CHAPTER II

TAXES ON MOTOR VEHICLES

CHAPTER - II

HOME TRANSPORT DEPARTMENT

TAXES ON MOTOR VEHICLES

2.1 Tax Administration

The Tamil Nadu Motor Vehicle Tax (TNMVT) Act, 1974 and Rules made thereunder outlines a system for levying and collecting taxes on motor vehicles used in Tamil Nadu. Tax is levied on all vehicles used or kept for use in Tamil Nadu, based on the rates specified in the Act's schedules (Section 3). Vehicle buyers must pay the tax within the prescribed period (Section 8). Vehicles with a transport permit are considered to be used in the state for tax purposes (Rule 3). If the tax remains unpaid, the licensing officer can issue a notice within five years to collect the tax due (Section 15-A). The Government of Tamil Nadu (GoTN) notified[1] the revised tax rates with effect from 9 November 2023.

Life Time Tax[2] (LTT) is collected for non-transport motor vehicles at the rate[3] based on the cost of the vehicles. Motor vehicles other than transport vehicles that have completed 15 years from the date of registration are subject to the Green Tax. For motorcycles, the tax is ₹750 for a period of five years and for other motor vehicles, it is ₹1,500 for five years. In the case of transport vehicles, those (excluding auto rickshaws) that have completed seven years from the date of registration are required to pay ₹750 per annum, whereas autorickshaws are liable to pay ₹250 per annum. GoTN encourages the use of electric vehicles in the state by exempting the vehicles from paying road taxes to control air pollution.

The audit observations on the effectiveness of tax collection by the Transport Department on the motor vehicles are given in the succeeding paragraphs.

2.2 Internal Audit

The Internal Audit Wing is functioning in the Home Transport Department. The number of Offices due for audit up to 2023- 24 was 129, out of which 102 Offices audit is in progress. Year-wise details of the number of observations raised, settled and pending along with tax effect, are as shown in **Table 2.1**.

1 Extraordinary Notification dated 7 November 2023.

2 Life time tax means the tax leviable in one lumpsum in advance for the life time of a motor vehicle.

3 12 per cent of the vehicle's cost if the vehicle is priced up to ₹5 lakh, 13 per cent if the cost of the motor vehicle up to ₹10 lakh, 18 per cent up to ₹20 lakh and 20 per cent above ₹20 lakh.

Table 2.1: Details of Internal Audit Observations

Year	Observations Raised		Observations Settled		Observations Pending	
	Number of Cases	Amount (in Lakhs)	Number of Cases	Amount (in Lakhs)	Number of Cases	Amount (in Lakhs)
Up to 2020-21	Not furnished details for the year due to Covid-19 Pandemic situation				1,286#	90.71#
2021-22	1,412	146.67	1,276	103.18	136	43.49
2022-23	1,735	186.95	1,265	154.57	470	32.38
2023-24	2,265	219.65	1,970	191.54	295	28.11
Total for 2021-24	**5,412**	**553.27**	**4,511**	**449.29**	**2,187**	**194.69**

- Cumulative figures of total pending observations of audit years up to 2019-20, as on 31/03/2024

As seen from the above, 2,187 observations involving ₹1.95 crore were pending settlement as on 31 March 2024. Early action may be taken to settle the pending observations.

2.3 Results of Audit

In 2023-24, remote audit has been conducted by analyzing the database of VAHAN of transport department, relating to the period up to 2021-22 and Inspection Reports were issued to nine Regional Transport Offices[4] (RTO) in Tamil Nadu. Audit also test checked records in the office of the State Transport Authority (STA) and in the Apex unit at Government level. The category-wise audit observations are summarised in **Table 2.2**.

Table 2.2: Category-wise Audit observations for 2023-24

Sl.No.	Category	No. of paragraphs	Amount (in ₹)
1	Non-Collection of tax in respect of goods vehicles with valid permits	8	9,42,45,472
2	Non/Short collection of Life Time tax from owners of Motor cabs	7	24,05,040
3	Non-Collection of tax for maxi cabs having valid permit	6	39,34,240
4	Short/Non collection of tax in respect of Construction Equipment vehicles	1	11,76,895
5	Non-payment of green tax for transport/non-transport vehicle	1	4,59,300
6	Non-collection of tax from owners of private service vehicles	1	14,12,477
	Total	**24**	**10,36,33,424**

(Source: O/o PAG, Audit-II, Tamil Nadu's Inspection reports on RTOs)

The department accepted non / short collection of tax involving ₹10,36,33,424 in 24 cases and during the year, ₹1,08,174 has been recovered in two cases.

4 Chennai West, Chennai South, Namakkal North, Poonamallee, Tiruppur North, Tiruppur South, Tiruchirapalli West, Tirunelveli, and Vellore.

2.4 Subject Specific Compliance Audit on Functioning of Regional Transport Offices and State Transport Authority in Motor Vehicle Department in Tamil Nadu

2.4.1 Introduction

The Regulation and Taxation of motor vehicles in India involve both the Union and State Governments. While the Concurrent List of the Constitution of India grants authority to both Union and States over motor vehicle regulations, State List empowers States to impose taxes on vehicles suitable for road use.

In line with these provisions, the Motor Vehicles (MV) Act, 1988 and Central Motor Vehicles Rules (CMVR), 1989 were enacted by the Parliament to govern various aspects such as vehicle registration, issuance of permits, driver and conductor licensing. At the State level, Government of Tamil Nadu (GoTN) enacted the Tamil Nadu Motor Vehicle Taxation Act (TNMVT), 1974, and the Tamil Nadu Motor Vehicle Rules (TNMVR), 1989 detailing the taxes and fees applicable to motor vehicles operating within the State.

The Ministry of Road Transport and Highways (MoRTH), Government of India (GOI), is responsible for formulating broad policies related to road transport and overseeing the enforcement of the above-mentioned Acts and Rules. Section 68 of the MV Act mandates the establishment of State Transport Authorities (STA). Accordingly, the enforcement of regulatory provisions along with the administration of vehicle taxes and levies is carried out by RTOs functioning under the STA of Tamil Nadu[5].

2.4.2 Digital initiatives in Transport Department

The MoRTH launched digital initiatives in 2006-07 to streamline the functioning of RTOs and improve efficiency and effectiveness of the Transportation Sector.

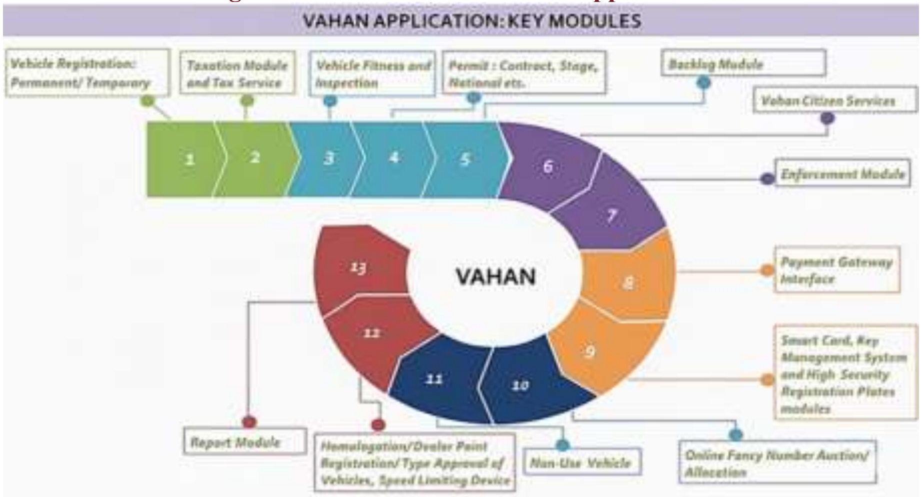
VAHAN and SARATHI are flagship digital initiatives under the e-Transport Mission Mode Project. VAHAN application is related to vehicle related process, while SARATHI is an application for computerisation of Driving Licence (DL) related services.

2.4.2.1 VAHAN

VAHAN is a centralised, web-enabled application. VAHAN provides easy online access to RTOs, vehicle dealers, citizens, transporters, and other stakeholders. The application's configurability allows for State-specific customisations. The vehicle insurance companies and Pollution Under Control Certificate (PUCC) centres are integrated with VAHAN. The key modules in VAHAN are outlined in **Figure 2.1**.

5 The Transport Commissioner/ Road Safety heads the Commissionerate of Transport and Road Safety Commissioner who also functions as the State Transport Authority.

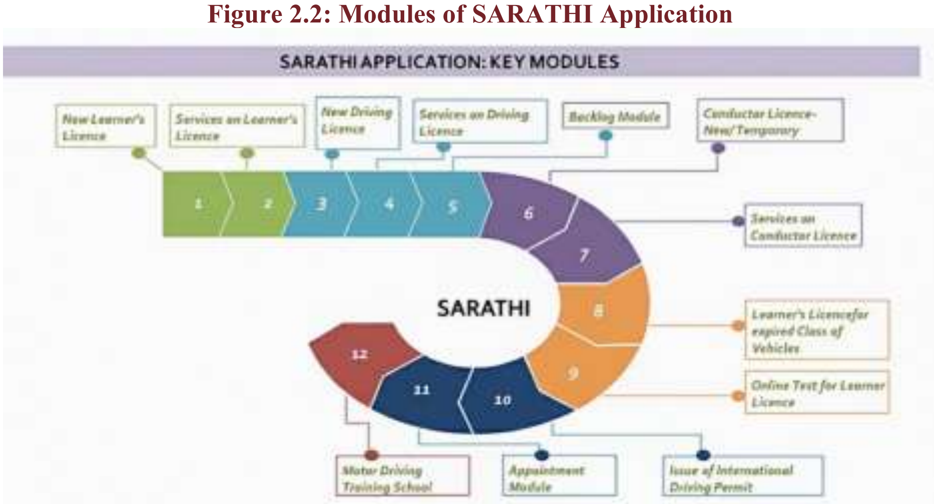
Figure 2.1: Modules of VAHAN Application



2.4.2.2 SARATHI

SARATHI is an application, designed to streamline and computerise driving licence-related services. It offers a comprehensive solution for issuing DL, learner licences, and other related services[6] provided by the Transport Department. SARATHI operates as a workflow-based, web-enabled, centralised application, featuring a wide range of configurable options to meet the specific needs of different States. It facilitates the management of driving, learner, conductor, and driving school licences. The application has been tailored to Tamil Nadu's specific requirements and is currently operational in the State. The key modules in SARATHI are shown in **Figure 2.2**.

