

# **CHAPTER-IV**

## **TAXES ON VEHICLES**

## CHAPTER-IV: TAXES ON VEHICLES

### 4.1 Tax administration

The levy and collection of taxes on vehicles in the State is governed by the provisions of Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989, Bihar Motor Vehicle Taxation (BMVT) Act, 1994 and BMVT Rules, 1994. It is administered by the Principal Secretary, Transport Department at the Government level and by the State Transport Commissioner (STC) at the apex level of the Department. In performance of his duties, the STC is assisted by two Joint State Transport Commissioners at the headquarters. The State is divided into nine<sup>1</sup> regions and 38 districts which are controlled by the Secretaries of the Regional Transport Authorities and the District Transport Officers (DTOs) respectively. They are assisted by Motor Vehicle Inspectors (MVIs) in discharging their duties.

### 4.2 Results of audit

In the course of audit of records of 35 units out of 49 auditable units relating to taxes on vehicles during the year 2013-14, we found non/short levy, non/short realisation of revenue and other irregularities involving ₹ 19.90 crore in 252 cases which fall under the following categories as detailed in **Table 4.1**.

**Table- 4.1**

Sl. No.	Categories	No. of cases	(₹ in crore)
			Amount
1.	Non-realisation of motor vehicle taxes	32	5.97
2.	Non-renewal of trade certificate	21	4.82
3.	Non/short levy of one time tax from tractors and trailers	41	2.63
4.	Delivery without temporary registration	6	1.90
5.	Non/short levy of one time tax from three wheelers	23	1.32
6.	Non/short realisation of trade tax	19	0.41
7.	Other cases	110	2.85
<b>Total</b>		<b>252</b>	<b>19.90</b>

During the period 2013-14, the Department accepted non/short levy, non/short realisation and other deficiencies of ₹ 5.63 crore in 53 cases, of which 12 cases involving ₹ 28.23 lakh were pointed out during the course of the year and the rest in earlier years.

A few illustrative cases involving tax effect of ₹ 16.28 crore are mentioned in the following paragraphs.

<sup>1</sup> Bhagalpur, Darbhanga, Gaya, Katihar, Madhubani, Muzaffarpur, Patna, Purnea and Vaishali.

### **4.3 Non-compliance of the provisions of the Acts/Rules**

*Our scrutiny of the records of the offices of the District Transport Offices revealed several cases of non-compliance of the provisions of the Act/Rules and departmental orders as mentioned in the following paragraphs. These cases are illustrative and are based on test-checks carried out by us. Such omissions on the part of the departmental officers are pointed out by us each year, but not only do the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system and internal audit.*

### **4.4 Non-realisation of motor vehicle taxes**

Under Section 5 and 9 of the Bihar Motor Vehicles Taxation (BMVT) Act, 1994, motor vehicles tax is to be paid to the taxing officer in whose jurisdiction the vehicle is registered. The vehicle owner can pay the tax to the new taxing officer in case of change of residence/business, subject to the production of No Objection Certificate (NOC) from the previous taxing officer. Further, the taxing officer may exempt the vehicle owner from payment of tax, if he is satisfied that the prescribed conditions have been fulfilled by the vehicle owner. The District Transport Officers (DTOs) are required to issue notices of demand to ensure timely realisation of tax.

Further under Section 23 of the Act *ibid* read with Rule 4 (2) of the BMVT Rules, 1994, non-payment of tax beyond 90 days attracts penalty at the rate of 200 *per cent* of the tax due. Under Section 22 of the BMVT Act, if the tax or penalty or both has not been paid in accordance with the provisions of the Act, an officer not below the rank of Inspector of Motor Vehicles or any other officer specially authorised by the State Transport Commissioner, may seize the motor vehicles and detain it till the payment of tax.

We observed that the Government/Department did not install a mechanism for periodic review of the taxation registers/tax clearance table of *VAHAN* database by the DTOs and also did not prescribe a time frame within which notices of demand are to be issued to the defaulting vehicle owners.

