

CHAPTER-IV
TAXES ON VEHICLES

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4.1 Tax administration

The levy and collection of Motor Vehicles tax and fee in the State is governed by the Jharkhand Motor Vehicles Taxation (JMVT) Act, 2001, rules made thereunder (Jharkhand Motor Vehicles Taxation (JMVT) Rules, 2001), Motor Vehicles (MV) Act, 1988 and Bihar Financial Rules (as adopted by Government of Jharkhand).

At the apex level, the Transport Commissioner (TC), Jharkhand is responsible for administration of the Acts and Rules in the Transport Department. He is assisted by a Joint Transport Commissioner at the Headquarters. The State has been divided into four regions¹ and 22 transport districts², which are controlled by the State Transport Authority (STA), Regional Transport Authorities (RTAs) and District Transport Officers (DTOs). They are assisted by Motor Vehicles Inspectors, the Enforcement Wing and nine check posts³.

4.2 Results of audit

Our test check of the records of 19 units having revenue collection of ₹ 303.19 crore, out of the total of 27 units during 2013-14 relating to 'Taxes on Vehicles' revealed non/short levy of taxes, short levy of taxes due to wrong fixation of seating capacity/registered laden weight, non-realisation of taxes from trailers etc. involving ₹ 40.84 crore in 15,272 cases detailed as in **Table – 4.2**.

Table – 4.2

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
1	“Deficiencies in VAHAN software”	1	2.64
2	Non/short levy of taxes	1,970	12.55
3	Short-levy of taxes due to wrong fixation of seating capacity/registered laden weight	160	1.98
4	Non-realisation of taxes from trailers	1,988	2.65
5	Other cases	11,153	21.02
Total		15,272	40.84

During the course of the year, the Department accepted non/short levy of motor vehicles tax, fees, penalties etc. of ₹ 40.39 crore in 14,068 cases, which were pointed out by us in 2013-14. The Department recovered ₹ 1.13 crore in 371 cases.

In this chapter we present a few illustrative cases including a paragraph on **“Deficiencies in VAHAN software”** having financial implications of ₹ 33.91 crore. These are discussed in the succeeding paragraphs.

¹ Dumka, Hazaribag, Palamu and Ranchi.

² Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Dumka, Garhwa, Giridih, Godda, Gumla, Hazaribag, Jamshedpur, Jamtara, Koderma, Latehar, Lohardaga, Palamu, Pakur, Ranchi, Sahebganj, Saraikela-Kharsawan and Simdega.

³ Bahragora (East Singhbhum), Banskore (Simdega), Chas More (Bokaro), Chauparan (Hazaribag), Chirkunda (Dhanbad), Dhulian (Pakur), Manjhatoli (Gumla), Meghatari (Koderma) and Murisemar (Garhwa).

4.3 Non-observance/compliance of the provisions of Acts/Rules

The Jharkhand Motor Vehicles Taxation (JMVT) Act, 2001, Motor Vehicles Act, 1988, Bihar Financial Rules (as adopted by the Government of Jharkhand) and Rules made thereunder provide for:

- (i) payment of motor vehicles tax by the owner of the vehicle at the prescribed rate;*
- (ii) timely deposit of collected revenue into the Government account;*
- (iii) payment of registration fee at the prescribed rate;*
- (iv) issue and renewal of authorisation of national permit; and*
- (v) issue and renewal of driving licence.*

We noticed that the Transport Department did not observe the provisions of the Act/Rules in the cases mentioned in the succeeding paragraphs.

4.4 Deficiencies in VAHAN software

The Ministry of Road Transport and Highways (MoRT&H), an apex organization under the Central Government, with an objective to provide valuable data for the Centre and State, implemented a scheme for creation of National Database network in 2001 through National Informatics Centre (NIC). VAHAN software was designed by NIC for registration of vehicles and payment of tax in the district transport offices. The Government of Jharkhand introduced VAHAN application in September 2004.

4.4.1 Acceptance of current tax without clearance of arrear

Under the provisions of Section 5 of the JMVT Act, 2001 and rules made thereunder, tax is to be paid to the Taxing Officer in whose jurisdiction the vehicles have been registered. Non-payment of taxes in time attracts penalty under Rule 4(2) of the JMVT Rules, 2001 at the rates prescribed depending upon period of delay. Section 12 of the Act *ibid* further provides that the Taxing Officer shall not accept the tax or penalty for the current period unless arrear of taxes and penalty due has been fully paid or settled.