Figure 2.2: Modules of SARATHI Application



2.4.2.3 Faceless Services

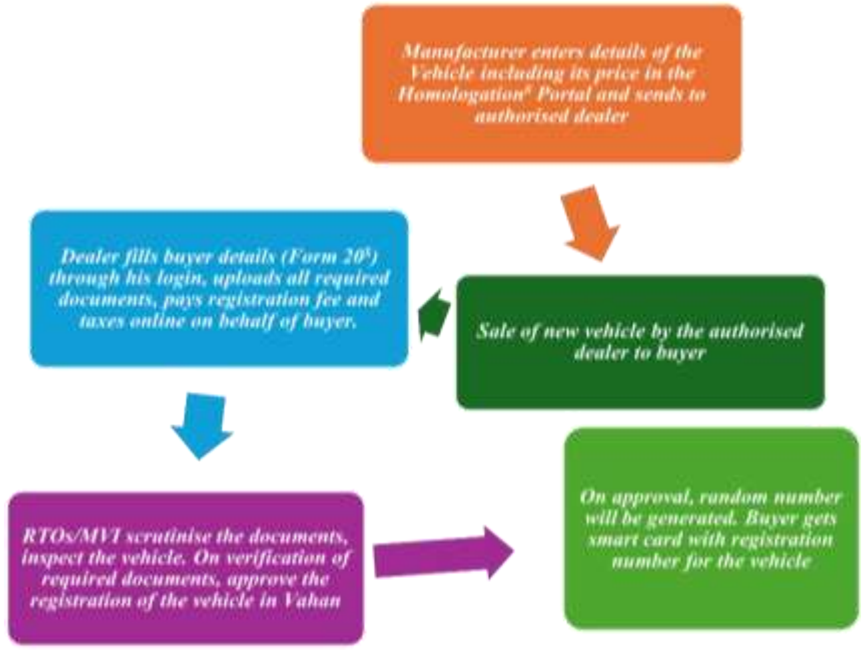
Transport services have been shifted to a faceless mode using technologies like Aadhaar e-KYC, AI-based face recognition, and e-Sign, enabling online applications, payments, document uploads, and appointment scheduling. This has reduced queues and minimised middlemen involvement. In Tamil Nadu,

6 Renewal of DLs, issuing of new DL, issuing of international DLs, conductor licences, motor driving school licence etc.

34 services under VAHAN and SARATHI have been adapted to this system in line with CMVR, 1989.

The process of registration of vehicles is given in **Figure 2.3**:

Figure 2.3: Registration Process



# Homologation:	Homologation is the process of certifying that a particular vehicle is roadworthy and matches certain specified criteria laid out by the government for all vehicles made or imported in India.
$ Form 20:	Application for Registration of a Motor Vehicle

2.4.2.4 E-Challan System

Electronic challan (e-challan) is another digital initiative for collecting fines for violating traffic rules. Traffic police and enforcement officials of Transport Department can print e-challans through a swiping machine and hand it to the traffic violator on the spot. The e-challan is also sent to the citizen's email ID or mobile number to enable the violators to pay the fine within 60 days from the date of its issuance.

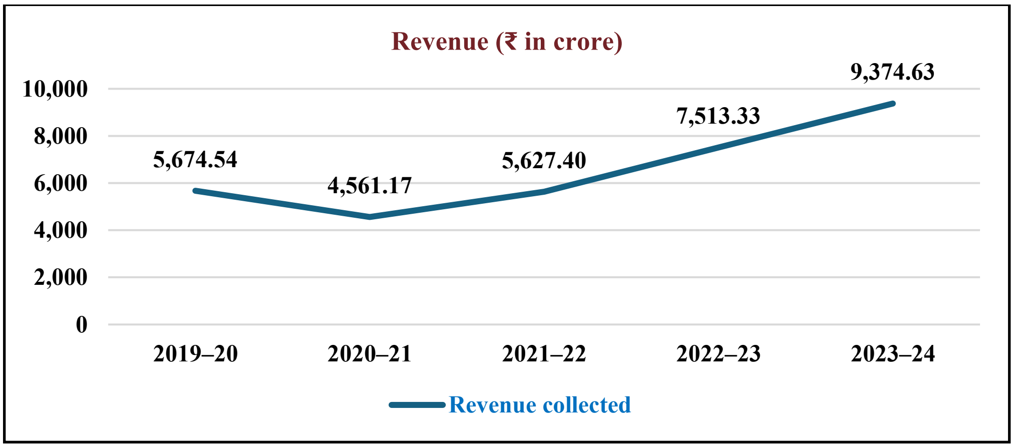
2.4.3 Organisational Structure

The Principal Secretary to GoTN, Home (Transport) Department is responsible for regulation of use of Motor Vehicles and enforcement of Motor Vehicle Legislation in the State. The Commissionerate of Transport and Road Safety is headed by the Transport Commissioner/Road Safety Commissioner (TC), who also functions as STA. The organisational structure of the Transport Department is given in **Appendix 2.1**. As on 31 March 2024, there were 91 RTOs, 56 Unit Offices, 22 Check Posts and one STA functioning under the Transport Department in the State.

2.4.4 Trend of Revenue

There was an increase of revenue during the year 2023-24 as given in **Figure 2.4** due to tariff revision from November 2023 and also change of annual tax levy in the case of Maxi cab into Life Time Tax. Further, the revenue collected by the transport department in 2023-24, constituted six *per cent* of the total tax revenue of the state in that year.

Figure 2.4: Details of revenue collected from 2019-20 to 2023-24



(Source: Details furnished by the Department)

The audit observations on the effectiveness of tax collection by the Transport Department on the motor vehicles are given in the succeeding paragraphs.

2.4.5 Audit Objectives

The objectives of the functioning of RTOs/STA were to ascertain whether:

(a) the RTOs issued, renewed and cancelled the Licences as per law?

(b) the registration of vehicles and issue of permits and fitness certificates were done as per law?

(c) the RTOs efficiently assess, levy, collect and remit the revenue (Motor vehicle taxes, fines, penalties, fees etc.) and are taking effective action on arrears?

(d) the enforcement activities were effectively conducted by RTOs?

(e) the RTOs are provided with required manpower, equipment, and other resources to discharge the mandate and also to ensure public service delivery in a transparent and efficient manner?

2.4.6 Audit Criteria

The Audit criteria to be adopted include:

(i) The Motor Vehicles Act, 1988.

(ii) The Central Motor Vehicles Rules, 1989.

(iii) The Tamil Nadu Motor Vehicles Rules, 1989.

(iv) Tamil Nadu Motor Vehicle Taxation Act, 1974 and Tamil Nadu Motor Vehicle Taxation Rules, 1974.

(v) Tamil Nadu Road Safety Rules, 2000.

(vi) Tamil Nadu Transparency in Tenders Act, 1998 and Tamil Nadu Transparency in Tenders Rules, 2000.

(vii) Tamil Nadu Financial / Treasury Code.

(viii) Notifications issued by the Ministry of Road Transport, Government of India and by the Government of Tamil Nadu from time to time.

(ix) Policy Note of Government of Tamil Nadu - Motor Vehicles Acts – Administration.

2.4.7 Scope and Methodology of Audit

Field Audit was conducted between July 2024 and April 2025 covering data analysis, field verification at Transport Department offices for the five-year period from 2019-20 to 2023-24. An Entry Conference was held on 13 August 2024 with the Additional Chief Secretary (ACS), Home (Transport) Department explaining the Audit Scope and Methodology, Audit Criteria and Audit Objectives.

Audit test checked the records in the offices of the Principal Secretary, Transport Department, GoTN, Transport Commissioner, Joint Transport Commissioners, besides the sample selected RTOs. Audit also examined the records available with the Finance Department of GoTN. The Audit parties visited 11 sampled RTOs[7] out of 91 RTOs, which have been selected under stratified random sampling method using IDEA software for detailed verification of records and Joint Field Inspections. Six Unit Offices (UO)[8] and three Check Posts[9] wherever functioning under the selected RTOs were also covered during Field Verification. In addition to the above, the Zonal Offices[10] under which the selected RTOs are functioning were also covered.

Activities of the RTO have been digitalised by introducing VAHAN and SARATHI. Therefore, back-end data of VAHAN and SARATHI applications and e-challan database were analysed, specifically in relation to service-delivery activities and fee-collection. Further, the results of data analysis pertaining to sampled RTOs were verified by audit. The Exit Conference was held on 24 June 2025 with ACS, Home (Transport) Department wherein audit findings

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7 Chennai (South West), Coimbatore (North), Gopichettipalayam, Krishnagiri, Nagercoil, Poonamallee, Ramanathapuram, Salem (West), Tambaram, Thanjavur and Tiruchirappalli (East).

8 Bhavani, Omalur, Paramakudi, Pattukottai, Sathyamangalam and Thiruveranbur.

9 Bannari (Gopichettipalayam RTO), Kalikoil (Krishnagiri RTO) and Poonamallee (Poonamallee RTO).

10 Chennai South, Chennai (North), Coimbatore, Erode, Salem, Thanjavur, Tiruchirappalli (East), Tirunelveli, Vellore and Virudhunagar.

were discussed. The views expressed at the conference and the replies received (August 2025) from the Government were considered and duly incorporated in the relevant paragraphs of the Report.

2.4.8 Acknowledgement

Audit acknowledges the cooperation and assistance extended by ACS, Home (Transport) Department, Transport and Road Safety Commissioner, Zonal Officers, all Regional Transport Officers and staff of RTOs in conducting the Subject Specific Compliance Audit.