We scrutinised the taxation register and the *VAHAN* database of 30 District Transport Offices for the period 2012-13 and found (between May 2013 and January 2014) in 28 District Transport offices<sup>2</sup> that out of 8,571 transport vehicles test-checked (total number of registered transport vehicles: 1,74,348), the owners of 1,608 vehicles did not pay tax of ₹ 2.09 crore pertaining to the period between April 2008 and March 2014 within the due dates and the concerned DTOs neither seized the defaulting vehicles nor issued notices of demand for realisation of the dues from the defaulting vehicle owners. In none of the cases, change of addresses of the owners or surrender of documents for securing exemption from payment of tax was found on record. This resulted in non-realisation of tax of ₹ 5.84 crore including penalty of ₹ 3.75 crore.

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<sup>2</sup> Araria, Aurangabad, Banka, Begusarai, Bhagalpur, Bhojpur, Darbhanga, East Champaran (Motihari), Gaya, Gopalganj, Jamui, Jehanabad, Katihar, Kishanganj, Lakhisarai, Muzaffarpur, Nalanda, Nawada, Patna, Purnea, Rohtas, Samastipur, Saran (Chapra), Sitamarhi, Siwan, Supaul, Vaishali (Hajipur) and West Champaran (Bettiah).

This shows the slackness of the DTOs towards the implementation of VAHAN database as well as weak monitoring mechanism by higher authorities, though we have pointed this out repeatedly in the previous years.

After this was pointed out between May 2013 and January 2014, the Government furnished (July 2014) reply in respect of four District Transport Offices<sup>3</sup> and stated that notices of demand had been issued against 136 vehicle owners for ₹ 35.72 lakh in three District Transport Offices (Bhagalpur, Jehanabad and Sitamarhi), a sum of ₹ 8.88 lakh had been realised from 15 vehicle owners in three District Transport Offices (Bhagalpur, Darbhanga and Sitamarhi) and revenue recovery certificate cases were instituted against nine vehicle owners for ₹ 4.75 lakh in District Transport Office, Darbhanga. The Government did not furnish reply in respect of remaining District Transport Offices.

#### 4.5 Short realisation of Trade Certificate Fees

Section 39 of the Motor Vehicle (MV) Act, 1988 provides that no person shall drive any motor vehicle in any public place unless the vehicle is registered. Further, Rule 33 of the Central Motor Vehicles (CMV) Rules, 1989 provides that for the purpose of the proviso to Section 39, a motor vehicle in the 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 having jurisdiction in the area in which the dealer has his place of business. Under Rule 34, an application for the grant or renewal of a trade certificate shall be made in Form 16 and shall be accompanied by the appropriate fee (Motor Cycle/Invalid carriage: Fifty rupees for each vehicle; Others: two hundred rupees for each vehicle) as specified in Rule 81.

Further, under Rule 37, a trade certificate shall be in force for a period of 12 months from the date of issue or renewal thereof and shall be effective throughout India for the purposes specified under Rule 41 of the Rules *ibid*.

We scrutinised the trade tax registers and files of 30 District Transport offices for the period 2012-13 and found (between August 2013 and January 2014) in 12 District Transport Offices<sup>4</sup> that 1,185 trade certificates were granted to test-checked 93 dealers of vehicles (out of 517 dealers) during the period between January 2009 and November 2013, though, these dealers had received 5,28,538 vehicles during the period as evident from the declarations filed by dealers in Form B2. Though the information regarding number of vehicles in their possession was available to the Registering Authority, they did not initiate action to raise demand for trade certificate fees against the defaulter dealers for the remaining 5,27,353 vehicles under their possession as required under Rules *ibid*. Hence, due to this omission there was short realisation of ₹ 4.90 crore in the shape of trade certificate fee.

The matter was reported to the Government/Department between December 2013 and May 2014; we are yet to receive their reply (August 2014).

<sup>3</sup> Bhagalpur, Darbhanga, Jehanabad and Sitamarhi.