We analysed the database of 'VAHAN' for the period between 2008-09 and 2012-13 of the eight selected district transport offices⁴ which indicated that there was break in period of payment of tax in 8,053 cases out of 8,59,874 cases (ORACLE dump file). We test checked (April and May 2014) the taxation registers and found that payment was made manually in 3,406 cases and in the rest 4,647 cases there was gap in tax validity ranging from 3 to 179 months. The offices could not provide any supporting documents for the tax gap. This resulted in non-realisation of tax of ₹ 2.30 crores. We noted that payments made manually can be updated in the system by entering the bank challan number and date. But the application was not suitably designed to flag payment of taxes made manually or block transactions for the subsequent periods when arrear of taxes and penalty is due.

⁴ Chaibasa (West Singhbhum), Daltonganj, Deoghar, Dhanbad, Dumka, Giridih, Gumla and Lohardaga.

After we pointed out the cases between April and May 2014, the Department accepted (August 2014) the audit observation and stated that demand notices have been issued by DTO, Chaibasa for realisation of arrear and instructions have been issued to remaining DTOs for issue of demand notices and institution of certificate cases.

4.4.2 Non-levy of revenue due to irregular clearance of tax position

Under the provisions of Section 5 of the JMVT Act, 2001 and the Rules made thereunder, tax is to be paid to the Taxing Officer in whose jurisdiction the vehicles have been registered. In case of change of residence/business, the owner of vehicle can pay tax to the new Taxing Officer subject to production of “No Objection certificate” (NOC) from the previous Taxing Officer under Rule 7 of the JMVT Rule 2001. Taxes in respect of a motor vehicle is payable within fifteen days from commencement of the quarter or year, as the case may be. Non-payment of taxes in time attracts penalty under Rule 4(2) of the JMVT Rules, 2001 at the rates prescribed depending upon period of delay.

We analysed the database of VAHAN between the period 2008-09 and 2012-13 of the eight selected district transport offices which indicated that in case of 751 registered vehicles out of 7,71,950 vehicles (ORACLE dump file), the entries in the field **Clear_To_date** (Date up to which tax liability was settled) was found for a later date than the entries in the field **Tax_Upto_date** (Date upto which tax has been paid). As such, in the above cases, tax clearance was granted for a period in excess of the period for which the tax was actually paid. We test checked (April and May 2014) the taxation registers and found that payment was made manually in 459 cases and in the rest 292 cases the irregular extended clearance of tax validity ranged from 1 to 57 quarters. The office could not provide any supporting document for extended clearance period. Verification of manual records maintained in the offices indicated that irregular clearance of tax was due to manual entry in the system as the software was not equipped with auto generation of clearance date. Deficiencies in the application to fetch the entries into the concerned fields automatically resulted in non-levy of revenue amounting to ₹ 34.14 lakh in the shape of road tax and additional road tax.

After we pointed out the cases between April and May 2014, the Department stated (August 2014) that excess clearance period was due to manual clearance of tax position and necessary instructions have been issued to the concerned DTOs for rectification of irregularity. On our observation, the Government had directed (August 2014) NIC to examine the causes for such irregularities. The Department has stated (August 2014) that in April 2014, VAHAN-2 software had been installed in the transport offices which has provision of auto clearance.

4.5 Non-collection of taxes on vehicles

Under the provisions of Section 5 and 9 of the JMVT Act, 2001 and Rule 4 of the JMVT Rules, 2001, the owner of a registered vehicle (other than personal vehicles) is liable to pay tax after the date of expiry of the period for which the tax had been paid to the taxation officer in whose jurisdiction the vehicle is registered. The vehicle owner can pay the tax to the new taxing authority in

case of change of residence/business, subject to the production of No Objection Certificate (NOC) from the previous taxing authority. In case of non-payment of tax within the stipulated period, the taxation authority may impose penalty at the prescribed rates. If the delay in payment of tax exceeds 90 days, penalty at twice the amount of taxes due may be imposed. Further, the Rules provide that every taxation officer is required to maintain the Demand, Collection and Balance (DCB) Register which shall be updated periodically in October and March every year to keep effective control over regular and timely realisation of taxes. The District Transport Officers are required to issue demand notices to the defaulters.

