

# **Chapter - 1**

## **Introduction**



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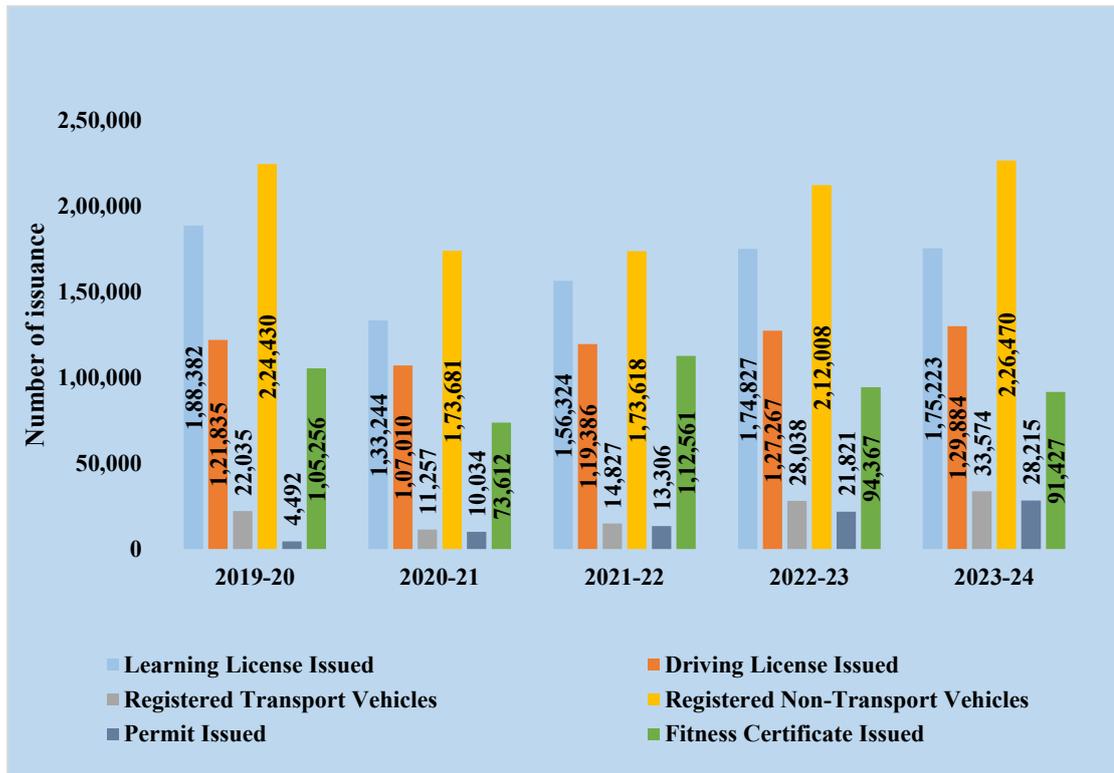
## Introduction

### 1.1 Introduction

Transport Department of Uttarakhand is divided into two major wings- Operational<sup>1</sup> Wing and Regulatory Wing. The Regulatory wing headed by State Transport Commissioner (STC) deals with all policy matters and administration of applicable Acts<sup>2</sup> and Rules<sup>3</sup>. This Subject Specific Compliance Audit deals only with the regulatory wing of the department through Regional Transport Offices (RTOs)/ Assistant Regional Transport Offices (ARTOs).

The work relating to registration of vehicles, permits, fitness certificates of vehicles and collection of motor vehicle taxes are carried out through Vahan-4.0 application (June 2015). The work relating to issue of driving licences and renewal of licences are carried out through Sarathi-4.0 application (June 2015). The number of issued licences, registration of vehicles, issuance of permits and fitness certificates during the period 2019-24 is shown in **Chart-1.1** below:

**Chart-1.1: Number of issued licences, registration of vehicles, issuance of permits and fitness certificates during the period 2019-24**