<sup>4</sup> Aurangabad, Begusarai, Bhojpur, East Champaran (Motihari), Gaya, Katihar, Kishanganj, Muzaffarpur, Patna, Rohtas (Sasaram), Saran (Chapra) and Siwan.

#### **4.6 Short realisation of one time tax and penalty from goods carriage vehicles**

Under the provision of serial no. 2 of Part–C of Schedule–I of the BMVT Act, 1994 as amended by Finance Act, 2011 (effective from 1 April 2011), One Time Tax (OTT) of ₹ 7700 for goods carriage vehicles excluding trailers up to 1000 kgs registered laden weight capacity and ₹ 5500 per ton or part thereof exceeding 1000 kgs but not exceeding 3000 kgs of registered laden weight capacity shall be levied at the time of registration for a period of ten years from the date of first registration of such vehicles and in cases of vehicles already registered, the one time tax payable shall be calculated after deducting the tax amount already paid.

Further, in case of delay of payment exceeding 15 days, penalty ranging between 25 *per cent* and 200 *per cent* of the tax due is leviable under Section 23 of the Act *ibid* read with Rule 4(2) of BMVT Rules, 1994.

We scrutinised the taxation registers/Tax Clearance Table of the *VAHAN* database of 30 District Transport Offices for the period 2012-13 and found (between June and December 2013) in 19 District Transport Offices<sup>5</sup>, that out of 3,083 test-checked goods carriage vehicles, the owners of 740 vehicles, which were registered between March 2005 and October 2012, did not pay one time tax as per the provisions of the Bihar Finance Act, 2011 or paid short one time tax. The DTOs did not ensure compliance with the provisions of the Act *ibid* and did not realise the OTT of ₹ 2.12 crore including penalty of ₹ 1.47 crore.

After this was pointed out between June 2013 and December 2013, the Government stated in July 2014 that notices of demand had been issued against 43 vehicle owners for ₹ 15.79 lakh in two District Transport Offices (Bhagalpur and Jehanabad) and a sum of ₹ 1.94 lakh had been realised from six vehicle owners in District Transport Office, Bhagalpur. The Government did not furnish reply in respect of remaining DTOs.

#### **4.7 One time tax from three wheelers**

Under Section 5 and 7 of BMVT Act, 1994 as amended by Bihar Finance Act, 8 of 2010 (effective from 9 April 2010), a one time tax (OTT) of ₹ 7,500 and ₹ 5,000 for seven and four seated three wheelers vehicles (excluding driver) respectively shall be levied on all three wheelers up to one year of age at the time of registration for a period of ten years from the date of first registration in the State. The OTT payable by three wheelers already registered shall be calculated after deducting the tax amount already paid and no OTT shall be payable if the vehicle has already paid tax of more than ₹ 7,500 and ₹ 5,000, as the case may be. Further, as per BF Act, 2013 (effective from 1 April 2013) (a) Three wheeler with seating capacity not more than 4 persons (excluding driver) - a one time tax of ₹ 9,000 shall be levied for 15 years for new registered vehicle, or a one time tax of ₹ 6,000 on all three wheelers up to one

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<sup>5</sup> Aurangabad, Begusarai, Bhagalpur, East Champaran (Motihari), Gaya, Gopalganj, Jamui, Jehanabad, Muzaffarpur, Nalanda, Nawada, Rohtas (Sasaram), Samastipur, Saran (Chapra), Sitamarhi, Siwan, Supaul, Vaishali (Hajipur) and West Champaran (Bettiah).

year of age at the time of registration for a period of ten years from the date of first registration in the State. (b) Three wheelers with seating capacity up to 7 persons (excluding driver) - a one time tax of ₹ 13,500 shall be levied for 15 years from new registered vehicles, or a one time tax of ₹ 9,000 on all three wheelers up to one year of age at the time of registration for a period of ten years from the date of first registration in the State.

Under Section 23 of the Act *ibid* read with Rule 4(2) of the BMVT Rules, 1994 non-payment of tax beyond 90 days attracts penalty at the rate of 200 *per cent* of the tax due.