4.5.1 We noticed from test check of the Taxation Register, DCB Registers, Surrender Registers and the computerised data in 16 District Transport Offices⁵ between May 2013 and March 2014 that the owners of 2,354 vehicles out of 17,061 vehicles test checked did not pay tax between August 2010 and March 2014. In none of these cases, change of address of the owners or surrender of documents for securing exemption from payment of tax was found on record. As such, they were liable to pay tax. The DTOs did not update the DCB Register periodically, they did not have the details of the number of defaulting vehicle owners and taxes to be realised from them. The District Transport Officers also did not raise demand for tax and penalty against the defaulting vehicle owners resulting in non-levy of tax of ₹ 15.71 crore including penalty of ₹ 10.47 crore.

After we pointed out the cases (between May 2013 and March 2014), the Department stated (August 2014) that demand notices have been issued by the concerned DTOs and an amount of ₹ 68.99 lakh has been recovered in 111 cases by eight DTOs⁶. The DTOs have been instructed to institute certificate cases against the defaulters. Further reply has not been received (November 2014).

4.5.2 We noticed from test check of the Taxation Register and the computerised data of 8,617 trailers in 16 District Transport Offices⁷ between May 2013 and March 2014 that the owners of 2,514 trailers out of 8,617 trailers did not pay road tax and additional motor vehicle tax for the period between August 2010 and March 2014. The District Transport Officers did not update the DCB Register, they therefore did not have details of the number of defaulting vehicle owners and taxes to be realised from them. The Department failed to raise demand on the defaulters. Failure of the Department to enforce the provisions of the Act/Rules resulted in non-levy of tax of ₹ 3.04 crore including penalty of ₹ 2.03 crore.

After we pointed out (between May 2013 and March 2014), the Department stated (August 2014) that demand notices have been issued by the concerned DTOs and an amount of ₹ 9.16 lakh has been recovered in 84 cases by nine

⁵ Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Garhwa, Giridih, Gumla, Hazaribag, Jamshehpur, Koderma, Latehar, Lohardaga, Palamu, Ranchi and Simdega.

⁶ Bokaro, Chaibasa, Chatra, Gumla, Jamshehpur, Koderma, Lohardaga and Ranchi.

⁷ Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Garhwa, Giridih, Gumla, Hazaribag, Jamshehpur, Koderma, Latehar, Lohardaga, Palamu, Ranchi and Simdega.

DTOs⁸. The DTOs have been instructed to institute certificate cases against the defaulters. The Department further stated that proposals for one time tax of trailers was being finalised and system for auto generation of demand notices was being prepared. Further reply has not been received (November 2014).

We recommend that the Government may issue necessary instructions for strengthening the Internal Control System by enforcing adherence to the prescribed rules in respect of periodical updating of the DCB Register.

4.6 Non-realisation of interest due to delay in deposit of revenue collected by banks

Under the provisions of Rule 37 of the Bihar Financial Rules (adopted by the Government of Jharkhand), all money received as Government dues should be credited to Government Account. As per instructions of State Transport Commissioner, Jharkhand (January 2001) the amount collected by the banks during April to February should be transferred to the State Bank of India (SBI), Doranda Branch, Ranchi in such a manner that all receipts during a particular month are transferred latest by the first week of the following month. The amount deposited in the month of March, is to be transferred by 31st March positively so that all amounts deposited in the financial year are transferred to the Government account in the same financial year. As per the instructions issued by the Reserve Bank of India (RBI) penal interest, on balance exceeding rupees one lakh, is payable by the banks at the rate notified from time to time on delayed remittances to Government Account.

We noticed during the test check of bank statements of remittances of revenue collected in the office of Transport Commissioner, Jharkhand, Regional Transport Authority, Hazaribag and twelve District Transport Offices⁹ between May 2013 and March 2014 that the collecting banks i.e. Punjab National Bank, Bank of India, State Bank of India and Axis Bank did not credit a sum of ₹ 982.59 crore for year 2011-12 and 2012-13 into SBI, Doranda Branch, for credit into Government Account within the prescribed time. The delay ranged from one month to 24 months. The collecting banks did not credit interest of ₹ 9.20 crore for delayed transfer of the Government revenue into SBI, Doranda, Ranchi. This indicated that the Department did not monitor and also did not effectively pursue the matter of payment of interest with the collecting banks.