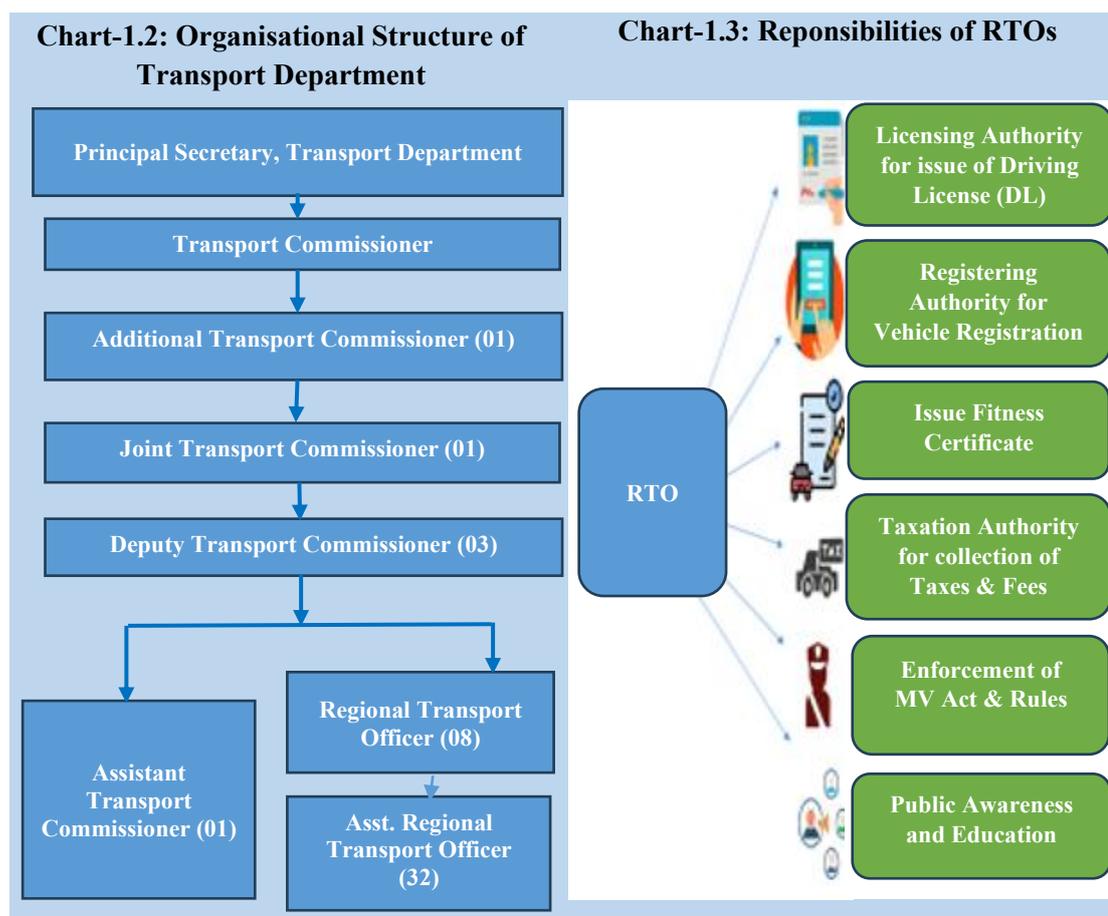
<sup>1</sup> Operational wing includes Uttarakhand Transport Corporation, which provides services on nationalised routes as well as interstate routes.

<sup>2</sup> The Motor Vehicles Act, 1988 and the Uttarakhand Motor Vehicles Taxation Reforms Act, 2003.

<sup>3</sup> The Central Motor Vehicles Rules, 1989; the Uttarakhand Motor Vehicles Taxation Reforms Rules, 2003; and the Uttarakhand Motor Vehicles Rules, 2011.

## 1.2 Organisational set up

The Principal Secretary/Secretary, Transport is the administrative head of the Transport Department. He is assisted by the Transport Commissioner (TC), who is also the Chairman of State Transport Authority. The Transport Commissioner, being the head of the Transport Department, is responsible for the overall functioning of the RTOs in the State. He is assisted by Additional Transport Commissioner/Joint Transport Commissioner, three Deputy Transport Commissioners and one Assistant Transport Commissioner. There are four regions<sup>4</sup> headed by RTOs and 16 sub regions<sup>5</sup> headed by ARTOs along with 20 enforcement squads<sup>6</sup> in the State. The offices of RTOs/ARTOs are headed by RTO (Admin)/ARTO (Admin) and for enforcement related activities RTO (Enforcement)/ARTO (Enforcement) are also posted. The Motor Vehicle Act, 1988, the Central Motor Vehicles Rules, 1989 and the Uttarakhand Motor Vehicles Rules, 2011 define the roles and responsibilities of Regional Transport Offices. The organisational structure of the Transport Department, Government of Uttarakhand (GoU), is shown in **Chart-1.2** below and the key responsibilities of RTOs are given in **Chart-1.3** below:



<sup>4</sup> Dehradun, Pauri, Almora, and Haldwani.

<sup>5</sup> Haridwar, Rishikesh, Tehri, Uttarkashi, Vikasnagar, Roorkee, Kotdwar, Karnprayag, Rudraprayag, Tanakpur, Udham Singh Nagar, Kashipur, Ramnagar, Pithoragarh, Bageshwar and Ranikhet.

<sup>6</sup> The 20 Enforcement squads' function under the abovementioned offices (04 RTOs+16 ARTOs).

### 1.3 Audit objectives

The objectives of the Subject Specific Compliance Audit were to assess whether:

1. Regulation and control over registration and use of vehicles through registration, issuing permits and fitness certificates was implemented by RTOs<sup>7</sup> as per the Act/Rules;
2. RTOs efficiently assessed, levied, collected and remitted revenue (Motor vehicle taxes, fines, penalties, cess, *etc.* as per Act/Rules) and took effective action on arrears;
3. RTOs were able to issue, renew and cancel the licences effectively as per the Act/Rules; and
4. Enforcement activities were effectively conducted by RTOs to ensure compliance with the motor vehicles Acts/Rules with adequate follow up to deter violations. RTOs were provided with required manpower and equipment to discharge the mandate.

