash book.

³⁶ ARTO: Chandauli and Bahraich.

non/short realisation of Government revenue to the tune of ₹ 7.99 lakh³⁷.

After we pointed this out (December 2011 to May 2012) the Department stated (November 2012) that as per instruction issued by the Transport Commissioner dated 09 June 2011, fine payable for late in temporary registration should be realised at the time of permanent registration.

We do not agree with the reply because as per Rule 24 of UPMVT Rules, 1998, fine for late registration was to be imposed/realised at the time of permanent registration of a vehicle and the order of Transport Commissioner dated 09 June 2011 is clarificatory.

4.15 Non-realisation of revenue due to non renewal of authorisation of National Permit

Central Motor Vehicles Rules, 1989 was amended vide Government of India's notification no. G.S.R. 386-E dated 07 May 2010 to implement the new national permit system. Under this scheme a composite fee of ₹ 15,000 per annum along with renewal fee for authorisation amounting to ₹ 1,000 is to be deposited in the Government account for authorisation of national permit.

As per orders of Transport Commissioner dated 12 February 2000, in case the National Permit is not renewed within 15 days of its expiry, action to cancel the said permit under Section 86 of MV Act, 1988 must be initiated.

We scrutinised the records³⁸ of three RTOs³⁹ between July 2011 and March 2012 and observed that during the period November 2010 to February 2012, 73 goods vehicles were plying on road without renewal of authorisation of national permit even after completion of validity period. This resulted in non-realisation of renewal and composite fees

amounting to ₹ 11.68 lakh and unauthorised operation of these vehicles. The Department also did not take action as prescribed in the Transport Commissioner's order of February 2000.

After we pointed this out (October 2011 and April 2012), the Department stated in November 2012 that permits of 15 vehicles have been cancelled, 10 permits have been renewed after realising renewal fees and notices have been issued in 30 other cases. Action⁴⁰ in other cases is awaited (February 2013).

³⁷ Calculated after giving benefit of validity period of temporary registration (one month from the date of purchase), as specified under Section 43 of MV Act, 1988.

³⁸ Vehicles files, permit register, receipt books and cash-book.

³⁹ RTO: Allahabad, Lucknow and Banda.

⁴⁰ As prescribed under section 86 of MV Act, 1988.

4.16 Non-realisation of revenue due to vehicles plying without certificate of fitness

Under the provisions of the MV Act and the CMV Rules made thereunder, a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness. A fitness certificate granted in respect of a newly registered transport vehicle is valid for two years and is required to be renewed every year. Thereafter payment of the prescribed fee of ₹ 200, ₹ 300 and ₹ 400 and fee of ₹ 100 is required to be made for issuing certificate of fitness for light, medium and heavy vehicles respectively. In case of default, an additional amount equal to the prescribed fee is also leviable. Plying a vehicle without certificate of fitness is compoundable under the MV Act at the rate of ₹ 2,500 per offence.

We scrutinised the records⁴¹ of five RTOs⁴² and 24 ARTOs⁴³, and observed that 16,285 vehicles plied between February 2011 and March 2012 without valid fitness certificates and only the tax due was realised. There is no system in the Department to check whether there is a valid fitness certificate while accepting payment of tax due. Plying of

such vehicles compromised public safety. These vehicles were liable for levy of fitness fee of ₹ 1.03 crore and imposition of penalty of ₹ 4.07 crore.

After we pointed this out the Department replied in November 2012 that in 2,735 cases of 21 RTOs/ARTOs ₹ 13.97 lakh has been realised and in the remaining cases action has been initiated. We have not received final position of recovery (February 2013).

Observations on Expenditure

4.17 Unproductive expenditure on pay and allowances

During scrutiny (April 2011) of records⁴⁴ of ARTO Mahrajganj, we observed that no vehicle was available in the office since its inception. The Department posted a driver (September 2007) to ARTO Mahrajganj by transferring him from another office and incurred ₹ 6.29 lakh on his pay and allowances without any work during the period from September 2007 to March 2011.

Thus, the amount incurred on the pay and allowances of the driver without having a vehicle with the office was unproductive.

We reported the matter to the Department and the Government (August, 2011). We have not received any reply (February 2013).

⁴¹ Tax register, vehicles files, vehicles database, receipt books and cash-book.

⁴² RTO: Kanpur Nagar, Gorakhpur, Meerut, Jhansi and Lucknow.

⁴³ ARTO: Ambedkar Nagar, Siddharth Nagar, Mahoba, Hardoi, Firozabad, Kanpur Dehat, Gautam Budh Nagar, Aligarh, Bulandshahar, Mathura, Bagpat, Bijnore, Kushinagar, Mainpuri, Lalitpur, Kannauj and Fatehpur. Mahrajganj, Chitrakoot, Shahajahanpur, Etawah, Deoria, Raebareilly and Bahraich.

⁴⁴ Assets and Dead Stock Register, Transfer and Posting file, Pay Bill Register and Treasury Statement.