During the exit conference the Transport Commissioner stated (August 2014) that proposal for correspondence with RBI through the Chief Secretary, Government of Jharkhand would be taken. However, banks are now transferring the revenue and keeping the closing balance as nil at the end of the month.

⁸ Bokaro, Chaibasa, Chatra, Dhanbad, Gumla, Jamshedpur, Koderma, Lohardaga and Ranchi.

⁹ Bokaro, Chatra, Deoghar, Dhanbad, Garhwa, Gumla, Jamshedpur, Koderma, Lohardaga, Palamu, Ranchi and Simdega.

4.7 Non-levy of one time tax on personalised vehicles

Under the provisions of Section 2(g) of the Jharkhand Motor Vehicles Taxation (Amendment) Act, 2011, Motor car, Omni Bus or Station wagon, having seating capacity of more than four but not exceeding 10 including driver, which are used solely for personal purpose, was brought under the purview of personalised vehicles. The revised rate of one time tax was leviable on cost of vehicle depending on seating capacity and age of the vehicle as per substituted schedule 1 Part (A) of the Act. Further, Section 7(1) of the Jharkhand Motor Vehicle Taxation (JMVT) Act, 2001 envisaged interest at rate of two *per cent* per month on delayed payment of one time tax. Prior to the amendment (upto 22 May 2011) tax was leviable for vehicles with seating capacity of five to 10 seats at the annual rate under Section 7(3) of the Act and penalty was also leviable for non/delay payment of tax. Further, according to the JMVT Rules, 2001 every taxation officer is required to maintain the Demand, Collections and Balance (DCB) Register which shall be updated periodically in October and March every year to exercise control over regular and timely realisation of taxes.

We noticed from test check of the Taxation Register and the computerised data in 16 District Transport Offices¹⁰ between May 2013 and March 2014 that in case of 1,081 out of 5,733 private vehicles with seating capacity five to 10 of whose tax validity expired between August 2008 and January 2014, one time tax of ₹ 2.21 crore including interest of ₹ 56.93 lakh was not levied by the department with effect from May 2011 as DTOs did not review the DCB Registers periodically. Besides, tax of ₹ 3.13 lakh including penalty of ₹ 2.09 lakh upto 22 May 2011 was also leviable.

After we pointed out the cases (between May 2013 and March 2014), the Department stated (August 2014) that demand notices have been issued by the concerned DTOs and an amount of ₹ 33.15 lakh has been recovered in 162 cases by eight DTOs¹¹. The DTOs have been instructed to institute certificate cases against the defaulters. Further reply has not been received (November 2014).

4.8 Non-renewal of authorisation of National Permit

Under the provisions of Section 81 of the Motor Vehicles (MV) Act, 1988 and Rule 87 of the Central Motor Vehicles (CMV) Rules, 1989, a permit other than a temporary or special permit shall be effective for a period of five years and the period of validity of an authorisation shall not exceed one year at a time. This authorisation is a continuous process unless the permit expires or is surrendered by the permit holder. Further, the owner of the vehicle, having national permit have to pay authorisation fee along with consolidated fee annually to operate throughout the country.

We noticed in January 2014 from test check of the National Permit Register in the office of the Transport Commissioner, Jharkhand that in 241 cases out of 14,106 cases subsequent authorisation for national permit for the period

¹⁰ Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Garhwa, Giridih, Gumla, Hazaribag, Jamshedpur, Koderma, Latehar, Lohardaga, Palamu, Ranchi and Simdega.

¹¹ Bokaro, Chaibasa, Chatra, Dhanbad, Gumla, Jamshedpur, Koderma and Ranchi.

between June 2012 and March 2013 was not renewed during the periodicity of permits. We also observed that there was absence of mechanism for monitoring of the subsequent authorisation during currency of national permits in the office of the Transport Commissioner. This resulted in non-realisation of consolidated fee and authorisation fee of ₹ 42.18 lakh (Consolidated fee of ₹ 39.77 lakh and authorisation fee of ₹ 2.41 lakh).

After we pointed out the cases (January 2014), the Department stated (August 2014) that concerned Regional Transport Authorities have been instructed to issue demand notices for realisation of arrears. Further reply has not been received (November 2014).