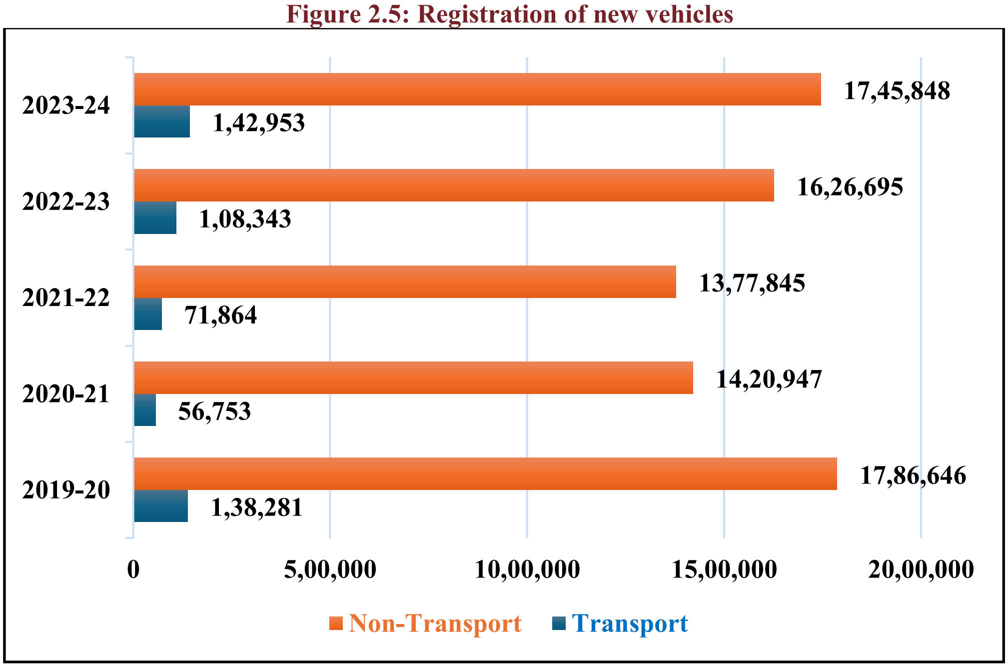
Audit Findings

The Audit findings based on the data analysis and scrutiny of the records in the selected offices are mentioned in the following paragraphs:

2.4.9 Registration Process

The vehicle can be driven or allowed to be driven in public place only after registration by the registering authority as stated under the provision[11] of the Act. The number of transport and non-transport vehicles registered in Tamil Nadu between 2019-20 and 2023-24 is given in **Figure 2.5.**

Figure 2.5: Registration of new vehicles



(Source: Details furnished by the Transport and Road safety Commissioner Office)

The audit observations on the registration process are given in the succeeding paragraphs:

2.4.9.1 Delay in Registration of Motor Vehicles

Application for registration must be submitted within seven days from the date of delivery of the vehicle and the Certificate of Registration should be issued

11 Section 39 of MV Act, 1988.

within 30 days of receiving the application, after verification of documents as per the rules[12]. These rules ensure timely vehicle registration and legal compliance.

The analysis of data extracted from VAHAN Portal, relating to the period from 2019-20 to 2023-24, revealed that, in 4,50,485 cases, Department had permitted the vehicle buyers to register the vehicles with delay ranging between 31 and 1,895 days from the date of purchase of vehicles. Audit also verified that Department issued Registration Certificates (RC) belatedly in 26,497 cases under sampled RTOs.

GoTN replied (August 2025) that the registering authorities have been instructed to take necessary action for the delay except for the period from February 2020 to March 2021 as the Government extended the validity of all documents for this period[13]. However, the GoTN accepted the audit observation and instructed to recover the penalty dues for the remaining period.

The Government's reply for the period from February 2020 to March 2021 is not acceptable for the reason that the GoTN had relaxed only the validity of services to be rendered during that period, not relating to registration.

(i) Procedural loopholes encouraging delay in registration of vehicles

One of the reasons observed by audit for delayed registration of vehicles was that in 25 *per cent* of such cases, the vehicle buyer waited for their preferred series to get the registration numbers of their choice (viz. fancy numbers) and to avoid extra payment for such series of numbers.

As per the rules, vehicles are assigned registration numbers on a sequential basis. However, if the vehicle buyer wants a specific or fancy number within 1,000 numbers from the ongoing series, they can apply to the RTO/ Motor Vehicle Inspector (MVI) with a dealer-issued registration disclaimer by paying a premium fee[14] prescribed as per the rule. Further, if a buyer wants a fancy number beyond 1,000 numbers from the current series, i.e., an advance series, or a Government-reserved[15] fancy number[16], they must apply to the Home (Transport) Department, GoTN with a Sale Certificate (Form-21). After approval, on payment of prescribed fee, buyers proceed to the RTO/MVI office for registration and tax payment. Analysis of VAHAN database relating to allotment of fancy numbers revealed that the database has a critical loophole that enables the registration offices to bypass the higher fancy number fees by delaying the registration to get to a date as close as possible to the regular sequential allotment, pay a reduced fee and thereby causing significant revenue loss.

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12 Rule 47 and 48 of CMVR, 1989.

13 G.O. Ms. No.925, Home (Trpt-I) dated 13/08/2020 and G.O.Ms.No.1450, Home (Trpt-I) dated. 14/12/2021.

14 ₹2,000 in respect of two/three wheelers, ₹10,000 for four wheelers (sale value ≤ ₹4 lakh) and ₹16,000 for others (sale value > ₹4 lakh) vehicles.

15 The Government reserves 97 fancy vehicle numbers.

16 The premium fees for such registration are ₹40,000 (up to 4 series), ₹60,000 (series 5-8), ₹1,00,000 (series 9 – 10), ₹2,00,000 (series 11, 12 and beyond).

(ii) Potential loss of revenue ₹133.15 crore to GoTN on allotment of the Government reserved fancy numbers at a lower amount than the range fixed by GoTN

An analysis of data for the period from 2019-20 to 2023-24 revealed that 62,606 vehicles that have been registered with the Government reserved fancy numbers, which realised a revenue of ₹194.35 crore.

The fancy number fees collected for the 32,197 out of 62,606 motor vehicles were less than the base amount of ₹40,000 fixed by the Government. Further, in 7,105 vehicles, fee or allotment of fancy number was also less than the fixed amount. This has resulted in a potential loss[17] of ₹133.15 crore.

(iii) Extent of vehicles registered with a delay of more than a month vis-à-vis vehicles requiring government-reserved fancy numbers

Analysis of data revealed that 15,526 (25 *per cent*)) out of 62,606 vehicles were registered with delays ranging from one to 62 months from the purchase date. Out of 15,526 vehicles, 9,102 vehicles paid lesser fee towards allotment of reserved fancy numbers. Considering the COVID-19 pandemic, it was observed that 3,545 vehicles out of 6,830 vehicles registered from 2022 to 2024 had delayed registrations of more than a month and paid lesser fees for allotment of reserved fancy numbers. This indicates the pattern of delayed registration for the allotment of fancy numbers at lesser fee.

GoTN replied (August 2025) that the collection of fees for fancy numbers by RTOs at the time of closing the current / running registration serial does not constitute any procedural lapse or loss of revenue as per extant Government instructions. Further, the demand for paid fancy numbers is increasing and the Government is earning a significant revenue year after year. However, a proposal for auctioning of fancy number is under active consideration by the Government. In the meantime, GoTN issued (18 August 2025) Draft Amendment to TNMVR, 1989 for e-bidding and revising the fees for fancy number.

(iv) Levy of variable fee for same fancy number at various RTOs though registered on same date

Audit also observed cases of the same fancy number fetching different fees at various RTOs registered on the same date. The allotment of fancy number "0007" was taken by audit as a sample case during the period 2019-20 to 2023-24 in which a total of 1,203 vehicles were registered with the number "0007" with fancy fees ranging from ₹2,000 to ₹2,00,000. It was observed that on 06 February 2023, the number "0007" was issued for just ₹2,000 at Thuraiyur UO, while a vehicle buyer at Chennai South RTO had to pay ₹2,00,000, which highlights disparity in fancy fees. Further, 788 vehicles were registered

17 The potential loss is taken as a 'minimum loss' as the actual fee could have been more than ₹40,000 i.e., up to ₹2,00,000 also, but the audit has taken the base amount for calculation purposes.

on 320 different dates at various RTOs, with two to seven registrations recorded on each date.

Despite registrations taking place on the same date, vehicle buyers have paid different fees, from as low as ₹2,000 to as high as ₹2,00,000 depending solely on the RTO in which the registration occurred. This disparity is a direct consequence of the zone-wise structure of RTOs, meant for administrative convenience, but now leading to inequitable and arbitrary fee collection.

Illustrative cases of a fancy number allotment at different rates on the same day by different RTOs are provided in **Table 2.3.**

Table 2.3 Same fancy (Government reserved) numbers allotted for different rates on the same day

Sl. No.	Fancy Number	Date of Registration	Paid as per the Rule (amount fixed by Government)			Paid less than the amount fixed by Government		
			Registered RTO	Registered within	Paid Amount (₹)	Registered RTO	Delay of Registration	Paid amount (₹)
1	0005	29/02/2024	Chennai West	Zero day	2,00,000	Viruthachalam	51 days	16,000
2	0777	28/04/2023	Chennai West	Eight days	2,00,000	Chennai North	44 days	2,000
3	2727	06/03/2024	Kallakurichi	One day	40,000	Thanjavur	32 days	2,000

(Source: VAHAN data)

The same fancy number is available for a minimum amount in one RTO, while premium fee in another RTO.

GoTN replied (August 2025) that the fees for the fancy number vary from RTO to RTO as per the closure of the current registration series of that office. Therefore, no inconsistency and no revenue leakage as pointed out.

Audit did not mention leakage of revenue instead pointed out the inconsistency which necessitated for change in the system.

(v) No transparency about the unallotted/available fancy numbers

As per Government Order[18] (G.O.), the registering authorities may allot all the remaining unallotted reserved numbers on the date of completion of a particular registration series and exhaust all the unallotted reserved numbers as per the order, without collecting fees, before starting the next series. It was also stated in the G.O. that the public would not be interested in getting old numbers by remitting a fee of ₹2,000. However, Audit observed that there is a lack of transparency and awareness among the public about the availability of fancy numbers. The unallotted fancy numbers of 43,799 out of 77,028 were neither updated in the VAHAN portal nor displayed in any notice board in RTOs.

GoTN replied that (August 2025) the available unallotted fancy numbers are displayed in VAHAN Fancy Number Portal for general public. However, it would be ensured that proper publicity would be given in as many places as practicable.

Reply is not acceptable as there was no transparency in the allotment of fancy numbers.

18 G.O. No. 890 dated 27 May 1992 of the Transport Department.

(vi) Utilisation of single mobile number for multiple allotments

An analysis of VAHAN data, relating to the fancy number allotment, revealed that 4.16 lakh unique mobile numbers were used for the allotment of 6.75 lakh fancy numbers during the Audit Period. Out of these, 0.53 lakh mobile numbers were used more than once for the allotment of 3.12 lakh fancy numbers.

