

CHAPTER V: TAXES ON VEHICLES, GOODS AND PASSENGERS

5.1.1 Tax administration

5.1.1.1 Passengers and goods tax

Registration of motor vehicles, assessments, levy and collection of passengers and goods tax (PGT) are governed under the provisions of the Punjab Passengers and Goods Taxation Act, 1952 (PPGT Act) and the Rules framed thereunder, as applicable to the State of Haryana. The Principal Secretary to Government of Haryana, Excise and Taxation Department is the administrative head at the Government level. Overall charge of the Department vests with the Excise and Taxation Commissioner (ETC), Haryana, Chandigarh. The work relating to levy and collection of PGT is carried out by the Assistant Excise and Taxation Officers (AETOs) under Deputy Excise and Taxation Commissioners (DETCs) in the field. All the motor vehicles carrying goods and passengers are required to be registered with AETO of the district concerned in which the owner of the vehicle has residence or place of business where the vehicle is normally kept in the State.

5.1.1.2 Taxes on vehicles

Registration of motor vehicles, issue of permits, issue of driving/conductor licences, levy and collection of token tax, permit fee, licence fee etc. are governed under the provisions of the Motor Vehicles Act, 1988, (MV Act) Central Vehicles Rules, 1989, the Haryana Motor Vehicles Rules, 1993, the Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act), as applicable to the State of Haryana and the Punjab Motor Vehicles Taxation Rules, 1925. The Additional Chief Secretary to Government of Haryana, Transport Department is the administrative head at the Government level and is responsible for the administration of the MV Act/Rules in the State and assisted by the Transport Commissioner who exercises general superintendence over the functioning of the Department. The powers of Registering and Licencing Authority (RLA) are being exercised by 57 Sub-Divisional Offices (Civil) in respect of non-transport vehicles, whereas 21 Secretary, Regional Transport Authorities (RTAs) are exercising the powers of RLA in respect of transport Vehicles.

5.1.2 Results of audit

Test check of the records in the offices of Transport, Excise and Taxation Departments relating to revenue received from taxes on vehicles, taxes on goods and passengers, and other tax receipts during the year 2012-13 noticed non/short recovery of tax/duty, fees and penalty etc. amounting to ₹ 9.53 crore in 4,816 cases which broadly fall under the categories detailed in **Table 5.1**.

Table 5.1

(₹ in crore)

Sr. No.	Category	Number of cases	Amount
A: Transport Department (Taxes on vehicles)			
1.	Performance audit on Receipts from taxes on Motor Vehicles	01	1.33
2.	Non-recovery of bid money	27	0.77
3.	Non/short recovery of token/road tax in respect of stage carriage buses/combine harvesters etc.	224	0.29
4.	Short recovery of permit/counter signature fees from owners of heavy/light transport vehicles	299	0.17
5.	Non/short recovery of token tax from private vehicles	306	0.13
6.	Non/short realisation of registration fee and token tax on vehicles transferred from other States	195	0.08
7.	Miscellaneous irregularities	1,905	2.14
Total		2,957	4.91
B: Excise and Taxation Department (Taxes on goods and passengers)			
1.	Non/short realisation of Passengers tax from Co-operative Transport Societies	01	2.56
2.	Non-recovery of passengers tax from bus owners of co-operative societies/educational institutions	374	1.28
3.	Non-recovery of goods tax	1,240	0.62
4.	Miscellaneous irregularities	244	0.16
Total		1,859	4.62
Grand Total		4,816	9.53

In 2012-13, the Department accepted underassessment and other deficiencies of ₹ 1.09 crore involved in 1,223 cases, out of which ₹ 108.64 lakh involved in 1,219 cases were pointed out in 2012-13 and rest in the earlier years. The Department recovered ₹ 10.54 lakh in 100 cases in 2012-13, out of which ₹ 9.96 lakh involved in 96 cases relate to the year 2012-13 and rest in the earlier years. This chapter contains Performance Audit on “Receipts from Taxes on Motor Vehicles” with financial impact of ₹ 1.33 crore and illustrative cases involving ₹ 2.56 crore as mentioned in the succeeding paragraph.