#### 4.7.1 Short realisation of one time tax and penalty from three wheelers

We scrutinised the taxation registers/Tax Clearance Table of the *VAHAN* database of 30 District Transport offices for the period 2012-13 and found (between June and December 2013) in 13 District Transport offices<sup>6</sup>, that out of 2,859 test-checked three-wheelers (total number of registered three wheelers: 39,606), the owners of 584 vehicles, which were registered between May 2007 and October 2013, did not pay one time tax as per the provisions of the Bihar Finance Acts of 2010 and 2013. The DTOs did not ensure compliance of provisions of the Act *ibid* which resulted in short realisation of the OTT of ₹ 1.05 crore including leviable penalty of ₹ 76.31 lakh.

After this was pointed out between June 2013 and December 2013 the Government stated in July 2014 that notices of demand had been issued against 30 vehicle owners for ₹ 4.52 lakh and a sum of ₹ 14,280 had been realised from one vehicle owner in District Transport Office, Jehanabad. The Government did not furnish reply in respect of remaining DTOs.

#### 4.7.2 Incorrect mapping of business rules

During scrutiny of tax clearance table of *VAHAN* database of the office of the District Transport Officer (DTO), Muzaffarpur in respect of three wheelers, we observed (December 2013) that 578 three wheelers were registered between January 2010 and June 2010. Out of which owners of 130 three wheelers paid one time tax during September 2010 to November 2010 and the DTO granted the validity of the registration for the periods ranging between 15 years 3 months and 15 years 9 months from the date of registration instead of 10 years as provided under aforesaid Bihar Finance Act, 8 of 2010. This occurred due to incorrect mapping of business rules in *VAHAN* database. The irregularity in mapping of business rules was subsequently corrected by the Department. But the Department did not take any action to correct the validity of registration period in above cases.

After this was pointed out, DTO Muzaffarpur stated in December 2013 that notice would be issued. We await further reply (August 2014).

The matter was reported to the Government/Department between April and May 2014; we are yet to receive their reply (August 2014).

<sup>6</sup> Begusarai, East Champaran (Motihari), Jamui, Jehanabad, Katihar, Kishanganj, Muzaffarpur, Nalanda, Nawada, Samastipur, Saran (Chapra), Supaul and Vaishali (Hajipur).

#### **4.8 Short realisation of one time tax and penalty from trailers**

Under Section 5 and 7 of BMVT Act, 1994 as amended by Bihar Finance Act, 8 of 2010 (effective from 09 April 2010), a one time tax (OTT) of ₹ 4,000 shall be payable by all trailers upto 3,000 Kgs registered laden weight and ₹ 6,000 shall be payable by all trailers more than 3,000 Kgs registered laden weight used or kept for use for other than agricultural purpose. The OTT payable by trailers already registered shall be calculated after deducting the tax amount already paid. Further, as per Bihar Finance Act, 2013 (Bihar Act 3, 2013 effective from 1 April 2013) one time tax for the life time at the rate of ₹ 10,000 shall be levied on the registration of trailers of all laden capacity.

Under Section 23 of the Act *ibid* read with Rule 4(2) of the BMVT Rules, 1994 non-payment of tax within due date attracts penalty ranging between 25 and 200 *per cent* of the tax due.

We scrutinised the taxation register/Tax Clearance Table of the VAHAN database of 30 District Transport offices, for the period 2012-13 and found (between May and December 2013) in 12 District Transport offices<sup>7</sup> that out of 2,777 test-checked trailers (total number of registered trailers: 33,705), the owners of 575 trailers, which were registered between November 2006 and April 2013, did not pay one time tax as per provisions of the Bihar Finance Acts of 2010 and 2013. The DTOs did not ensure compliance with the provisions of Act *ibid*. This resulted in short realisation of the OTT of ₹ 82.39 lakh including the leviabale penalty of ₹ 60.44 lakh.

After this was pointed out, DTO Jamui stated in June 2013 that amount of penalty would be realised as per direction, DTO Katihar stated in August 2013 that direction from the Headquarter was required in the case and DTO Nalanda stated in July 2013 that action would be taken as per rule while remaining DTOs stated (between May and December 2013) that notices of demand would be issued. We await further replies (August 2014).