In registration of 3,355 vehicles, the mobile numbers were used between 11 and 2,008 times each. These numbers were used for 58 *per cent* of the total fancy numbers allotted (1.82 lakh fancy numbers). Use of the single mobile number multiple times proves that some individuals or entities may be acquiring fancy numbers in bulk, possibly for resale or speculation undermining the entire process. This has created a non-transparent environment, wherein the public has to mandatorily visit the RTOs to learn about the available unallotted reserved numbers, leading to dependency on agents/agencies in vehicle registration.

GoTN replied (August 2025) that the allotment of fancy numbers in VAHAN portal is based on Aadhaar authentication, thereby the accrual of multiple allotments for single mobile number has been totally discontinued.

Recommendation 2.1

Department may implement stringent measures to ensure timeliness of registration and transparency in allotment of fancy numbers.

2.4.9.2 Delay in permanent registration after expiry of temporary registrations

Rule 53B(2) of the Central Motor Vehicles (Sixth Amendment) Rules 2021 stipulates that any temporary registration of vehicles, effective from April 2021, shall be valid for an initial period of six months from the date of its issuance. Further, RTO may extend the validity one or more times by 30 days each, as the registering authority may deem fit.

An analysis of data for vehicles purchased after April 2021 showed that 3,02,557 vehicles had been allotted temporary registration numbers in Tamil Nadu. Out of these, 26,484 vehicles did not get their permanent registration numbers after the expiry of temporary registration. Audit found that there were significant delays, ranging from one to 2,278 days, in registering these 26,484 vehicles. In 215 cases, the delay ranged between 366 days and 967 days.

GoTN replied (August 2025) that the registering authorities have been instructed to take necessary action for the delay except for the period from February 2020 to March 2021 as the Government extended[19] the validity of all documents for this period. As per the amended provisions of CMVR, 1989, the question of delay for the vehicles registered after 01/04/2021 does not arise.

19 G.O. Ms. No.925, Home (Trpt-I) dated 13/08/2020 and G.O.Ms.No.1450, Home (Trpt-I) dated. 14/12/2021.

2.4.9.3 Registration of Vehicles during COVID-2019 pandemic period

The GoTN issued (March 2020) orders[20] stating that the offices of the GOI and offices of the State Government shall remain closed with exceptions (essential services) in view of the COVID-19 pandemic for a period of 21 days from 25 March 2020.

Analysis of VAHAN data, revealed that 1,161 vehicles including two-wheelers and Light Motor Vehicles (LMV) were registered across the State between 26 March 2020 and 31 March 2020. On further analysis in selected seven RTOs, Audit found that 79 vehicles **(Appendix 2.2)** were registered during the lockdown period violating G.O., since vehicle registration was not considered as essential service.

GoTN replied (August 2025) that the fees and taxes for all 1,161 vehicles, including two-wheelers and LMVs, had been paid before the lockdown was implemented i.e., 26/03/2020. The purchase date of TN65AL4545 was on 26/02/2020. Registration fees paid on 23/03/2020 (i.e., before the lockdown was implemented on 26/03/2020). Hence, there was no violation in registering the vehicles.

The reply is not tenable because, as per G.O. (25/03/2020), all offices of the State Government remained closed (except emergency services/offices) for 21 days w.e.f. 25/03/2020. Therefore, the registration of vehicles during the lockdown period had violated the G.O.

2.4.9.4 Unlawful registration of Bharat Stage - IV vehicles defying the Hon'ble Supreme Court's order

Bharat Stage Emission Standards (BS) are emission standards instituted by the GOI to regulate the output of air pollutants from motor vehicles. The GOI mandated that every vehicle manufacturer, both two-wheelers and four-wheelers, ought to manufacture, sell and register solely BS-VI vehicles from 1 April 2020.

Audit analysed the data/records for the period from 2019-20 to 2023-24, across 15[21] RTOs/UOs, and found that 620 BS IV vehicles **(Appendix 2.3)** were registered during the period 25 March 2020 to February 2023 after the deadline fixed by GOI. Thus, the RTOs/UOs violated the GOI's deadline for BS-IV vehicle registrations.

GoTN confirmed (August 2025) that the discrepancies occurred as pointed out by audit, and office-wise list of such vehicles will be communicated to audit. Further reply of the Government on office-wise details was awaited (December 2025).

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20 G.O. (Ms) No. 172 Revenue and Disaster Management Department dated 25/03/2020.

21 Bhavani UO, Chennai (South West), Coimbatore (North), Gobichettipalayam, Krishnagiri, Omalur UO, Paramakudi UO, Pattukottai UO, Poonamallee, Ramanathapuram, Salem (West), Sathyamangalam UO, Tambaram, Thanjavur and Tiruchirappalli (East).

2.4.9.5 Illegal use of identity of Government vehicle numbers by private vehicle buyers

Based on GOI Notification[22], GoTN issued (July 1989) orders[23] in respect of the registration mark to be assigned under sub-section (6) of Section 41 of the MV Act, 1988, wherein the G-series are reserved for the vehicles belonging to the Government Departments. When the Government vehicles are sold to private individuals, the registering authority should consider these vehicles as without registration mark and assign a new number in the common series as instructed under Rule 57 (2) of CMVR, 1989. However, Audit observed that the registering authorities have transferred the ownership of those Government vehicles in the name of private buyers multiple times, defying the rules.

On analysis of VAHAN data, audit noticed that out of 55,460 'Active' vehicles which were having G-series numbers, 14,416 vehicles ownership has been transferred to private individuals. On further analysis, Audit found that in respect of 6,468 vehicles, ownership has been transferred in the name of private individuals multiple times, viz., one to eight times.

A recurring lapse has been observed in the case of vehicle "TN43G0077", currently under the jurisdiction of RTO, Ooty. Despite being sold seven times, the registering authorities repeatedly failed to update the registration details during each ownership transfer, even though the ownership of the vehicle was transferred to private owners. Moreover, Audit found that a private vehicle buyer owns 55 vehicles with the identity of Government numbers.

On cross-linking with the e-challan module, Audit noticed that 925 challans (January 2019 – July 2024) were raised in respect of vehicles with G-series registration numbers which were being used by private vehicle buyers. The vehicle "TN50G0189" had committed multiple offences, and 61 challans were issued (April 2021-January 2025) for multiple reasons viz. coolies on top, over height, non-production of documents, defective number plate, obstruction u/s 201, etc., after being sold to private buyers.

Since the Government vehicles were exempted from paying toll fee, there were chances of individuals possessing these vehicles avoiding payment of toll fee and evading checking by enforcement / police authorities which would eventually facilitate illegal use of vehicles.

GoTN replied (August 2025) that it revised the procedure with effect from 04/12/2018 and the revised procedure is being followed. However, for the period prior to change of procedure, the vehicle number with registration carrying 'G' was retained till date.

Reply is not tenable as the department should have called for the RCs of these vehicles and allotted a new Registration Number as per the revised procedure.

22 S.O. No. 444(E) dated 12/6/89.
23 G.O.Ms.No.1195, Home (Transport VII), dated 1/7/1989.

2.4.9.6 *Incorrect registration by classifying Transport vehicles under Non-Transport category*

MoRTH had instructed[24] to delete the classification for 'Omnibus for private use' and instructed not to register vehicles under this category. According to Section 2 (26) of the Motor Vehicles Act, 1988, a "motor car" is a vehicle designed for the carriage of passengers and does not include transport vehicles, omnibuses, road-rollers, tractors, motorcycles, or invalid carriages.

As per TC's Circular No.15/2013[25], the Camper van, a M1 category motor vehicle used for carriage of passengers should have no more than eight seats besides the driver seat. Further, as per Section 2(33) of the Act, a Private Service Vehicle is a motor vehicle used for carrying more than six persons, excluding the driver, for business or trade purposes, otherwise than for hire or reward, but does not include a motor vehicle used for public purposes.

On analysis of VAHAN data, audit noticed that 567 vehicles with seating capacity ranging between 11 and 53 were registered under other classification as detailed in **Appendix 2.4** and **Table 2.4**:

Table 2.4: Vehicle with seating capacity between 11 and 53 registered under other classification

Vehicle type	Government	Others	Total
Omni Bus (Private Use)	201	42	243
Motor Car	67	242	309
Camper Van / Trailer (Private Use)	5	5	10
Private Service Vehicle (Individual Use)	0	5	5
Grand Total	**273**	**294**	**567**

(Source: VAHAN Data)

In this connection, the lacunae of the department are pointed out as detailed below:

- 243 vehicles were registered as Omni bus (private use), which was a deleted classification, instead of being registered as Omni bus (Transport vehicle) and paid quarterly tax.
- 309 vehicles with seating capacities ranging between 11 and 32 were incorrectly registered as "Motor Cars," instead of registering as Private Service Vehicle (Transport vehicle) and paid quarterly tax.
- 10 Camper vans with seating capacity ranging from 13 to 27 were registered as Camper vans, instead of being registered as Private Service Vehicles (Transport vehicles) and paid quarterly tax.
- Five vehicles were registered as Private Service Vehicles (Individual use) instead of registering as Private Service Vehicles (Transport vehicle) and paid quarterly tax, instead of lifetime tax.

24 Letter no. RT/11028/14/2002-MVL dated 3/10/2006.
25 Letter R.No.35959/H3/2012 (Circular No.15/2013).

The above vehicles did not fall under the screening of the mandatory fitness check by the registering authorities, as they were registered as non-transport vehicles. Registration of vehicles under the incorrect category would lead to non-compliance with rules and issues in insurance claim.

GoTN replied (August 2025) that 273 vehicles registered in the category name of Government were exempted from Tax, Permit and insurance. 309 vehicles registered with seating capacity between 11 and 32 were covered by permit and tax endorsement made in the RCs and paid the tax. It is one of the major permit conditions to the permit issued vehicles at the time vehicle should be covered by valid Fitness Certificate (FC)/IC. The Camper Vans are classified as Non-Transport Vehicle as per the notification issued by GOI. Out of 273 Government vehicles, 201 vehicles were omni bus which require fitness test.

Reply is not to the audit point, if they were registered as non-transport, they would escape from periodical fitness test.

2.4.9.7 Vehicles plying with expired Registration Certificates posing environmental and safety risks

Section 41 of the Act, states that, for non-transport vehicles, the registration certificate is valid for 15 years, after which it can be renewed for a period of five years, subject to the payment of the prescribed fee.