5.2 Receipts from Taxes on Motor Vehicles

5.2.1 Highlights

- Applications for registration of vehicles were filed after a delay of 21 days, due penalty in 650 one time tax paid cases was not imposed by the Department resulted in loss of revenue.

(Paragraph 5.2.9)

- The Department failed to recover token tax amounting to ₹ 35.24 lakh from private/goods vehicles in respect of 569 vehicles.

(Paragraphs 5.2.11.1 and 5.2.11.2)

- Improper maintenance of cash book and inadequacy in internal control system led to embezzlement of ₹ 5.32 lakh.

(Paragraph 5.2.12.1)

- The Department failed to recover additional fee of ₹ 24.20 lakh in respect of allotment of out of turn registration numbers in 242 cases.

(Paragraph 5.2.16)

- Non-registration of vehicles designed to carry more than six persons as transport vehicles resulted in short realisation of token tax of ₹ 10.68 lakh in 35 cases besides permit fee.

(Paragraph 5.2.18)

- The Department failed to recover registration fee and token tax amounting to ₹ 9.07 lakh due to non-assignment of new registration mark in respect of 425 vehicles transferred from other States.

(Paragraph 5.2.19)

5.2.2 Introduction

Registration of motor vehicles, issue of permits, issue of driving licenses, levy and collection of token tax, permit fee, license fee etc. are governed under the provisions of the Central Motor Vehicles Act, 1988 (MV Act), Central Motor Vehicles Rules, 1989, the Haryana Motor Vehicles Rules, 1993, PMVT Act, as applicable to the State of Haryana and the PMVT Rules, 1925. The MV Act vests upon the State Governments the responsibility of providing an efficient public transportation system, registration of vehicles, issue of driving licenses, road permits, fitness certificates of vehicles and collections of road taxes. The major receipts from motor vehicles comprise tax on motor vehicles, fees for registration, issue of driving license, road permit etc. Road permits are issued in respect of goods carriage, stage carriage, contract carriage and private service vehicles.

Transport Department, Haryana has two wings, i.e. Operational Wing and Regulatory Wing. The operational wing looks after the operation of Haryana Roadways and is responsible for providing essential public transport services within the State as well as to important destinations in the neighbouring States. The Regulatory wing looks after implementation of the Motor Vehicles Act/Rules and is responsible for regulation of Transport and other Road Safety issues etc.

5.2.3 Organisational set up

At the Government level, Principal Secretary, Transport Department is responsible for formulation of policies, programmes and their implementation by the Department. At the Department level, the Transport Commissioner (TC) deals with all policy matters and administration of Acts and Rules and is assisted by two additional /Joint Transport Commissioners who supervise the overall functions at the Headquarters' and field offices. The Secretaries, Regional Transport Authorities (RTAs) are primarily responsible for enforcement of the provisions of MV Act/Rules in respect of transport vehicles. There are 21 district offices, each of which is headed by Secretary, RTA who registers transport vehicles and issue regular driving licenses in respect of such vehicles.

58 Sub Divisional Officers {(SDOs) (Civil)} in the State have been notified as Registering and Licensing Authorities to register vehicles for private use (non-transport) and issuance of learner/regular driving licenses in respect of such vehicles and also the conductor licenses. RTA is responsible for issue of permits to Commercial Vehicles, issue of driving license, registration of vehicles, levy and collection of taxes. The Enforcement Wing is primarily responsible for ensuring that vehicle for which tax has not been paid is not plying on the road.

5.2.4 Audit objectives

We conducted the performance audit with a view to ascertain whether:-

- Registration of Motor Vehicles and issue of driving licenses was done in accordance with the provisions of the Act and rules made thereunder;
- an adequate and effective system exists for ensuring timely collection of taxes and remittance of the same into the treasuries/banks; and
- an effective internal control and monitoring mechanism was in existence and was working efficiently to ensure timely assessment and realisation of taxes and fees.

5.2.5 Scope and methodology of audit

The records relating to registration of motor vehicles, collection of fee on various accounts and issue of driving licenses in the office of the Transport Commissioner and seven out of 21 districts of Transport Department in the State for the years 2007-08 to 2011-12 were test checked between August 2012 and March 2013. We selected four districts¹ offices on random sample selection basis by applying formula of probability proportional to size

¹ Ambala, Hisar, Panipat and Sirsa.