Similar issue was pointed out in Paragraph No. 4.11 of the Audit Report (Revenue Sector) for the year ending 31 March 2013, where the Government accepted our observation and stated (July 2013) that show cause notices had been issued to the vehicle owners. Further action taken in this regard has not yet been received (November 2014).

4.9 Non-issue of certificate of registration and driving licence in Smart Card

Under the provisions of Rules 16 and 48 of the CMV Rules, 1989, the registering/licencing authority shall issue driving licence in Form-6 and where the licencing authority has necessary apparatus for the issue of a smart card type driving licence it shall be issued in smart card (Form-7) and certificate of registration shall be issued to the owner of the motor vehicles in Form 23 or Form 23A (Smart Card). Further, Rule 81 of Central Motor Vehicles Rules, 1989 provides that an additional amount of fee of rupees two hundred shall be charged for issue of certificate of registration and driving licence in smart card effective from May 2002. The Government of Jharkhand had signed an agreement with M/s A K S Smart Card Ltd. in October 2004 and allowed the firm to recover service fee of ₹ 99 for issue of vehicle registration certificate and ₹ 49 for issue of driving licence in Smart Card. Issuance of Smart Card based registration certificate/driving licence was introduced to prevent the use of forged and fake documents in respect of motor vehicles. It was further clarified that the above service fee would be in addition to the fee leviable under the Rules.

We noticed during test check of the Registration Register and Driving Licence Register for the period 2011-12 and 2012-13 of four District Transport Offices¹² between August and October 2013 that 17,853 certificates of registration and 1,934 driving licences were not issued in Smart Card even though *VAHAN/SARATHI* package was installed in the offices. Thus the purpose for which the package was introduced was not served. It was further observed that as per the terms of agreement, installation of hardware and software for issuance of Smart Card was to be completed within 14 and 15 weeks from the date of agreement (October 2004) in the districts of Chatra and Garhwa respectively. Thus, lapses on the part of Government in implementation of issuance of Smart Card based registration certificate/driving licence deprived it of revenue to the tune of ₹ 38.80 lakh.

¹² Chatra, Garhwa, Latehar and Simdega.

After we pointed out the cases (between August 2013 and October 2013), the Department stated (August 2014) that agreement entered with M/s AKS Company (Amity) in 2004 has lapsed and process of retender is underway. Further reply has not been received (November 2014).

Similar issue was pointed out in Paragraph No. 4.14 of the Audit Report (Revenue Sector) for the year ending 31 March 2013, where the Government had held the same stand (July 2013). Non-finalisation of retender for services to issue smart card even after a lapse of one year indicates ineffectiveness of the Government to plug areas of leakage of revenue.

4.10 Short levy of tax due to incorrect determination of seating capacity

Under the provisions of Section 7(3) of the Jharkhand Motor Vehicles Taxation (Amendment) Act, 2011, taxes shall be paid by the owner of a transport vehicle on seating capacity determined on the criteria of wheelbase. The provision came into effect from 23 May 2011. Further, Section 5 of the Act provides that every owner of a transport vehicle is required to pay road tax and additional motor vehicles tax at the rates specified therein.

We noticed from test check of the Registration/Taxation Register along with verification of the computerised data in 12 District Transport Offices¹³, between May 2013 and March 2014 that out of 1,539 transport vehicles test checked, 181 vehicles paid taxes for the period from May 2011 to 2013-14 adopting seating capacity lower than the seating capacity as per their wheelbase. This indicated that the DTO did not enforce the new provision of the Act during realisation of tax from transport vehicles which resulted in short levy of taxes amounting to ₹ 11.21 lakh.

After we pointed out the cases (between May 2013 and March 2014), the Department stated (August 2014) that demand notices have been issued by the concerned DTOs and an amount of ₹ 0.44 lakh has been recovered in nine cases by DTO, Dhanbad. The DTOs have been instructed to institute certificate cases against the defaulters. Further reply has not been received (November 2014).

Similar issue was pointed out in Paragraph No. 4.15 of the Audit Report (Revenue Sector) for the year ending 31 March 2013, where the Government accepted our observation and stated (July 2013) that instructions had been issued to the concerned DTOs for realisation of amount involved. Further action taken in this regard has not yet been received (November 2014).