Analysis of VAHAN data relating to the period 2019-20 to 2023-24, Audit found that 1,03,883 non-transport vehicles with more than 15 years of age are in 'Active' status. Due to non-renewal of these vehicles, GoTN had suffered potential loss of revenue of ₹3.72 crores as fee for renewal of registration and ₹9.02 crore as Green Tax. Department stated difficulty in renewing the vehicles, as the buyers of the vehicles did not turn up for the same.

On cross-verification with the e-challan database, Audit noticed that challans were issued to 10,472 vehicles without valid RC between March 2019 and July 2024, clearly indicating that these vehicles were still operating on the roads with expired RCs. The emission from these vehicles contribute to increased pollution, as they did not come under the screening of emission tests during the renewal process.

GoTN accepted and replied (August 2025) that the registration details of all the vehicles mentioned were communicated to the concerned office to take necessary action. RTOs have sent the action taken report on this stating that these vehicles are blacklisted in VAHAN portal. NIC will also be addressed to develop a system to identify the vehicles plying with expired RC at the time of checking the vehicle. This was an on-going enforcement matter and will be taken up in earnest.

2.4.9.8 Same/incorrect Chassis number for multiple vehicles

According to Section 55 (5) of the MV Act, 1988, if a registering authority finds that a vehicle's registration has been obtained using an incorrect Chassis[26] (VIN) number, it can cancel the registration after giving an opportunity to the buyer to explain.

On analysis of VAHAN data, Audit found that 12,594 vehicles registered across 17[27] RTOs/UOs were having duplicate Chassis numbers. Audit also observed that in 417 vehicles **(Appendix 2.5)** the chassis numbers were filled with special characters such as comma, multiple dots, etc., which could not be considered as chassis number. During field audit of 11 RTOs, Audit also verified the registration certificates (Form 24) for a sample of 281 vehicles and found that all 281 vehicles **(Appendix 2.6)** were either having same or incorrect chassis number for different vehicles.

Audit further observed that the Chassis number FJ470DS42WD was linked with 37 vehicles under the control of 31 RTOs (viz. Chennai South West, Chennai West, Thanjavur, Tirunelveli, Poonamallee, Sholinganallur, Ramanathapuram etc.) including a Government vehicle TN21G1077.

On cross-checking with e-challan data, relating to the period 2019-20 to 2023-24, Audit found that 1,152 challans were issued in respect of 3,018 vehicles with duplicate Chassis numbers. Audit also noticed that multiple vehicles with same chassis number, but different registration numbers were issued challans on the same date.

This clearly indicates that these vehicles having the same Chassis number are still plying on the road due to inadequate input and validation control.

GoTN accepted and replied (August 2025) that while merging of data, some entries of the vehicles were wrongly matched. These will be subsequently verified through our field staff and defects will be rectified and submitted office-wise to Audit. However, office-wise details were not furnished (December 2025).

2.4.9.9 Failure to enforce AIS, BIS Standards leading to registration of vehicles with non-AIS compliant Chassis numbers (VIN)

(a) Registration of vehicles having unpermitted alphabets I, O, Q in Vehicle Identification Number (VIN)

As per Rule 122 of CMVR, 1989, every L, M and N[28] categories of Motor vehicles, manufactured on and after 1 April 2009 shall bear Vehicle Identification Number/Chassis Number (VIN) including month and year of

26 A unique combination of characters assigned to each vehicle by the manufacturer to ensure that each vehicle can be clearly identified.

27 Bhavani UO, Chennai (South West), Coimbatore (North), Gobichettipalayam, Krishnagiri, Nagercoil, Omalur UO, Paramakudi UO, Pattukottai UO, Poonamallee, Ramanathapuram, Salem (West), Sathyamangalam UO, Tambaram, Thanjavur, Tiruchirapalli (East) and Tiruvarampur UO.

28 L-Two-wheeler; M – Transport (Passengers); N - Transport (Goods).

manufacture, embossed or etched or punched on it, in accordance with Automotive Industry Standards (AIS)[29].

As per Clause 6.1.1 of AIS 065:2005, the use of letters I, O, Q is not permitted in VIN. However, on analysis of VAHAN data, Audit found that 33,112 vehicles had unpermitted alphabets in VIN. During field audit, it was noticed that 92 vehicles **(Appendix 2.7),** registered across 11 RTOs/UOs[30], had chassis numbers containing I, O, Q.

GoTN replied (August 2025) that on verification of the chassis numbers of vehicles listed out in the Appendix, the extension characters of chassis number such as "~1118" are counted. Without counting 5 extension characters, the Chassis Number of all vehicles are in valid format with 17 characters as per Amendment No.2, 11 May 2015 TO AIS-65/2005 Statutory Plates and Inscriptions for Motor Vehicles.

The Government's reply is not relevant to the audit observation.

(b) Registration of vehicles having invalid Chassis Number violating AIS standards

Bureau of Indian Standards (BIS) being the National Standards Body of India and a member of the International Organisation for Standardisation, acts as the World Manufacturer's Identifier (WMI) coordinator in India and issues WMI code to vehicle manufacturers in India after these are assigned by Society of Automotive Engineers Inc., USA[31]. On analysis of VAHAN data, it was found that 11,465 vehicles were not having permitted 17 characters in VIN.

During field audit, Audit verified the records relating to the period from 2019-20 to 2023-24 and found that in 15 selected RTOs/UOs, 95 vehicles were registered with incorrect Chassis numbers violating the BIS norms.

Hence, registering authorities did not verify the chassis number while registering the vehicle, though tracing of the chassis number was made mandatory before registering the vehicle.

GoTN accepted and replied (August 2025) that the new vehicles are registered under VAHAN online mode, it is being ensured that the chassis numbers of the vehicles are in accordance with vehicle identification number format with 17 characters.

2.4.9.10 Non-cancellation of Registration Certificate

Section 55 of MV Act, 1988 envisages that if a vehicle is destroyed or rendered permanently unusable, the buyer must report it to the jurisdictional registering authority within 14 days and submit the RC for cancellation. After examination,

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29 As per clause 5 of AIS 065:2005, VIN should have three sections as detailed below: First section - World Manufacturer's Identifier (WMI) – Three characters; Second section - Vehicle Descriptor Section (VDS) – Six characters; Third section - Vehicle Indicator Section (VIS) – Eight characters.

30 Coimbatore (North), Krishnagiri, Nagercoil, Omalur UO, Paramakudi UO, Pattukottai UO, Poonamallee, Ramanathapuram, Salem (West), Tambaram and Thanjavur.

31 The international agency responsible for the maintenance of the WMI codes.

the authority will cancel the registration and notify the buyer, ensuring the vehicle is no longer listed as valid.

In two proceedings[32], the Registering Authority Salem (West) ordered to cancel the RCs of 517 vehicles of Tamil Nadu State Transport Corporation (Salem) Ltd., Salem u/s 55 (2) of MV Act, 1988 which were condemned and sold as scrap through public auction. However, Audit scrutinised the VAHAN data (January 2025) and found that, out of 517 vehicles, RC of 104 vehicles **(Appendix 2.8)** were not cancelled.

This indicated discrepancy in the cancellation process, where the Registering Authority did not effectively cancel the RCs of these 104 vehicles, even though the buses had been condemned and sold as scrap.

GoTN replied (August 2025) that 104 State Transport Undertaking Vehicles RCs have been cancelled in the VAHAN Portal of RTO, Salem West.

Audit verified the correctness (August 2025) in VAHAN Portal and observed that the RCs were not cancelled.

2.4.9.11 Non-enforcement of Environmental norms

National Green Tribunal (NGT) initiated proceedings (OA 48/2020) over illegal sewage decanting into Buckingham Canal and directed a joint committee to recommend corrective actions, including cancellation of vehicle registrations. Tamil Nadu Pollution Control Board (TNPCB) issued directions under the Water Act to cancel RCs of violating Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) contract tankers, but RTOs only cancelled permits, citing lack of provisions under MV Act, 1988. Despite repeated instructions from above Boards, TC and RTOs failed to insist on “No Objection Certificate” (NOC) during fitness renewals. Illegal sewage dumping persisted through 2024, highlighting weak enforcement.

GoTN accepted and replied (August 2025) that the enforcement officials of this department are instructed to get clearance and NOC from the above boards before renewing fitness certificate for sewage tankers and to conduct periodical surprise checking at nearby lake areas / water resources to curtail illegal sewage dumping.

2.4.9.12 Non-implementation of the BH (Bharat) Series vehicle’s registration in Tamil Nadu

The Bharat (BH) Series registration was introduced[33] (August 2021) by GOI, simplifies vehicle registration for individuals who frequently relocate across States. It eliminates the need for re-registration when moving to a different States, benefiting Central and State Government employees, Defence personnel, PSU employees, and private sector employees working for companies with offices in multiple States. The system allows seamless transfer of vehicles among States.

32 Proceedings R. No. 11226/A3/2022 dated 15/03/2022.
33 The MoRTH Notification Number G.S.R.594(E) dated 26/08/2021.

In this regard, GOI amended[34] (September 2021) CMVR, 1989. However, GoTN did not implement the scheme to protect the interest of the State revenue (December 2025).

In this connection, Audit observed that,

- Despite TC receiving numerous public representations requesting the implementation of the BH series in Tamil Nadu, and two individuals filing writ petitions before the Hon'ble High Court of Madras seeking the allotment of BH series numbers for their vehicles (cases still pending), GoTN had not implemented the series, even after a delay of three years since the introduction of the BH series registration.
- Non-implementation of the BH series in Tamil Nadu has led to the denial of benefits to the eligible owners.

GoTN accepted and replied (August 2025) that the implementation of BH series is under active consideration of Government.

2.4.9.13 Mismatch in details of vehicles entered through backlog entries

Before the introduction of VAHAN 4.0 and SARATHI 4.0, the earlier system used by the RTOs for the issue of DL, RC, Permits and other allied services were not fully web-based. At the time of introduction of VAHAN 4.0 and SARATHI 4.0, the data available with the Transport Department was uploaded in the portal. During the updation in the VAHAN and SARATHI Portal, data in the older version was not fully migrated. Hence, in respect of services rendered earlier by Department, when the vehicle buyer approaches RTO for endorsement/renewal etc., the unavailable data in the Portal were fetched, verified and updated in the portal as Backlog entries.