(without replacement) method, Faridabad and Gurgaon on the basis of risk analysis and Mohindergarh district on the suggestions made by the Department during entry conference in August 2012. We have also included points of similar nature noticed during audit of the Department for the period 2007-08 to 2011-12.

5.2.6 Audit criteria

The Audit Criteria were derived from the following sources:-

- Motor Vehicles Act, 1988, Motor Vehicles Rules, 1989;
- Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act);
- Punjab Motor Vehicles Rules, 1940 as applicable to the State of Haryana;
- Haryana Motor Vehicles Act, 1991;
- Haryana Motor Vehicles Rules. 1993;
- Departmental notifications and circulars issued regarding levy and Collection of MV tax; and
- Administrative instructions issued by the Department.

5.2.7 Acknowledgement

We acknowledge the co-operation extended by the Department in providing necessary information and records for facilitating audit. We conducted an entry conference (August 2012) which was attended by the Additional Chief Secretary to Haryana Government and other officers wherein the audit objectives, methodology and selection of districts were explained. The suggestions of the Department were also kept in view at the time of selection of districts and conducting audit. An exit conference was held (November 2013) with the Principal Secretary to Haryana Government (Transport Department) and other officers where the findings of the performance audit were discussed. The replies furnished and views of the Department/Government during exit conference and at other times have been appropriately incorporated in the performance audit.

5.2.8 Trend of receipts

The budget estimates (BEs) and actual receipts during the years 2007-08 to 2011-12 in the State vis-à-vis the total tax/non-tax receipts are exhibited in the **Table 5.2**.

Table 5.2

(₹ in crore)						
Year	Budget estimates	Actual receipts	Variation excess(+)/shortfall (-)	Percentage of variation	Total tax/non-tax receipts of the State	Percentage of actual receipts vis-a-vis total tax/non-tax receipts
2007-08	275.00	233.79	(-) 41.21	(-) 15	16,714.90	1
2008-09	275.00	239.30	(-) 35.70	(-) 13	14,893.73	2
2009-10	375.00	277.07	(-) 97.93	(-) 26	15,960.90	2
2010-11	350.00	457.36	(+) 107.36	(+) 31	20,211.31	2
2011-12	515.00	740.15	(+) 225.16	(+) 44	25,121.11	3

It was seen from the above table that there was decreasing trend of receipts with reference to BEs between 13 and 26 *per cent* during the years 2007-08 to 2009-10 and thereafter increasing trend between 31 and 44 *per cent* in 2010-11 and 2011-12. The Department attributed the reasons (June 2013) for decreasing trend to recession in the market and non-posting of enforcement staff and fixing of higher targets in comparison to previous year. The reply was not based on convincing evidence as the number of registration of vehicles increased from 4,23,238 in 2007-08 to 4,68,265 in 2009-10. This indicated that BEs were not realistic.

Audit findings

5.2.9 Delay in implementation of revised penalty rates

Section 41 (11) of MV Act inter-alia lays down that in case owner of a vehicle fails to make an application to the Registering Authority (RA) for registration of his vehicle within one month from the date of purchase of vehicle, penalty not exceeding ₹ 100 would be levied under Section 177 of the Act. Further, the Department notified (12 July 2011) that in case the vehicle is not registered within 21 days from the purchase of vehicle, penalty at the rate of 0.5 *per cent* of the lump sum one time tax payable would be charged on per day basis.

In five offices² of RTAs and sixteen offices³ of RAs, 650 one time tax paid cases, applications for registration of vehicles were filed after 21 days. Penalty due in these cases were not imposed by RA/RTAs which resulted into loss of revenue.

The Government admitted the audit observations and stated that High Court in its decision dated 12 February 2013 clarified that imposing penalty is on the discretion of Licensing Officer. Hence, the Licensing Officer can also impose less penalty. The reply is not correct as in these cases the Licensing Officers had not imposed any penalty.

5.2.10 Non/short levy of penalty on over loading of vehicles

Section 194 of the MV Act provides that a person who drives a motor vehicle carrying goods exceeds the weight/gross vehicle weight specified in the certificate/registration of the vehicles under Section 113 of the MV Act, he is liable to pay a minimum fine of ₹ 2,000 and an additional amount of ₹ 1,000 per tonne of excess load, together with the liability to pay charges for off loading of the excess load.

