

5.1 Tax Administration

The Principal Secretary to the Government of Meghalaya, Transport Department is in overall charge of the Transport Department at the Government level. The Commissioner of Transport (COT) is the administrative head of the Department. He is assisted by an Assistant Commissioner of Transport and the Secretary, State Transport Authority. At the district level, the District Transport Officers (DTOs) have been entrusted with the registration of vehicles, issuance of permits including collection of duties. The collection of tax is governed by the provisions of the Motor Vehicles Act, 1988 and Rules made thereunder and the Assam Motor Vehicle Taxation act, 1936.

5.2 Internal audit

The Transport Department has no separate Internal Audit Wing (IAW). Despite the same being pointed out in Audit Reports and the PAs from time to time, no action has been taken by the Department to create an IAW to monitor the working of the Department. In the absence of a separate IAW, the Department solely relies upon the audit carried out by the Accountant General.

Recommendation: *The Department may look into the possibility of creating an Internal Audit Wing to effectively monitor the functioning of the Department.*

5.3 Results of Audit

Test check of the records of seven units relating to the Transport Department during 2013-14 revealed non-realisation of taxes, fees and fines, etc. involving ₹ 140.67 crore in 39 cases which fall under the following categories:

Table 4.1

Sl. No.	Category	Number of cases	(₹ in crore)
			Amount
1.	Non/Short realisation of revenue	19	72.80
2.	Loss of revenue	08	4.78
3.	Other irregularities	12	63.09
Total		39	140.67

During the course of the year, the Department accepted under assessments and other deficiencies of ₹ 12.41 crore in 20 cases. An amount of ₹ 0.26 crore was recovered during the year 2013-14.

A few illustrative cases having financial impact of ₹ 46.59 crore in terms of underassessment/short levy/non-levy of tax and other provisions of the Acts are discussed in the paragraphs 5.4 to 5.8.

5.4 Loss of revenue due to under-reporting of overloaded vehicles – DTO, EB, Shillong

The Enforcement Branch failed to detect movement of 85622 trucks carrying load in excess of the permissible limit resulting in short realisation of fine amounting to ₹ 43.96 crore.

Section 194(i) of the Motor Vehicles (MV) Act, 1988 states that whoever drives motor vehicles carrying loads in excess of the permissible limit shall be punishable with a minimum fine of ₹ 2000 plus an additional fine of ₹ 1000 per Metric Tonne (MT) of excess load together with the liability to pay charges for off-loading of the excess load. In pursuance of the Supreme Court order dated November 2005, the Government of Meghalaya (GOM) in July 2011 fixed the maximum permissible load for commercial trucks (with two axels) at 9 MT per truck. The Transport Department, GOM has check posts and weighbridges¹ at all major exit points of the State in order to detect and penalise vehicles carrying loads in excess of the legal permissible limit. Additionally, the Directorate of Mineral Resources (DMR), Meghalaya also has check posts at all major exit routes of the State in order to detect irregular export of minerals without payment of royalty.

5.4.1 It was seen from the records that between 01 April 2013 and 31 March 2014, the District Transport Officer (DTO), Enforcement Branch (EB), Shillong detected 54 trucks carrying minerals² in excess of the permissible limit of 9 MT at Byrnihat check post on the National Highway 40 using the Weighbridge at Umling and realised ₹ 0.02 crore as fine. However, examination of monthly returns furnished by the Transport Weighbridge at Umling³ on the same Highway revealed that during the aforesaid period 47,021 trucks carrying 1.72 lakh MT in excess of the permissible limit passed through the Weighbridge. Thus, the DTO, EB under reported the movement of 46,967 trucks carrying load in excess of the permissible limit leading to short realisation of fine amounting to ₹ 26.58 crore. Despite the information pertaining to actual number of trucks carrying excess load being available with the Commissioner of Transport (CT), Meghalaya no action was taken by the CT to fix responsibility on the DTO, EB for such massive under reporting thereby resulting in loss of revenue to that extent.

5.4.2 It was also seen from the records that between 01 April 2013 and 31 March 2014, the District Transport Officer (DTO), Enforcement Branch (EB), Shillong detected 1297 trucks carrying minerals⁴ in excess of the permissible

¹ Weighbridges are set up by private parties and granted approval by the Government subject to fulfilment of certain conditions including payment of annual licence fees.

² Quantity of excess load was not available on records.

³ Located at a distance of approximately 11 kms from Byrnihat.

⁴ Quantity of excess load was not available on records.

limit of 9 MT at Umkiang check post on the National Highway 44 and realised ₹ 0.56 crore as fine. However, cross-check with the records of the DMR check post at the same location revealed that during the aforesaid period, 39,952 trucks passed through the DMR check post carrying 0.99 lakh MT⁵ of load in excess of the permissible limit. Thus, the DTO, EB failed to detect 38655 trucks carrying excess load thereby resulting in short realisation of fine amounting to ₹ 17.33 crore.