The matter was reported to the Government/Department between September 2013 and May 2014; we are yet to receive their reply (August 2014).

#### **4.9 Non/short realisation of one time tax and penalty from tractors**

Under Section 7 (8) of BMVT Act, 1994 as amended by Bihar Finance Act, 2010 (effective from 9 April 2010) one-time tax (OTT) for the life time of the vehicle shall be levied on tractors used or kept for use for other than agricultural purpose at the rate of one *per cent* of the cost of the vehicle excluding Value Added Tax (VAT), provided one-time tax payable by tractors already registered shall be calculated after deducting the tax amount already paid. Previously the tax on tractor was ₹ 100 per annum. Further, as per Bihar Finance Act, 2013 (Bihar Act 3, 2013 effective from 1 April 2013), OTT for the lifetime of the vehicle shall be levied on tractors used or kept for use for other than agricultural purpose at the rate of two *per cent* of the cost of the vehicle excluding VAT.

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<sup>7</sup> Begusarai, East Champaran (Motihari), Jamui, Katihar, Kishanganj, Lakhisarai, Nalanda, Nawada, Samastipur, Sheikhpura, Supaul and Vaishali (Hajipur).

Further, under Section 23 of the Act *ibid* read with Rule 4(2) of the BMVT Rules, 1994, non-payment of tax within due date attracts penalty ranging between 25 and 200 *per cent* of the tax due.

We scrutinised the Tax Clearance Table of the *VAHAN* database/Taxation registers of 30 District Transport Offices, for the period 2012-13 and found between May and December 2013 in nine District Transport Offices<sup>8</sup>, that out of 3,994 test-checked tractors (total number of registered tractors: 64931) the owners of 850 tractors, which were registered between November 2009 and April 2013, did not pay the one time tax as per the provisions of the Bihar Finance Act, 2010. The District Transport Officers (DTOs) did not raise notices of demand for the tax due against the defaulter vehicle owners, which resulted into non/short realisation of OTT of ₹ 78.64 lakh including leviable penalty of ₹ 61.18 lakh.

After this was pointed out, DTO Jamui stated in June 2013 that amount of penalty would be realised, DTO Patna stated in December 2013 that necessary action would be taken and DTO Katihar stated in August 2013 that direction from the Headquarter was required in the case while remaining DTOs stated (between June and December 2013) that notices of demand would be issued. We await further replies (August 2014).

The matter was reported to the Government/Department between September 2013 and May 2014; we are yet to receive their reply (August 2014).

#### **4.10 Irregular issue of tax token**

Under the provision of Section 11 and 12 of the BMVT Act and Rules made thereunder, the taxing officer shall grant a receipt and a tax token in prescribed form to every person who pays prescribed tax for the vehicle. Further, the taxing officer shall not accept the tax or penalty, if any, in respect of motor vehicle for the current period unless the arrears of taxes and penalty due have been fully paid. Before issue of tax receipt and tax token, the taxing officer is to satisfy himself that the amount tendered in the payment of tax is equal to the tax payable at the specified rate.

Further, under Section 23 of the Act *ibid* read with Rule 4(2) of the BMVT Rules, 1994, non-payment of tax beyond 90 days attracts penalty at the rate of 200 *per cent* of the tax due.

During cross verification of taxation register with tax clearance table of *VAHAN* database in three District Transport Offices<sup>9</sup>, we observed between November and December 2013 that the tax authorities issued tax tokens to 79 transport vehicles through database without ensuring realisation of the arrear tax pertaining to the period between April 2008 and September 2013.

<sup>8</sup> East Champaran (Motihari), Gaya, Jamui, Katihar, Lakhisarai, Nawada, Patna, Rohtas (Sasaram) and Sheikhpura.

<sup>9</sup> Bhojpur (Ara), East Champaran (Motihari) and Rohtas.