As per the information available on the VAHAN portal, as of March 2024, the details of 1,33,334 vehicles were entered through the backlog module. On comparison of data entered through the backlog module and that of details available in RC, certain discrepancies were noticed. Audit found that the vehicle buyer's name and chassis number entered through backlog entry differed from those available in RC, as given below.

- For 208 vehicles **(Appendix 2.9)**, the Chassis numbers entered through the backlog report did not match those recorded in the VAHAN database.
- In 47 instances **(Appendix 2.10)**, the buyer names were different from RC and the backlog entries.

While updating backlog entry Department should have verified and updated the data which was not done.

In response to Audit finding, regarding the data migration for VAHAN 4.0 and SARATHI 4.0, STA, stated that the data from Version 1.0 had been migrated to Version 4.0. STA also mentioned that, in cases where data is not available in

34 The Central Motor Vehicles (Twentieth Amendment) Rules, 2021.

VAHAN 4.0, RTOs would verify the engine and chassis numbers, send the details to the state administrator for approval, and enter the information through the backlog process. Although Department affirmed that entries were made after verification, discrepancies were found in the chassis numbers and buyer name entered through the backlog process, which require Departmental intervention.

GoTN accepted and replied (August 2025) that the department has been instructed to implement stringent measures to enhance transparency, to ensure timely registrations and uphold regulatory compliance to improve service delivery and Government revenue, including the process of correcting incorrect backlog entries of the old vehicles.

Recommendation 2.2:

Department may place a system to improve compliance service delivery to protect its revenue.

2.4.10 Fitness Certificates

Fitness Certificates (FC) are issued to vehicles that pass these inspections indicating their road worthiness. The Inspector of Motor Vehicle conducts various tests to check the fitment, conditions and functioning of various items such as spark plug, head lamps, reflectors, horn, silencer, braking systems, exhaust emissions, etc., to determine whether the vehicle is fit to be given a certificate.

2.4.10.1 Vehicles plying without valid fitness certificate

A valid FC ensures that vehicles are roadworthy and meet safety and environmental standards. Section 56 of MV Act, 1988 mandates that vehicles must possess a FC to operate legally and Rule 62 of the CMVR, 1989 specifies that transport vehicles must renew their FC every two years for the first eight years and annually thereafter.

The analysis of data extracted from VAHAN Portal, for the period from 2019-20 to 2023-24, revealed that there were 77,908 vehicles across 17[35] RTOs/UOs that were running on roads without a valid FC. Out of the above, Audit verified during field audit and noticed that 1,861 vehicles were running without valid FC. Further, 27 Ambulances (1.76 *per cent*) **(Appendix 2.11)**, across Nine RTOs/UOs, had expired FCs and these ambulances were still plying on the road. The fitness or operational condition of an ambulance is crucial to ensure that it can perform its life-saving duties effectively. Audit noted that enforcement authorities had issued challans (fines) for offences committed by these vehicles during the same period. This situation highlighted the ongoing

35 Bhavani UO, Chennai (South West), Coimbatore (North), Gobichettipalayam, Krishnagiri, Nagercoil Omalur UO, Paramakudi UO, Pattukkottai UO, Poonamallee, Ramanathapuram, Salem (West), Sathyamangalam UO, Tambaram, Thanjavur, Tiruchirappalli (East) and Tiruveranbur UO.

issue of non-compliance with vehicle fitness regulations, which were essential for ensuring road safety.

On this being pointed out, Department replied that the transport vehicles plying with valid permits but without FC would be detained by the enforcement officials as per the provisions of the Act and if such vehicles approach for FC renewal after the due date, late fees would be charged. However, this did not address the audit observation of why vehicles were plying without a FC.

GoTN accepted and replied (August 2025) that there is a requirement for the software to be enhanced so that enforcement officials could be alerted about the expiry of FCs while imposing fine through POS Machine, so that they will be able to detect such vehicles and take action.

2.4.10.2 Same vehicle issued FC in Tamil Nadu and challan in another distant State within few hours/days

FC are issued based on the vehicle type, with non-transport vehicles requiring renewal every five years, and transport vehicles requiring renewal every two years for the first eight years and annually thereafter. Rule 62 of CMVR, 1989, specifies the procedure for the issuance of FC, wherein it is mandatory for the applicant to bring the vehicle to RTO for physical inspection process.

On scrutiny of challans issued to the Tamil Nadu vehicles in other States, there were 787 cases wherein the difference in days between the fitness check conducted in Tamil Nadu and the challan raised in other States for the same vehicle number was less than five days. On further analysis, Audit observed that in seven cases, the same vehicle that was issued a FC in Tamil Nadu was also issued challans for different violations in other states like Bihar, Odisha, Maharashtra, and Gujarat within a few hours, which shows deficiencies in process of issuance of FC/ challans. Such illustrative cases are shown in **Figure 2.6**.

Figure 2.6: Map showing the details of vehicles from the fitness checkpoint in Tamil Nadu and challans raised in other states

Further, in the Policy Note of the GoTN - Motor Vehicles Acts – Administration, it was stated that the MVI should issue a FC to vehicles through a Fitness software application. Using this application, the MVI, after physical inspection, should take photos of the vehicle in all directions and upload it in the portal to ensure that the vehicle was physically inspected in the RTOs. However, Audit observed that the vehicle images were not uploaded for all seven cases. This indicated that the FCs were issued without conduct of fitness inspections.

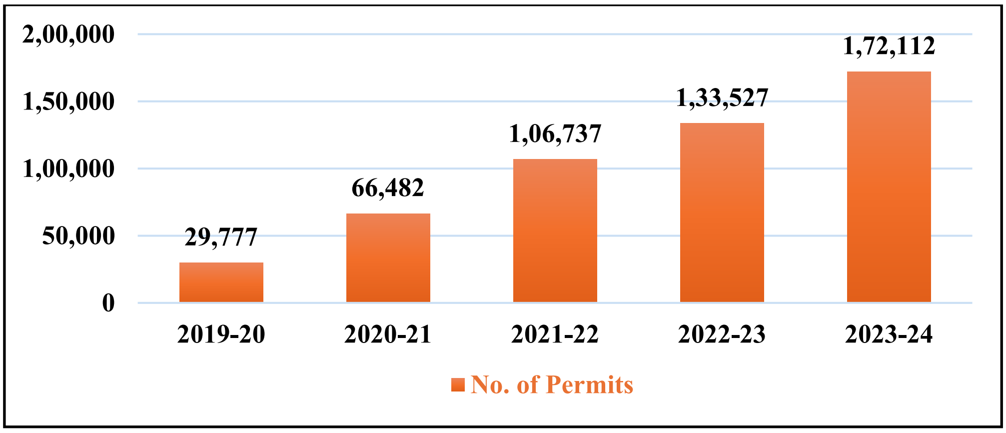
GoTN accepted and replied (August 2025) that the issue of FC in the present scenario of VAHAN portal in Tamil Nadu State is unambiguous and no deficiency/discrepancy is trailed in the procedure of issue of FC by the Inspecting Authority. However, the failure to enter the correct registration number or deficiency in the issue of e-challans by the checking officials of other States will be taken up separately by department.

2.4.11 Permits

Control of Transport Vehicle

"Transport vehicle" means[36] a public service vehicle, a goods carriage, an educational institution bus or a private service vehicle. TC is authorised to issue all India tourist permits to vehicles and interstate permits to stage carriages/goods carriages as per the terms of the Interstate agreements. The permits issued during 2019-20 to 2023-24 are given in **Figure 2.7**:

Figure 2.7: Number of permits issued in Tamil Nadu



(Source: Details furnished by the Transport and Road Safety Commissioner's Office from VAHAN Report)

Section 66 of MV Act, 1988, provides that no buyer of a motor vehicle shall use or permit the use of the vehicle as a transport vehicle in any public place whether or not such vehicle is actually carrying any passengers or goods save in accordance with the conditions of a permit granted or countersigned by a RTO/ STA or any prescribed authority authorising him/ her the use of the vehicle in that place in the manner in which the vehicle is being used.

36 Section 2(47) of the MV Act, 1988.

2.4.11.1 Vehicles running without valid permit

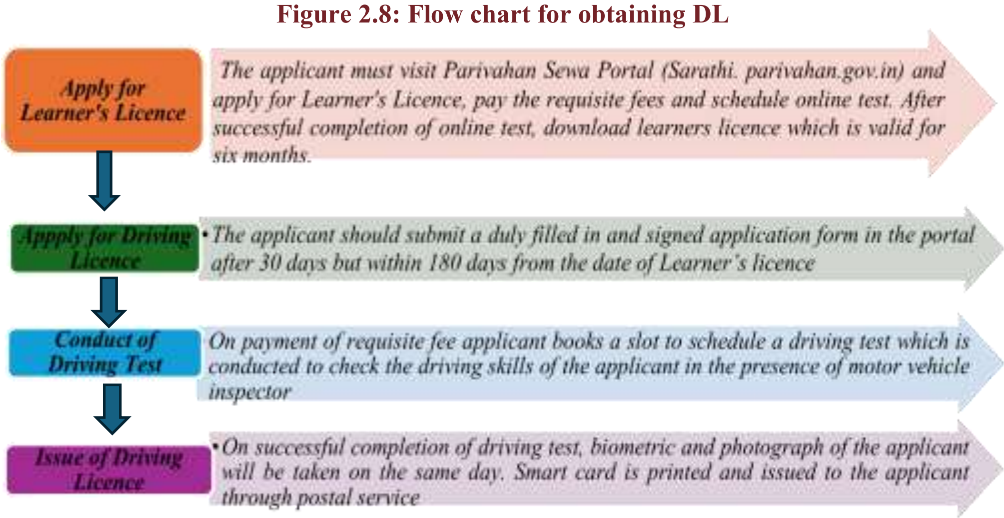
The analysis of challan data for the period from 2019-20 to 2023-24 revealed that 6,065 vehicles were operating on the roads without the required permits out of the 2,93,632 transport vehicles for which challans were raised for various offences. These vehicles were found to be non-compliant with the MV Tax provisions as mandated by the MV Act. Audit verified during field audit and found that 79 vehicles of six[37] RTOs/UOs were plying without permit of any prescribed authority to use the vehicle. The absence of permits and failure to pay the necessary MV Tax are violations, as they affect both road safety and the proper regulation of vehicles in accordance with the law.

GoTN replied (August 2025) that reply from the relevant offices will be obtained and sent to audit. As stated, no reply was furnished (December 2025).