The cases were reported to the Transport Department, GOM, in July 2014; reply was awaited (November 2014).

5.5 Non-realisation of road tax – DTOs, Nongstoin and Baghmara.

Loss of revenue of ₹ 1.72 crore due to non-realisation of road tax.

Under Section 5 of the Assam Motor Vehicles Taxation (AMVT) Act, 1936 (as adopted by Meghalaya) and Rules made there under, every owner of a registered vehicle has to pay road tax in advance either annually before 15 April every year or quarterly in four equal instalments⁶ in April, July, October and January. Further Rule 31 of the AMVT Rules, 1936 stipulates that if the vehicle is off-road for more than three months, then the owner of the vehicle must surrender the permit together with the Registration Certificate to the DTO supported with a declaration in Form 'H'. In cases where vehicle owners fail to pay tax, demand notices are to be issued promptly directing the defaulters to clear the arrear tax within which the following actions would be initiated as per the provisions of both the Motor Vehicles (MV) Act, 1988 and the AMVT Act:

- Suspension of certificate of registration (Section 53 of the MV Act).
- Recovery of tax through the Deputy Commissioner as arrears of land revenue (Section 16 of the AMVT Act).
- Seizure and detection of vehicle until the entire tax is paid (Section 207 of the MV Act).

It was seen from the records that road tax amounting to ₹ 1.72 crore was due from 1598 commercial vehicles⁷ covering various periods between March 1994 and December 2013. Out of which, the DTO, Baghmara did not issue demand notices to any of the vehicle owners till date (August 2014) while DTO

⁵ Coal : 76051 MT
Limestone : 23345 MT
Total : 99396 MT

⁶ On or before 15th of each of these four months

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Name of the DTO	No. of vehicles	Road Tax (₹ in crore)
Nongstoin	838	0.64
Baghmara	760	1.08
Total	1598	1.72

Nongstoin issued demand notices for payment of arrear road tax amounting to ₹ 0.78 crore to 396 vehicle owners between July 2013 and August 2013, out of which, only one vehicle owner responded and paid road tax amounting to ₹ 0.005 crore while the remaining 395 notices did not evoke any response. It was also noticed that not a single vehicle owner submitted declaration in Form 'H' as a proof that the vehicle was off-road.

For non-payment of road tax, the DTOs neither suspended registration certificates of any vehicles, nor detained any defaulting vehicles or referred the cases to the Deputy Commissioners for recovery of road tax as arrears of land revenue. Thus, inaction of the DTOs in taking appropriate action as per the provisions of the MV Act/AMVT Act, has resulted in non-realisation of road tax amounting to ₹ 1.72 crore which is a loss of revenue to the State exchequer as the chance of recovery of the arrear road tax appears to be remote.

Mention was made in Para 5.7 of the Audit Report for the year ended 31 March 2013 regarding loss of revenue of ₹ 5.39 crore due to non-recovery of road tax. Despite this, the Transport Department has failed to take any action against defaulting vehicle owners resulting in further non-realisation of revenue.

On this being pointed out (October 2013 to May 2014) the DTOs while accepting the audit observation (March-May 2014) stated that efforts were being made to take appropriate action against the vehicle owners who failed to pay the road tax. A report on recovery was awaited from the Transport Department, Government of Meghalaya (November 2014).

5.6 *Non-levy of fine for non-renewal of permits- DTOs, Nongpoh, Tura, Baghmara, Nongstoin and STA, Meghalaya.*

Fine amounting to ₹ 0.23 crore was not levied against 1150 vehicles owners who had not renewed their permits after expiry of validity period.

Under Section 81(1) and (2) of the MV Act, 1988, the validity of a commercial permit to passenger vehicles is for five years and may be renewed on an application made not less than 15 days before the expiry of the permit. Plying of vehicles without a valid permit attracts the provision of Section 192A of the MV Act, under which a minimum penalty of ₹ 2,000 shall be levied. Further, as per Section 66 of the Act *ibid*, no owner of a vehicle shall use his vehicle as a transport vehicle in any public place without a valid permit whether or not such vehicle is actually carrying any passenger or not.

It was noticed that 1150 vehicles⁸ did not renew their permits for various periods between January 2006 and March 2014. For non-renewal of permits after expiry of validity period, penalty of ₹ 0.23 crore was leviable under the

⁸ DTO, Nongpoh: 422 vehicles, DTO, Tura: 240 vehicles, DTO, Baghmara: 87 vehicles, DTO, Nongstoin: 46 vehicles and STA, Meghalaya: 355 vehicles.

provisions of Section 192A but was not levied. Thus, inaction on the part of the DTOs and STA led to non-realisation of penalty of ₹ 0.23 crore.