In five offices⁴ of Secretary, RTAs and office of STC, Haryana, 187 vehicles were found carrying goods in excess of the permissible weight which resulted into loss of revenue due to non-levy of penalty of ₹ 29.50 lakh. In case of Ambala, registers were not properly maintained.

² Ambala, Faridabad, Gurgaon, Hisar and Panipat.

³ Ambala, Brara, Ballabgarh, Dabwali, Ellenabad, Faridabad, Gurgaon (South), Hansi, Hisar, Mohindergarh, Narnaul, Naraingarh, Pataudi, Panipat, Samalkha and Sirsa,

⁴ Ambala, Gurgaon, Hisar, Narnaul and Panipat.

The Government accepted the audit observations and stated that an amount of ₹ 9.87 lakh had been recovered and the concerned authorities have been directed to recover the balance amount of ₹ 19.63 lakh.

5.2.11 Non/short recovery of token tax from private/goods vehicles

5.2.11.1 The Government of Haryana notified the enhancement of token tax on 13 January 2011 based on the value of vehicles which are given in **Table 5.3**.

Table 5.3

A-Category of two wheelers of value	Rate of token tax on the value of vehicle (In percentage)	B-Category of Cars of value	Rate of token tax on the value of vehicle (In percentage)
Up to ₹ 60,000	2	Up to ₹ 5 lakh	2
Exceeds ₹ 60,000 and upto ₹ 4 lakh	4	Exceeds ₹ 5 lakh and upto ₹ 10 lakh	4
Exceeding ₹ 4 lakh	6	Exceeds ₹ 10 lakh and upto ₹ 20 lakh	6
		Exceeding ₹ 20 lakh	8

In six offices⁵ of RAs, 378 vehicles were registered at old rates instead of the new ones resulting into loss of revenue of ₹ 18.29 lakh for the years 2010-11 and 2011-12.

5.2.11.2 Further, the Government of Haryana notified the fixed rate of annual token tax⁶ on 18 January 2006 in respect of goods vehicles on the basis of its weight.

In four offices⁷ of Secretary, RTA, token tax amounting to ₹ 16.95 lakh in respect of 191 goods vehicles had not been recovered for the years 2007-08 to 2011-12.

The Government admitted the audit observations and stated that an amount of ₹ 1.10 lakh had been recovered and the concerned authorities had been directed to recover the balance amount of ₹ 34.14 lakh.

5.2.12 Short deposit/loss of interest on delayed deposit of Government revenue and non-attestation/verification of DCR/CTR register

Rules 2.2 and 2.7 of the Punjab Financial Rules (PFRs), as adopted by the Haryana Government, requires a Drawing and Disbursing Officer (DDO) to satisfy himself that all the monetary transactions are entered in the cash book

⁵ Hisar, Mohindergarh, Narnaul, Pataudi, Samalkha and Sirsa.

⁶ Up to 1.2 tons: ₹ 300; Exceeds 1.2 tons and up to 6 tons: ₹ 1,200; Exceeds 6 tons and up to 16.2 tons: ₹ 2,400; Exceeds 16.2 tons and up to 25 tons: ₹ 3,500 and Exceeding 25 tons: ₹ 4,500.

⁷ Ambala, Narnaul, Panipat and Sirsa.

as soon as they occur and are attested by him. Rule 2.7 *ibid* provides that the official who is not in-charge of the cash book, receives the money on behalf of the Government is required to deposit the amount into the treasury/bank on the same day or in the morning of the next day. The head of the office under rule 2.2(iii) is also required to verify all the entries including totals of all the entries in the cash book or have this done by some responsible official other than the writer of the cash book and initial that all entries are correct.

5.2.12.1 Scrutiny of DCR/Consolidated Treasury Receipt Register (CTR), receipt books and RC Registers of offices of RAs, Dabwali, Narnaul and Sirsa in December 2012 for the years 2009-10 to 2011-12, showed that an amount of ₹ 5.32 lakh (RA Sirsa: ₹ 4.57 lakh; RA Dabwali: ₹ 57,100 and RA Narnaul: ₹ 17,595) received on account of RC fees/token taxes etc. were not deposited into respective treasuries as provided in the rules. In case of Narnaul, receipt book was issued from the headquarter which was not entered in the DCR. This resulted into short account of ₹ 11,655. RA Dabwali received ₹ 73,585 in March 2012, out of which only ₹ 16,485 was deposited into treasury. This resulted into short deposit of ₹ 57,100.