2.4.12 Processing of Driving Licences

A valid Driving Licence (DL) is a crucial document for everyone who wants to drive a vehicle on the roads. It is an official document mandated by the GOI issued after following due process to promote safe driving and reduce accidents on the road. The process chart of issue of DL is given **Figure 2.8**:

Figure 2.8: Flow chart for obtaining DL



2.4.12.1 Issuance of Licences

RTOs function as 'Licensing Authorities' under CMVR, 1989. The RTOs issue (i) DL, (ii) Conductor Licence and (iii) Driving School Licence. Details of licences issued during for the period from 2019-20 to 2023-24 are given in **Table 2.5**.

37 Chennai South West, Krishnagiri, Nagercoil, Pattukottai, Ramanathapuram and Thanjavur.

Table 2.5: Details of Licences issued

Year	New DL issued	New Conductor Licence	New Driving School Licence
2019-20	8,94,896	8,231	184
2020-21	8,37,182	1,499	200
2021-22	7,64,304	2,737	164
2022-23	7,39,413	4,225	120
2023-24	7,82,647	15,575	105

(Source: Details furnished by the Transport and Road safety Commissioner's Office)

A DL can be cancelled for the following reasons:

- The holder was convicted of causing death or grievous hurt to someone while driving dangerously.
- The holder was convicted of an offence punishable under section 185[38] of the MV Act, 1988 and was convicted again for the same offence.
- The holder used a vehicle to commit a cognizable offence that is punishable with imprisonment up to five years.

Based on data analysis and Audit scrutiny, various issues and irregularities in the processing of DL are given in the succeeding paragraphs.

2.4.12.2 Deficiencies in the conduct of DL tests

TC issued instruction[39] (November 2011) that the time factor for conducting DL tests should be four minutes per test for the Motorcycle, 10 minutes per test for the LMV and 15 minutes for the Transport Vehicle. The Commissioner also emphasised that there should not be any compromise on the parameters prescribed under Rule 15 (2) of CMVR, 1989, in the matter of conducting competence tests.

The Motor Vehicle Inspectors (MVI) conduct the test of competence to drive a vehicle. After satisfactory completion of the tests, the MVI passes orders for the issue of a DL. Once an applicant clears the driving test, the Assistant Licensing Authority[40] would issue the DL after capturing biometrics and photograph.

An analysis of SARATHI data revealed that, during the period between August 2021 and May 2024[41], on 1,526 instances (days), MVIs conducted 100 or more DL tests in a single day, which happened in 49 out of the 91 RTOs (54 *per cent*) in Tamil Nadu and the top six RTOs are given in **Table 2.6**:

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38 Driving by a drunken person or by a person under the influence of drugs.

39 Paragraph 2.2.5.1 of Circular No. 62/2011, given in letter no.51018/H1/07 dated 11/11/2011.

40 According to the Tamil Nadu Motor Vehicles Rules, 1989, the Motor Vehicles Inspectors (MVI) of Grade I and Grade II are considered as the Assistant Licensing Authorities, within their designated areas; the Personal Assistants to RTOs and superintendent shall act as Assistant Licensing Authorities in cases where no driving test is required.

41 The data before August 2021 was not considered in this analysis due to the COVID-19 pandemic.

Table 2.6: Details of driving tests conducted were more than 100 tests in a single day

Name of RTO	Number of Days where more than 100 tests conducted in a single day	Percentage of total working days[42] (August 2021- May 2024)
Marthandam	450	66
Chennai (W) – K.K Nagar	299	44
Chennai (SW) - Valasarawakkam	247	36
Tiruchirappalli West	85	13
Chennai (S) - Tiruvanmiyur	65	10
Tambaram	55	8

(Source: SARATHI Data)

Had the tests been conducted as per the norms fixed in the TC's circular, the estimated time required for the MVIs to conduct the tests on the specific dates ranged between 10 and 36 hours. On 14 occasions, time estimated for conducting the tests exceeded 24 hours, which is impossible. This abnormal number of DL tests in a single day highlights non-adherence to the TC's circular, which was also verified during field inspection conducted by audit in the selected RTOs. Audit observed that on average, MVIs had taken 30 Seconds for motorcycle tests and two minutes for LMV tests as against four minutes and ten minutes prescribed by TC. The abnormal number of DL tests in a single day indicated deficiencies in the conduct of driving tests, which are discussed below:

(i) Driving tests being approved without a valid vehicle number recorded, which was used for the test

As per section 9(6) of TNMVR, 1989 Driving Test – the applicant shall produce a serviceable vehicle of the class to which the application refers and present himself/ herself for the test at such time and place as may be specified by the licensing authority or the testing officer. During the period of audit, it was observed that in 4,79,894 driving tests conducted in the RTOs in Tamil Nadu, the vehicle number recorded was invalid implying non-existence of vehicles, which raises question on actual conduct of the driving test, with the possibility that DLs were being issued without any driving test.

GoTN replied (August 2025) that reply would be obtained from concerned offices and sent to audit. However, as stated no reply was furnished (December 2025).

(ii) Use of same vehicle numbers during days where more than 100 tests were conducted in a single day

Audit observed that in 1,348 out of 1,526 days, there was at least one same registration number used by MVI for the tested vehicle and in 468 days, same registration numbers were used in more than 90 *per cent* of the tests conducted and it was cent *per cent* in 299 days implying that all the vehicles in which the test was recorded to be conducted on those days, was a non-existent vehicle.

42 An average of 20 working days per month for an RTO during the period August 2021 to May 2024 has been arrived at based on Government closed holidays and weekend holidays during a month/year.

RTOs in which there was cent *per cent* use of same registration vehicle numbers and the corresponding number of tests for which those same registration vehicles were used are listed in **Table 2.7.**

Table 2.7: Details of RTOs where Same registration vehicles recorded for conducting driving test

Name of RTO	Number of Days where 100 *per cent* use of same registration test vehicle numbers	Corresponding Number of driving license tests
Marthandam	204	26,118
Chennai (SW)- Valasarawakkam	80	10,142
Kumbakonam	10	1,127
Paramakudi	3	330
Valliyur	1	154
Total	**298**	**37,871**

(Source: SARATHI Data)

GoTN replied (August 2025) that reply would be obtained from the relevant offices and sent to audit. However, as stated no reply was furnished (December 2025).

(iii) Mismatch between the type of vehicles used for HMV driving tests

Any vehicle above 12,000 kg Gross Vehicle Weight (GVW) is classified as a Heavy Motor Vehicle (HMV). These are large vehicles used for transporting goods or passengers and RTOs assess the specific skills and knowledge during HMV driving test to ensure that the applicants can operate heavy vehicles safely and competently. Audit observed that 37,462 other category vehicles (non-HMV) were used in HMV driving tests and among them, 10,060 vehicles were two-wheelers.

GoTN replied (August 2025) that reply would be obtained from the relevant offices and sent to audit. However, as stated no reply was furnished (December 2025).

2.4.12.3 Non-updation of the critical personal information in DL even at the time of renewal of DL

No person under the age of 18 years could drive a motor vehicle[43], except a motorcycle with engine capacity not exceeding 50 Cubic Capacity (CC) that could be driven by a person after attaining the age of 16 years. On analysis of SARATHI data, Audit noticed that the age of the DL holders was less than 16 years for 872 cases and in some records, hypothetical birth years like 2026, 2042 or 2049 are mentioned, which were incorrect. Further, no person under the age of 20 years could drive a transport vehicle. Further analysis revealed that:

- In 145 cases, DL was issued with DL holders having '0' age.
- In 32 cases, DL was issued even before the date of birth of the DL holders.

43 Section 4 of the MV Act, 1988.

All these incorrect birth years need to be probed by Department in detail. Although endorsements[44] were done after 01 January 2018 for 387 cases, no corrective action was taken to rectify the above defects in the data field of date of birth or the date of issue of the original licences. This exhibits lack of validation by RTO in verifying and updating critical personal information in the DL.

GoTN replied (August 2025) that reply would be obtained from the relevant offices and sent to audit.

2.4.12.4 Same person having multiple driving licences without being endorsed in same DL

Any person holding any DL shall not hold any other DL except a learner's licence[45]. Based on the multiple parameters viz., name of the person, Aadhaar number, date of birth, gender. Audit found that 901 persons out of 1,802 cases possess dual DLs, without being endorsed on a single DL. During field audit, Audit found that 485 individuals across 17 RTOs/UOs[46] held multiple DL, violating Section 6 of the MV Act. The issue of multiple DLs to the same person facilitates the person to use another DL for continued driving when one DL is blacklisted.

GoTN accepted and replied (August 2025) that the necessary instructions have been issued to all Licensing Authorities of the State to adopt the above clubbing method and to rectify the issue as pointed out by the audit. It is an ongoing process and necessary steps have been taken to rectify the error.

2.4.12.5 Non-validation of Aadhaar number - Invalid and duplicate Aadhaar numbers attached to Driving Licences

TC instructed (March 2017) the Licensing Authorities to accept the Aadhaar Card as evidence of age and address for obtaining a DL vide circular number 16/2017[47]. It is the responsibility of the RTO to ensure the correctness of the details of the applicant including Aadhaar. Since Aadhaar numbers will be manually keyed on numerous occasions, UIDAI has adopted the Verhoeff Algorithm[48] method, to minimise data-entry mistakes. Audit test-checked Aadhaar numbers using the Verhoeff Algorithm and found that the Aadhaar number tagged with 46,048 DL was invalid (data up to April 2024).

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44 The licensing authority, on receipt of the application from the holder of a driving licence shall make an endorsement in the driving licence of the applicant to the effect that he is authorised to drive a goods carriage carrying goods of dangerous or hazardous nature to human life.

45 Section 6 of MV Act, 1988.

46 Bhavani UO, Chennai (South West), Coimbatore (North), Gobichettipalayam, Krishnagiri, Nagercoil, Omalur UO, Paramakudi UO, Pattukottai UO, Poonamallee, Ramanathapuram, Salem (West), Sathyamangalam UO, Tambaram, Thanjavur, Tiruchirapalli (East) and Thiruverumbur.

47 Letter No. 10483/ H2/ 2017 dated: 14/03/2017.

48 Verhoeff algorithm, a checksum algorithm to validate, detect errors and ensure the integrity of the masked Aadhaar number.