On this being pointed out (October 2013), the DTO, Nongpoh while accepting (March 2014) the observation stated that demand notices would be issued against the defaulters. However, a report on action taken and recovery effected was awaited (August 2014). In respect of others, the cases were reported to the Transport Department, Government of Meghalaya between October 2013 and May 2014; reply was awaited (November 2014).

5.7 Short realisation of road tax, DTOs Shillong and Nongpoh

There was short realisation of tax amounting to ₹ 0.12 crore in respect of 802 personal vehicles.

The Transport Department, Government of Meghalaya levies a one-time tax on all personal vehicles which is valid for 10 years. On expiry of the one-time tax period, additional tax is payable for every five years. The Government of Meghalaya revised the rate of one-time tax and additional tax on personal vehicles with effect from 08 September 2011 as under:

Sl No.	Type of vehicle	Rate of one-time tax	Rate of tax for every 5 years after 10 years (₹)
1.	Original cost price upto ₹ 3 lakh	2 per cent of the original cost.	3,000
2.	Original cost price upto ₹ 3 lakh to ₹ 15 lakh	2.5 per cent of the original cost price	4,500
3.	Original cost price upto ₹ 15 lakh to ₹ 20 lakh	4.5 per cent of the original cost price	6,750
4.	Original cost price above ₹ 20 lakh	6.5 per cent of the original cost price	8,250

Audit of the records of the DTOs revealed that in 808 cases⁹, the DTOs realised ₹ 0.24 crore¹⁰ as additional road tax after the expiry of the one-time tax period of 10 years by levying a flat tax rate of ₹ 3000 per vehicle. However, based on the details of vehicles, it was seen that the original cost of all these vehicles exceeded ₹ 3 lakh and as such, a minimum of ₹ 0.36 crore¹¹ was to be realised as tax from these vehicles. Thus, failure of the DTOs to ascertain the original cost of the vehicle and realise tax accordingly resulted in short realisation of tax amounting to ₹ 0.12 crore.

The cases were reported to the Transport Department, Government of Meghalaya between October 2013 and July 2014; reply was awaited (November 2014).

⁹ DTO, Shillong: 756, DTO, Nongpoh: 52

¹⁰ 808 cases realised @ ₹ 3000 = ₹ 2424000

¹¹ Considering a minimum rate of tax of ₹ 4500 per vehicle for 808 vehicles.

5.8 Non-realisation of revenue due to non-renewal of certificates of registration of private vehicles – DTO, Nongpoh

Non-renewal of registration certificates of private vehicles led to non-realisation of revenue of ₹ 0.56 crore.

Under Section 41(7) of the MV Act lays down that the certificate of registration in respect of motor vehicle other than a transport vehicle shall be valid for a period of 15 years from the date of issue of such registration and shall be renewable as per provision of the Act *ibid*. Under Rule 44 of the Assam Motor Vehicle Rules (as adopted by Meghalaya), the DTO shall maintain a register of all the vehicles in Form III known as the Combined Register in which detail of every registered vehicle shall be maintained and periodically review the same. Section 192 of the MV Act prescribes that whosoever drives or causes to drive a motor vehicle without registration shall be penalised for the first offence with fine which may extend to ₹ 5,000 but shall not less than ₹ 2,000. The Transport Department, Government of Meghalaya has fixed the fees for re-registration of the private vehicles from 08 September 2011 as under:

Types of vehicles	Re-registration fees (₹)
Two wheelers	60
Three/four wheelers	200

Audit of records of the DTO revealed that the certificates of registration in respect of 2583 private vehicles, had expired between February 1993 and February 2013 but the same had not been renewed. It was also noticed that none of the vehicles were off-road on the basis of declaration in Form ‘H’. Despite the information being available¹² with the DTO, no action was taken by the DTO to issue notices to these vehicle owners for re-registration of the vehicles and levy fine on them. Thus, failure of the DTO to re-register the vehicles led to non-realisation of re-registration fees amounting to ₹ 0.04 crore. In addition, fine amounting to ₹ 0.52 crore was also realisable but was not realised.

On this being pointed out (October 2013), the DTO while accepting the audit observation (March 2014) stated that fine under Section 192 of the MV Act, 1988 was always imposed at the time of renewal of the registration certificates. The reply is not acceptable as no action had been taken by the DTO to issue notices to any of the vehicle owners for re-registration of vehicles after expiry of the registration period. Hence the question of levy of fine under Section 192 did not arise. The same was brought to the notice of the Transport Department, Government of Meghalaya in April 2014; reply was awaited (November 2014).

¹² All information pertaining to a vehicle is captured and available in real-time with the DTO through a software called ‘VAAHAN’.