The Government accepted the audit observation and stated that an amount of ₹69,000 had been recovered and the concerned authorities have been directed to recover the balance amount.

5.2.12.2 Scrutiny of DCR and CTR Register of offices of RA, Ballabgarh, Narnaul and office of Secretary, RTA Ambala for the period 2009-10 to 2011-12, showed that daily receipts on account of registration fee and token taxes involving a maximum amount of ₹ 17.22 lakh per day were deposited late ranging from three to six days. However, no interest was charged on account of delayed deposit. Further in the offices of RA, Ellenabad, Mohindergarh and Sirsa for the years 2010-11 and 2011-12, we noticed that daily receipts were deposited late ranging between four to 777 days. This resulted in loss of interest of ₹ 3.40 lakh.

The Government accepted the audit observations during the exit conference held in November 2013 and assured that directions would be issued to the concerned authorities to deposit the amount as per rule.

5.2.12.3 Scrutiny of DCR of the offices of Transport Commissioner, Haryana, Secretary, RTA, Ambala, and RA (MV) Faridabad in July 2012 for the years 2010-11 and 2011-12, showed that DCR was not signed by the competent authority nor totals of DCRs were checked by an official other than the writer of the cash book. RA/RTAs were not following the codal provisions.

5.2.12.4 As per rule 2.2 (v) of Punjab Financial Rules, when the Government money in the custody of a Government Officer are paid into treasury or the bank, the Head of Office making such payments should compare the treasury office's/bank's receipt on the challan or his pass book with the entry in the cash book before attesting it and satisfy himself that the amounts have been actually credited into treasury/bank by 15th of every month. He should obtain from the treasury a consolidated receipt for all remittances made during the previous month, which should be compared with the posting in the cash book.

During test check of consolidated treasury receipt register of RA Faridabad, Narnaul and RTA Faridabad for the year 2011-12, we noticed that CTR registers had not been verified by the concerned treasury offices.

5.2.13 Non-observance of MV rules

As per Section 41 (1) and (2) of MV Act, an application by or on behalf of the owner of a motor vehicle for registration shall be in such form and shall be accompanied by such documents, particulars and information and shall be accompanied by such fee as may be prescribed by the Central Government. Further, TC, Government of Haryana issued directions to all the RAs in March 2009 that, if any owner of a vehicle wants registration of his vehicle as per turn, he should, first of all be allotted registration number and thereafter RC fee should be charged having depicted engine and chassis numbers in the said registration number.

During scrutiny of RC Register, Receipt Books and related files of RA Panipat in February 2013 for the year 2011-12, we noticed that in 15 vehicles, receipt of RC fee and token tax were charged first and retained the file for out-of-turn choice numbers. Thereafter, allotment of registration numbers was made after a delay ranging from 39 to 99 days. By doing this, the vehicle owners get their own choice registration number with the connivance of dealing official. This resulted in not only loss to the State Government in the form of non-charging of additional fee for giving choice number to the owner of a vehicle but also caused delay in finalisation of RC cases.

5.2.14 Issue of driving licence without medical certificate/learners licence/proof of birth certificate

As per Instructions issued by Transport Department on 23 June 2006 under Section 3 of MV Act, issue of learners licence is compulsory before issue of regular driving licence, which is valid up to six months. Regular driving licence can be issued one month after issue of learners licence. Further, RA is required to obtain medical certificate and birth certificate from the applicant.

5.2.14.1 In RA, Samalkha, for the years 2010-11 and 2011-12, 15 regular licences were issued without issue of learner's licence.

5.2.14.2 In four offices⁸ of RA (MV), for the years 2010-11 and 2011-12, 90 driving licences were issued without obtaining medical certificates.

5.2.14.3 In RA Faridabad, for the period 2011-12, birth certificates were not obtained in eight cases.

On these being pointed out (September 2013), the Government accepted the audit observations during the exit conference (November 2013) and assured that corrective action would be taken.