### 1.4 Audit criteria

The audit criteria were mainly derived from the following sources:

- The Motor Vehicles Act (the MV Act), 1988;
- The Central Motor Vehicles Rules (the CMVR), 1989;
- The Uttarakhand Motor Vehicles Taxation Reform Act, 2003;
- The Uttarakhand Motor Vehicles Taxation Reform Rules, 2003;
- The Uttarakhand Motor Vehicles Rules, 2011;
- The Uttarakhand Road Safety Act, 2016;
- Uttarakhand Road Safety Fund Rules, 2017; and
- Notifications issued by the Ministry of Road Transport, Government of India from time to time.

### 1.5 Scope of Audit and methodology

The records of Transport Commissioner, Uttarakhand and four RTOs/ARTOs<sup>8</sup> out of 20 RTOs/ARTOs of the Transport Department pertaining to the period 2019-24 were test-checked between July 2024 and February 2025. The selection of RTOs/ARTOs was made by adopting stratified random sampling conducted through IDEA<sup>9</sup> software. A two-pronged audit methodology was used for the Subject Specific Compliance Audit; one is data analysis of Vahan-4.0 and Sarathi-4.0 application and second is verification<sup>10</sup> of analysed data in the field. Documentary evidence was gathered and

<sup>7</sup> ARTOs are responsible for issuance of licenses, registration, permit, fitness of vehicles, collection of taxes & fees and enforcement activities under RTOs.

<sup>8</sup> RTO, Dehradun; RTO, Almora; ARTO, Udham Singh Nagar; and ARTO, Rudraprayag.

<sup>9</sup> Interactive Data Extraction and Analysis.

<sup>10</sup> Thirty cases for each table; verification was done in January and February 2025.

analysed to arrive at the results of audit. An entry conference was held on 25 July 2024 with the Secretary, Transport Department, GoU in which the audit objectives, scope and methodology were discussed. The exit conference was held on 25 July 2025 with Additional Secretary, Transport Department, GoU. The replies from the State Government were received on 01 August 2025. Replies of the State Government have been suitably incorporated in the relevant paragraphs.

## **1.6 Financial status**

The Transport Department collects the revenue under Major Heads ‘MH 0041-Taxes on vehicles’ and ‘MH 1055-Departmental Receipts’ of Transport Department. The amount received is deposited into treasury and the department receives funds through Budget allocation for meeting its expenditure.

### **1.6.1 Collection of taxes on vehicles**

Receipts under the ‘MH 0041–Taxes on Vehicles’ consist of tax, fees, fines and penalties. The actual receipts of the department from Taxes on Vehicles during the period 2019-24 are shown in **Table-1.1** below:

**Table-1.1: Receipts from Taxes on Vehicles**

*(₹ in crore)*

Financial Year	Receipt under MH 0041 as per Finance Accounts	Total Revenue receipts of the State	Percentage contribution by taxes on vehicles to total revenue
1	2	3	4
2019-20	907.80	30,722.57	2.95
2020-21	741.00	38,204.36	1.93
2021-22	889.02	43,056.99	2.06
2022-23	1,211.55	49,082.70	2.47
2023-24	1,389.67	50,615.01	2.75

*Source: Finance Accounts of the GoU.*

**Table-1.1** shows that the receipts decreased in 2020-21 (due to Covid-19 lockdown) and increased significantly from 2021-22 to 2023-24. Audit found that Motor Vehicle Taxes as a percentage of Total Revenue receipt decreased from 2.95 *per cent* to 2.75 *per cent* during the period 2019-20 to 2023-24. However, Motor Vehicle Taxes grew by 53.08 *per cent* during the same period.

### **1.6.2 Cost of collection**

The percentage of expenditure incurred on collection of receipts under ‘MH 0041-Taxes on vehicles’ of Transport Department during 2019-24 shows growth in cost of collection during the period as depicted in the **Table-1.2** below:

**Table-1.2: Cost of collection**

*(₹ in crore)*

Year	Gross collection	Expenditure on collection	Cost of collection (Percentage of expenditure against collection)
1	2	3	4
2019-20	907.80	38.76	4.27
2020-21	741.00	41.18	5.56
2021-22	889.02	43.71	4.92
2022-23	1,211.55	53.17	4.39
2023-24	1,389.67	62.75	4.52

*Source: Finance Accounts of the GoU.*

### **1.7 Acknowledgement**

Indian Audit and Accounts Department acknowledges the overall cooperation and assistance provided by the officers and officials of Transport Department during the conduct of the Subject Specific Compliance Audit.

### **1.8 Audit findings**

The functioning of the RTOs has been analysed based on the objectives of the Subject Specific Compliance Audit. The objective-wise findings are discussed in the following four Chapters:

**Chapter - 2:** Regulation and Control over Registration and Use of Vehicles;

**Chapter - 3:** Revenue Collection;

**Chapter - 4:** Issuance, Renewal and Cancellation of Licences; and

**Chapter - 5:** Enforcement Activities and Human Resource Management