4.11 Non-levy of taxes from the date of possession of vehicles

Under the provisions of Rules 4(1) of the JMVT Rules, 2001, in cases where no tax had previously been paid, the date of acquisition of the vehicle or the date when such tax is imposed by law shall be due date for tax payment. Further, Rules 42 and 47 of the CMV Rules, 1989 provides that no holder of a trade certificate shall deliver a motor vehicle to a purchaser without

¹³ Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Garhwa, Giridih, Gumla Hazaribag, Palamu, Ranchi and Simdega.

registration, whether temporary or permanent and application for registration has to be made within seven days from taking delivery of vehicle. Non-payment of taxes in time attracts penalty at the rates prescribed depending upon period of delay, which ranges from 25 to 200 *per cent* of the tax due.

We noticed from test check of the Taxation Register and the computerised data in four district transport offices¹⁴ between May 2013 and January 2014 that the owners of 41 vehicles out of 448 vehicles applied for registration of their vehicles with delay between 78 and 1,449 days. The registering authority levied tax from the date of registration instead of from the date of possession. We observed that till the date of audit (between May 2013 and January 2014) neither the owners of the vehicles paid the tax nor did the registering authority levy tax and penalty on the defaulting vehicles for intervening periods from the date of possession of vehicles to the date of registration. Thus, non-compliance with the provisions of the rule resulted in non-levy of revenue amounting to ₹ 10.54 lakh including penalty of ₹ 7.02 lakh.

After we pointed out the cases (between May 2013 and January 2014), the Department stated (August 2014) that demand notices have been issued by the concerned DTOs and an amount of ₹ 0.93 lakh has been recovered in five cases by DTO, Dhanbad. The DTOs have been instructed to institute certificate cases against the defaulters. The Department further stated that introduction of dealer point registration system has been proposed to stop this irregularity. Further reply has not been received (November 2014).

Similar issue was pointed out in Paragraph No. 4.12 of the Audit Report (Revenue Sector) for the year ending 31 March 2013. The Government accepted our observation and stated (July 2013) that demand notices had been issued in 77 cases involving ₹ 24.55 lakh in DTOs, Bokaro and Dhanbad. In respect of other DTOs, the Government issued instruction to realise the amount. However, the nature of lapses/irregularities is still persisting.

4.12 Non-realisation of trade tax

Under the provisions of Section 6 of the JMVT Act, 2001, trade tax at the annual rate specified in Schedule-III shall be paid by a manufacturer/dealer in respect of motor vehicles held in possession by him in the course of business. Trade tax is payable (based on the type of vehicle) on a block of seven vehicles, for which returns are required to be submitted in Form B2 by the manufacturer/dealer. The taxation authority after verifying the amount of trade tax renews the trade certificate. In case of non-payment of tax within the stipulated period, the taxation authority may impose penalty at the prescribed rates depending upon the period of delay ranging from 25 to 200 *per cent* of the tax due.

We noticed during test check of the Trade Tax Register and files of two District Transport Offices, Dhanbad and Ranchi between July and November 2013 that three dealers out of 91 dealers of motor vehicles were liable to pay trade tax along with penalty of ₹ 8.44 lakh for the period from April 2011 to December 2012. However, a sum of ₹ 3.20 lakh was paid by two dealers. This

¹⁴ Bokaro, Gumla, Lohardaga and Palamu.

resulted in non-payment of trade tax and penalty of ₹ 5.24 lakh including penalty of ₹ 4.69 lakh.

After we pointed out the cases (between July and November 2013), the Department stated (August 2014) that demand notices have been issued by concerned DTOs for realisation of arrears. The Department further stated that introduction of dealer point registration system has been proposed to stop this irregularity. Further reply has not been received (November 2014).

Similar issue was pointed out in Paragraph No. 4.13 of the Audit Report (Revenue Sector) for the year ending 31 March 2013, the Government accepted our observation and stated (July 2013) that demand had been raised against five dealers involving ₹ 5.13 lakh and recovery of ₹ 51,800 had been made in three cases. The nature of lapses/irregularities are still persisting which shows ineffectiveness of the Inter Control System of the Department to prevent recurring leakage of revenue.

4.13 Internal audit

The Department informed us that as it has no Internal Audit Wing of its own, the Internal Audit was being conducted by the auditors of the Finance Department. The Department did not furnish overall picture of audit conducted by the Finance Department during 2013-14.

The Government may consider setting up an Internal Audit Wing so as to ensure effective implementation of the Acts/Rules for prompt and correct realisation of revenue.