5.2.15 Non observance of regulatory controls

As per provisions of the Scheme, the permit holders transport co-operative societies shall be required to furnish prescribed returns/statistical and other information, including particulars of drivers/conductors engaged by societies with suitable photographs to establish their identity, installation of fire

⁸ Ballabgarh, Faridabad, Naraingarh and Samalkha.

extinguishers and speed governors etc. to the concerned Authorities. Quarterly physical inspection of co-operative buses by RTAs for ascertaining operation of buses strictly in accordance with the provisions of the scheme is also required.

In ten RTAs no records pertaining to drivers and conductors engaged for 533 society buses, installation of fire safety gadgets and speed governors were maintained. Moreover, no quarterly inspection of the buses was conducted by the concerned RTAs.

On these being pointed out (September 2013), the Government accepted the audit observations during the exit conference (November 2013) and assured that corrective action would be taken.

5.2.16 Non recovery of additional fee due to out of turn allotment of registration numbers

The Haryana Government notification dated 27 November 2008 provides that anyone opts for out of turn allotment of special numbers would pay an additional fee of ₹ 10,000.

In five RAs⁹ and RTAs Gurgaon and Hisar for the year 2011-12, out of turn registration numbers were allotted in 242 cases but no additional fee were charged from these vehicles owners. This resulted in loss of revenue of ₹ 24.20 lakh.

On this being pointed out (September 2013), the Government accepted the audit observations during the exit conference (November 2013) and stated that an amount of ₹ 3.30 lakh had been recovered and assured that corrective action would be taken to recover the balance amount of ₹ 20.90 lakh.

5.2.17 Non-realisation of additional fee due to allotment of choice number in respect of Non-Government authorities/retention of choice registration mark

As per notification of December 2005 and revised in November 2008 under Section 65 of the MV Act, and the Haryana Motor Vehicles Rules, 1993 framed thereunder, the RA shall allot to the owner of non-transport¹⁰ vehicle, a registration mark of his choice on payment of prescribed additional fee. However, if the motor vehicle with Special numbers registration mark is being transferred in the name of other person, the same may be allowed by the RA on payment of additional fee as prescribed.

5.2.17.1 For the years 2007-08 to 2011-12, in 24 cases, the motor vehicles were allotted choice registration marks without charging additional fee, resulting in non-realisation of additional fee of ₹ 14.25 lakh.

5.2.17.2 In five offices¹¹ of RAs (MVs) and Hisar, Narnaul and Sirsa offices of Secretary, RTAs for the years 2007-08 to 2011-12, 29 motor vehicles with choice registration marks were transferred in the name of other persons during

⁹ Barwala, Gurgaon (South), Hisar, Mohindergarh and Panipat.

¹⁰ Non-transport vehicle means private service vehicle registered in the name of an individual and if declared to be used by him solely for personal purposes.

¹¹ Hisar, Mohindergarh, Naraingarh, Narnaul and Panipat.

the years 2007-08 to 2011-12, without charging additional fee resulting in loss of revenue of ₹ 4.70 lakh.

On this being pointed out (September 2013), the Government accepted the audit observations during the exit conference (November 2013) and stated that an amount of ₹ 70,000 had been recovered and assured that corrective action would be taken to recover the balance amount of ₹ 18.25 lakh.

5.2.18 Short recovery of token tax

Transport Commissioner, Haryana, issued instructions in May 2000 that vehicles designed to carry more than six passengers excluding driver, shall be registered as transport vehicle in the name of company/firm and will pay road tax at the rate of ₹ 400 per seat per annum besides charging permit fee.

In four offices¹² of Secretary, RTA for the years 2010-11 and 2011-12, 35 private service (non-transport) vehicles having seating capacity of more than six persons were registered in the name of companies/firms and lump sum/one time token tax amounting to ₹ 4.86 lakh was charged by the RAs (MVs) irregularly instead of charging ₹ 15.54 lakh at the rate of ₹ 400 per seat per annum. This resulted in short realisation of token tax of ₹ 10.68 lakh, besides permit fee.