However, the DTOs were required to verify the earlier tax payment in these cases from taxation register before issuing tax token from database. Issue of tax token without realising outstanding taxes was in contravention of the provision of the Act *ibid*, which resulted in non realisation of ₹ 34.09 lakh including penalty of ₹ 22.73 lakh as mentioned in **Table 4.2**.

**Table - 4.2**

(Amount in ₹)

Sl. No.	DTO	No. of vehicles to which tax token was issued irregularly	Period for which tax was in arrear	Duration for which tax was not paid	Tax due	Penalty	Total
1	Bhojpur (Ara)	22	between August 2010 and September 2013	One to 36 months	1,46,581	2,93,162	4,39,743
2	East Champaran (Motihari)	26	between August 2010 and July 2013	Three to 45 months	6,16,756	12,33,512	18,50,268
3	Rohtas	31	between April 2008 and June 2013	Three to 57 months	3,73,020	7,46,040	11,19,060
<b>Total</b>		<b>79</b>			<b>11,36,357</b>	<b>22,72,714</b>	<b>34,09,071</b>

After this was pointed out, DTO Rohtas stated (in December 2013) that notices of demand would be issued, DTO East Champaran stated (in December 2013) that matter would be examined and DTO Bhojpur stated (in December 2013) that manual collection of tax was stopped but did not explain the reason for not realising arrear tax before issue of tax token. Further development in the case is awaited (August 2014).

The matter was reported to the Government/Department between April and May 2014; we are yet to receive their reply (August 2014).

#### **4.11 Non/short realisation of trade tax from the dealers of motor vehicles**

Under Section 6 of the BMVT Act, 1994 and the Rules framed thereunder, tax at an annual rate as prescribed shall be paid by a manufacturer or a dealer in respect of motor vehicles which are in his possession in course of his business as a manufacturer/dealer.

Non-payment of tax within the due date attracts penalty ranging between 25 and 200 *per cent* of the tax due as provided under Section 23 of the Act *ibid* read with Rule 4(2) of the BMVT Rules. Further, the STC in September 2007 instructed all DTOs to initiate legal action for realisation of tax and renewal of trade certificate.

We scrutinised the declaration furnished by the manufacturers/dealers in respect of motor vehicles under their possession and the registration registers

of 30 District Transport Offices for the period 2012-13 and found (between July and November 2013) in seven District Transport Offices<sup>10</sup>, that in case of 19 dealers of motor vehicles, trade tax at the prescribed rate was either not deposited or deposited short in respect of 34,441 vehicles (25,753 two wheelers and 8,688 three/four wheelers) possessed by them between the period from April 2007 and October 2013. The DTOs did not examine the correctness of payment of trade tax as per the declaration submitted by the dealers. This resulted in non/short realisation of trade tax of ₹ 24.64 lakh including leviable penalty.

After this was pointed out, concerned DTOs stated between July and November 2013 that notices of demand would be issued. We await further replies (August 2014).

The matter was reported to the Government/Department between December 2013 and May 2014; we are yet to receive their reply (August 2014).

#### 4.12 Non-renewal of driving licences in Form -7

As per Rule 16 of CMV Rules 1989, where the licensing authority has the necessary apparatus for issue of laminated/Smart card type driving licences (DLs) the same shall be issued in Form-7. Further as per Rule 16(3) *ibid*, on and from the date of commencement of this sub-rule (31 May 2002), every driving licence issued or renewed by the licensing authority shall be in Form-7<sup>11</sup>. The State Transport Commissioner (STC) also instructed (February 2009) to issue DLs in smart card.

During test-check of the statements furnished by the District Transport Officers in respect of renewal of non-professional Driving Licenses (DLs) and data of *SARATHI*<sup>12</sup> software in three District Transport Offices<sup>13</sup>, we observed between June and September 2013 that out of 5,560 non-professional DLs renewed between April 2011 and March 2013, 5309 DLs were renewed manually in Form 6<sup>14</sup> though the necessary apparatus for renewing licences in Form 7 was available in all District Transport Offices. Thus, non-adherence of the provisions of the Rules *ibid* defeated the purpose to have a National Register of DLs and to provide valuable data for the Centre and State security agencies and also resulted in loss of ₹ 8.89 lakh to the exchequer as mentioned in **Table 4.3**.