On this being pointed out (September 2013), the Government accepted the audit observations during the exit conference (November 2013) and stated that an amount of ₹ 33,000 had been recovered and assured that corrective action would be taken to recover the balance amount of ₹ 10.35 lakh.

5.2.19 Non-assignment of new registration number to vehicles from other States

Under Rule 47 of MV Act and Notification by Transport Department of July 2005, a motor vehicle registered in one State has been kept in another State for a period exceeding twelve months, the owner of the vehicle shall, within such period, apply to the RA, within whose jurisdiction the vehicle was for the assignment of a new registration number and shall present the certificate of registration to that RA.

In eight offices¹³ of RA, for the years 2007-08 to 2011-12, 425 vehicles were transferred from other State to Haryana and these vehicles had not been assigned a new registration mark for the period ranging from one to five years resulting in non recovery of registration fee and token tax of ₹ 9.07 lakh.

5.2.20 Issue of driving licence after expiry of learners licence and renewal of driving licences beyond prescribed time

Under Section 14(1) of the MV Act provides that learner's licence shall be effective for a period of six months. Regular driving licence could not be issued on an expired learner's licence. For this purpose, learners licence would be issued afresh. As per instructions issued by STC in June 2006 that driving licence will be issued for the first time for 20 years or up to the age of

¹² Ambala, Hisar, Narnaul and Sirsa.

¹³ Ellenabad, Hansi, Hisar, Mohindergarh, Naraingarh, Panipat, Samalkha and Sirsa.

50 years, whichever is earlier. Thereafter, renewal of licence will be done for a period of five years.

5.2.20.1 In offices of RAs (MV) Faridabad and Samalkha, driving licences were issued in 26 cases although their corresponding learner's licences had already expired. This indicated non-compliance of provisions of MV Act.

5.2.20.2 In the office of RA (MV) Faridabad, 77 driving licences were renewed for periods ranging from eight to 20 years.

After pointed out these cases (September 2013), the Government accepted the audit observations during the exit conference (November 2013) and stated that an amount of ₹ 5.21 lakh had been recovered and assured that corrective action would be taken to recover the balance amount of ₹ 57.69 lakh.

5.2.21 Internal control

(i) Internal audit is a tool in the hands of management to assess itself that the prescribed systems are functioning well. The department stated in June 2013 that they had one Accounts Officer and three Section Officers (against 6 sanctioned posts) at headquarter who conduct internal audit in respect of levy and collection of taxes on motor vehicles.

For checking receipts of taxes on motor vehicles, the Department had not codified the internal audit procedures etc.

(ii) The department prescribed statements/returns relating to collection of taxes and disposal of challans which were required to be sent by field offices to headquarters office by 10th of each month.

Scrutiny of records noticed that field offices had sent the monthly returns regularly to Transport Commissioner. These returns were merely compiled but no further instructions/directions were issued to field offices during 2007-12 on improvement in collection of taxes and disposal of challans promptly to augment revenue. No separate meetings were held to review the performance. Thus, internal check and monitoring at Department level was inadequate.

5.2.22 Conclusion

The performance audit on 'Receipts from taxes on Motor Vehicles' showed a number of system and compliance deficiencies. The Department failed to collect tax due to lack of monitoring mechanism. There was a lack of co-ordination between Transport Commissioner Office and RAs/RTAs in field which resulted in non-realisation of penalty due to late registration. There was no effective system of monitoring the record of Demand and Collection Register and Consolidated Treasury Receipts. Co-operative buses were running on roads without renewal of permits and without payment of taxes. The Department did not follow the provisions of the Act/Rules and instructions issued by the Government due to which there was less receipt of token tax and assignment of registration marks much later after issue of cash receipts on account of registration fee and token tax. In case of issue of driving licenses, non-production of medical certificate in many cases, issue of regular driving licence even after expiry of learning license and without issue of learner's license were noticed.

5.2.23 Recommendations

The Government may consider the implementation of the following recommendations:

- BEs should be realistic;
- Head of the office should ensure that all the receipts are actually credited into treasury to prevent embezzlement of receipts;
- coordinating of Transport Commissioner with RAs/RTAs needs improvement; and
- there should be a provision for penalty in case of vehicles transferred from other States are not registered within a specified period of twelve months.

The above points were brought to the notice of the Government (September 2013) and discussed in the exit conference. The reply given by the Government had been suitably incorporated.

5.3 Non/short realisation of Passengers tax from Co-operative Transport Societies

5.3.1 Under the scheme of privatisation of passenger road transport, the permit holders of the buses plying on link routes of the State are required to pay lump sum passengers tax, monthly at the rate of ₹12,000 for 52/54 seater and ₹ 6,000 for 30 seater bus. In case of default, penalty not exceeding ₹ 5,000 is leviable under the Act.

In nine offices¹⁴ of DETC (PGT), 144¹⁵ out of 503 co-operative transport societies, did not deposit the monthly passenger tax amounting to ₹ 2.02 crore either in full or in part during the years 2007-08 to 2012-13. The Department had not raised the demand to realise tax from the defaulting societies.

5.3.2 Undue/irregular exemption of passengers tax to the co-operative transport societies

As per sub rule 2D (iii) of Rule 9 of (PPGT) Rules, 1952 read with provisions of “Private Bus Service Scheme-1993 and 2001”, and Haryana Passengers Transport Scheme, 2003 in case of non-operation of a bus exceeding a continuous period of 15 days for reasons beyond the control of owner and where permit is deposited, pro-rata relief shall be given in payment of passenger tax but no relief shall be given for the period during which a bus remains impounded under any law in force. Further, clause 14 and 15 of scheme 2001, provides that the bus shall not be taken out of allotted route except in exceptional circumstances for repair purposes with prior permission of competent authority. If bus is not able to run for any reason for a period exceeding two days, it will be obligatory for society to provide alternative bus and no concession in passengers tax shall be given for such periods except in cases when bus is unable to run due to the actual route being under flood water or due to an order of District Administration, prohibiting plying of vehicles on

¹⁴ Bhiwani, Fatehabad, Jind, Karnal, Kaithal, Narnaul, Palwal, Rohtak and Sirsa.

¹⁵ DETCs (PGT): Bhiwani: 14; Fatehabad: 31; Jind: 20; Karnal: 6; Kaithal: 21; Narnaul:2; Palwal:7; Rohtak: 13 and Sirsa: 30.

that route. As per clause 14 of scheme, 2003, if any bus, kept out of route due to breakdown/accident is not put back on the route within thirty days, the permit shall become liable to be cancelled and will be allotted to other eligible co-operative societies after following the prescribed procedure.

In five offices¹⁶ of the DETC (PGT), 18 co-operative transport societies kept their buses out of the allotted link route for period ranging between 7 to 63 months for reasons like route being unprofitable, mutual dispute of societies, repair/replacement of buses etc. which were not permissible under the scheme. No alternate buses were provided on the concerned routes. The DETCs (PGT) did not examine the above said reasons and allowed undue exemptions of passenger tax amounting to ₹ 54.14 lakh.

5.3.3 Co-operative transport society bus plying unregistered

Section-8 of the Punjab PPGT Act provides that no owner of a motor vehicle shall carry passengers or goods in or through the territory of the State of Haryana unless he obtains a registration certificate. Further, Section 9 (4) of the Act provides, if the prescribed authority is satisfied that any owner is liable to pay tax under the provision of the Act but who has willfully failed to apply for registration or to pay the tax or where such authority has reasons to believe the due tax has not been paid correctly, the said authority may, after giving the owner a reasonable opportunity of being heard, assess the amount of tax, if any due from the owner, and also direct the owner to pay, by way of penalty, a sum not exceeding five times the amount of tax so assessed.

In the office of DETC (PGT), Bhiwani three transport co-operative societies buses had been granted permits for plying on link routes by the office of the RTA Bhiwani. But these buses were not registered under the PPGT Act. Neither any action to register these buses was initiated nor any assessment of tax due towards concerned co-operative societies was made by the DETC (PGT) which resulted into loss of revenue amounting to ₹ 19.20 lakh.

On these being pointed out (September 2013), the Government accepted the audit observations during the exit conference (November 2013) and stated that an amount of ₹ 88.45 lakh had been recovered and efforts would be made to recover the balance amount of ₹ 1.67 crore.

¹⁶

Fatehabad, Jind, Kaithal, Rohtak and Sirsa.