<sup>10</sup> Begusarai, Gaya, Kishanganj, Muzaffarpur, Patna, Sitamarhi and Siwan.

<sup>11</sup> Form-7: Laminated/smart card type Driving Licence for driving motor vehicles.

<sup>12</sup> An application developed for issue of various licences.

<sup>13</sup> Banka, Kishanganj and Nalanda.

<sup>14</sup> Form-6: Driving Licence printed in book form (8x6 cm.) for driving motor vehicles.

**Table - 4.3**

(Amount in ₹)

Sl. No.	Name of DTOs	Period	Total no. of non-professional D L renewed	No. of D L renewed in Smart Card (Form-7)	No. of D L renewed manually	Amount to be realised at the rate of ₹ 200 per D L	Less amount payable by the DTOs to the agency for cost of smart card at the rate of ₹ 32.50 per D L	Loss
1.	Banka	April 2011 to March 2013	1,514	52	1,462	2,92,400	47,515	2,44,885
2.	Kishanganj	April 2011 to March 2013	1,530	129	1,401	2,80,200	45,533	2,34,667
3.	Nalanda	April 2011 to March 2013	2,516	70	2,446	4,89,200	79,495	4,09,705
<b>Total</b>			<b>5,560</b>	<b>251</b>	<b>5,309</b>	<b>10,61,800</b>	<b>1,72,543</b>	<b>8,89,257</b>

The matter was reported to the Government/Department between October 2013 and May 2014; we are yet to receive their reply (August 2014).

#### **4.13 Loss of revenue due to delivery of vehicles without temporary registration**

As per Rule 42 of CMV Rules, 1989, no holder of a trade certificate shall deliver a motor vehicle to a purchaser without registration, whether temporary or permanent. Further, Section 43 of the MV Act, 1988 provides that notwithstanding anything contained in Section 40, the owner of a motor vehicle may apply to any registering authority or other prescribed authority to have the vehicle temporary registered in the prescribed manner and for the issue in the prescribed manner of a temporary certificate of registration and a temporary registration mark. The Department vide office order no. 3415 dated 28 July 2009 also made it clear that in accordance with the provision of Section 43 of the MV Act, 1988 the registering authorities shall provide the blocks of the temporary registration numbers to the dealer agencies on their requisition.

We scrutinised owner table of VAHAN database and Registration Registers of 30 District Transport Offices for the period 2012-13 and found (between June and December 2013) in six District Transport Offices<sup>15</sup> that the holders of trade certificates delivered 8,947 vehicles (Light Motor Vehicles: 509 and two wheelers: 8,438) to purchasers without allocating temporary registration mark during the period between April 2011 and May 2013. The registering authorities (DTOs) permanently registered the vehicles which were delivered to the purchasers without temporary registration in contravention of the aforesaid provision of the Act/Rules and departmental order. In these cases the vehicles were registered by the DTO after delays upto 2,191 days from the date of delivery. This resulted in loss of ₹ 8.31 lakh.

Similar issue was pointed out in paragraph 4.16 of Audit Report (Revenue Sector) 2012-13. The nature of lapses/irregularities is still persisting which

<sup>15</sup> Aurangabad, Bhojpur (Ara), Nalanda, Nawadah, Rohtas and Sheikhpura.

shows ineffectiveness of the internal control system of the department to prevent recurring leakage of revenue.

The matter was reported to the Government/Department between October 2013 and May 2014; we are yet to receive their reply (August 2014).

#### **4.14 Internal Audit**

There is an internal audit wing called Finance (Audit) which works under the Finance Department and internal audit of the different offices of the Government is conducted on the basis of requisitions received from the Administrative Department. The Chief Controller of Accounts can also select units for internal audit on availability of audit team. The Finance Department did not conduct internal audit of the Transport Department during 2013-14.