Analysis of SARATHI data revealed that 45,993 DLs were having 'Active' status, with 20,996 added after 1 January 2018. It is imperative to note that 28,833 DLs underwent renewal or endorsement after 01 January 2019. However, no action was taken to validate/update the Aadhaar number attached to the DL. Given Aadhaar's role as a unique identifier for Indian citizens, non-ensuring of accurate Aadhaar details in the SARATHI system compromises data integrity and the effectiveness of Aadhaar as a reliable identification tool.

Audit also observed that in 11,934 cases, multiple DLs (two to 28 DLs) were linked to the one Aadhaar number. Even after the introduction of the VAHAN 4.0 module (June 2015), invalid and duplicate Aadhaar numbers were allowed to be entered in the portal.

GoTN accepted and replied (August 2025) that to fill up the Aadhaar column in the application format, the applicants sometimes enter incorrect data, causing such discrepancies as pointed out by the audit. Such cases of errors are taken up on regular basis for rectification.

2.4.12.6 Inclusion of Driving School names in DL

TC issued clarification[49] (February 2019) that the current address should only be considered as the residing address of the applicant and instructed not to entertain any proof other than that mentioned in Rule 4 of CMVR, 1989. The Commissioner also reiterated that office address, school, college, company, and factories where working or studying should not come under the category of residence address.

An analysis of the SARATHI data revealed that,

- 1,00,873 DLs had the driving school's name listed in the permanent address of the DL holders.
- 93,364 DLs had the driving school's name appearing in both the permanent and temporary addresses.

GoTN accepted and replied (August 2025) that the necessary instructions have been issued to all Licensing Authorities of the State, to rectify the DLs listed out in annexures.

2.4.12.7 Incorrect mobile numbers attached to DL

Faceless mode has been introduced for applying for a DL since April 2022. Hence, applicants need to provide their mobile number when filling out the online application form on the Parivahan Sewa portal to receive important updates and notifications relating to their application status, renewal reminders, traffic violations, etc., from Transport Department. Analysis of SARATHI data revealed discrepancies with mobile number validity linked to DLs :

- 72,46,076 DLs had invalid mobile numbers, of which 72,42,491 were having 'NULL' mobile numbers and 3,585 DLs were having mobile numbers beginning with digits 1 to 5.

49 Circular No. 4/2019 (in R.No.40809/S4/2009) dated 7/2/2019.

- 4,490 DLs issued after 01 January 2018 were linked to invalid mobile numbers.
- 35,258 DLs requiring endorsement after 01 January 2018 were also flagged for mobile number discrepancies.

These findings indicated data integrity issues in the SARATHI system, particularly involving mobile number accuracy, which required further investigation and corrective action.

GoTN replied (August 2025) that supporting documents would be obtained from the relevant offices and sent to audit.

Recommendation 2.3:

Department may ensure to

a) issue Driving licence after conducting all the tests prescribed in the Rule.

b) capture accurate details and validate the same before issuing Driving Licence.

2.4.13 Testing Tracks

The issue of DL is the fundamental duty of RTOs/UOs. As per Section 9 (3) of MV Act, 1988, read with Rule 15 (2) of the CMVR, 1989, the licensing authority should conduct a test of competence to drive to satisfy himself/herself whether the applicant is able to do the actions listed in Rule 15 (3) ibid. During Joint Inspection, audit observed the non-availability of physical infrastructure and human resources in the RTO offices in Tamil Nadu, which are discussed in succeeding paragraphs.

2.4.13.1 Non-availability of Testing Tracks in the RTOs/UOs

The Driving Licence (DL) test comprises two parts, viz., a theory part and a practical assessment. The driving test assessment encompasses general driving proficiency and adherence to traffic regulations, and knowledge of road rules.

Audit noticed that 81 RTOs/UOs, out of 147 RTOs/UOs (including 56 U.O.), i.e., 55 *per cent* of the offices, do not have testing tracks as of March 2024. Audit further observed that nine[50] RTOs/ UOs, out of 17[51] RTOs/UOs selected for field visit, do not have proper testing tracks. In these nine RTOs/UOs, due to non-availability of testing tracks, the driving tests are being conducted in private grounds or in public roads as shown in **Figure 2.9**:

50 Chennai (South West) RTO, Coimbatore (North) RTO, Nagercoil RTO, Omalur UO, Paramakudi UO, Poonamallee RTO, Sathyamangalam UO, Tambaram RTO, Tiruchirappalli (East) RTO.

51 Bavani UO, Chennai (South West) RTO, Coimbatore (North) RTO, Gobichettipalayam RTO, Krishnagiri RTO, Nagercoil RTO, Omalur UO, Paramakudi UO, Pattukottai UO, Poonamallee RTO, Ramanathapuram RTO, Salem (West) RTO, Sathyamangalam UO, Tambaram RTO, Thanjavur RTO, Tiruchirappalli (East) RTO, Thiruverumbur UO.

Figure 2.9: Picture showing the driving test conducted on public roads and private lands

Driving test at RTO, Tambaram in public roads

Driving test at RTO, Nagercoil in private lands

On this being pointed out, Department replied (August 2025) that the offices functioning in the rental building could not be provided with a driving test track.

Due to non-availability of proper testing track, the prescribed tests under Rule 15 (3) of the CMVR, 1989, such as driving downhill, driving on a steep upward incline, taking correct and prompt action on the signals, etc., were not carried out in 81 out of 147 RTOs/UOs.

GoTN accepted and replied (August 2025) that Driving Tests are being conducted in vacant sites belonging to Schools, Colleges, ITIs and the Government Poramboke land before testing tracks get established to ensure that drivers are given proper tests. Besides, automated testing tracks are being setup and currently 10 automatic testing tracks are being taken up in collaboration with Maruti Suzuki India Ltd., More automatic testing tracks will be setup subsequently.

2.4.13.2 Dropping the work of formation of Modernised Scientific Driving Testing Track at RTO, Poonamallee

GoTN announced (September 2019) the formation of Driving Testing Track at RTO, Poonamallee at a cost of ₹50 lakh. A detailed estimate of ₹1.41 crore was sent to GoTN for obtaining Administrative and Financial Sanction for the work. However, GoTN sanctioned[52] (December 2020) ₹69.21 lakh for the formation of modernised driving testing track. Due to the sanction of insufficient funds, the formation of the modernised scientific testing track at RTO, Poonamallee was delayed. In the meantime, a proposal to drop (September 2024) the project was mooted by the Executive Engineer, PWD Buildings, due to insufficient Administrative sanction.

GoTN accepted and replied (August 2025) that due to the earmarked land being utilised for road formation, the proposal was dropped, and the Driving Testing Track could not be established.

However, the fact remains that the alternate arrangements have not been taken up by GoTN.

52 G.O. (Ms) No. 516 Home (Transport-VII) Department dated 24/12/2020.

2.4.13.3 Delay in Construction of own building with Driving Testing Track for the RTO, Trichy (East)

RTO, Trichy (East) has been functioning in a private building since 2013 and paying monthly rent of ₹0.53 lakh. The Rented building lacks even the basic facilities required for the visiting public and the working officials. GoTN issued[53] (November 2019) financial sanction of ₹3.79 crore for the construction of own building with Driving Testing Track to the RTO, Trichy (East). On scrutiny of the records of the department, Audit observed that there was a delay of more than five years in identifying the land, even though the GoTN made financial sanction in 2019-20 itself. As a part of computerisation and modernisation of driving testing tracks, an initiative has been taken for the formation of computerised driving testing tracks at 14 RTOs. In Tamil Nadu, the computerised driving testing track was implemented in May 2018 at RTO, Karur and automated driving testing track is being used for conducting LMV test and 15,800 tests have been conducted during the period from 2019-20 to 2023-24.

GoTN accepted and replied (August 2025) that due to litigation in the land allotted the work was unable to commence and a new land has been identified, and fresh proposal is being processed.

2.4.13.4 Non-setting up of Model Inspection and Certification Centre

GOI decided[54] (April 2018) to set up one model Inspection and Certification (I & C) Centre[55] in every State/UT. As per the scheme guidelines, out of the total project cost of ₹16.50 crore, rupees seven crore would be utilised for the creation of suitable building and infrastructure work. Initially, the land for setting up of I&C Centre was identified at Navalpattu, Tiruverumbur Taluk, which was dropped as the land was under dispute and alternative land identified was also not suitable for civil construction based on soil testing report. Hence, no proposal could be sent to MoRTH for setting up the I&C Centre after December 2024. As such, central assistance of rupees seven crore, granted for infrastructure development, could not be availed due to inordinate delay in the identification of suitable land by Department (March 2025), defeating the core objective of setting up the model I & C Centre.

GoTN accepted and replied (August 2025) that project could not be taken up due to litigation on the land earmarked for the purpose in spite of Government's best effort.

Recommendation 2.4:

The Department may ensure that every RTO has a standard testing track and an appropriate office building with basic amenities.

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53 G.O. (Ms) No.655 Home (Transport VII) Department, dated 18/11/2019.
54 Ref. No. RT – 25044/01/2017-RS dated 11/04/2018.
55 Comprises Inspection Lane, separately for Heavy and Light Vehicles, Administrative Office and Parking Space. The inspection results are recorded digitally, and test reports are generated at the end of the Inspection Lane.

2.4.14 Check Posts

Check post plays a crucial role in enforcing the MV Act, 1988, Tamil Nadu Vehicle Taxation Act, 1974 and Tamil Nadu Motor vehicle rules, 1989. These Checkposts function as strategic points along State borders, National Highways and Major Inter-District routes, where transport and Goods Vehicles are inspected to ensure compliance with statutory requirements.

2.4.14.1 Non-construction of Check Post building

GoTN decided (August 2016) to create[56] a new check-post at Kalikoil in Krishnagiri District under the jurisdiction of RTO, Krishnagiri and land was allocated. The proposed land was located in the hillock area. RTO requested[57] (May 2019) the District Collector to allot a suitable alternate site. As the alternative site could not be identified by Department, building for the check post could not be constructed.

On scrutiny of records, audit observed that though land was allotted and handed over to RTO in 2016, no proposal for administrative and financial sanction was sent by Department, and the check-post building was not constructed (September 2024). Department had been incurring ₹0.42 lakh every year towards rent since 2018.

GoTN accepted the observation and replied (August 2025) that for construction of own building in Kali Koil Check Post, land was identified (June 2016) and in this connection a proposal for above subject regarding financial and administrative allocation is under consideration with the Government. However, Government turned down proposal for the current year (December 2025).

2.4.14.2 Non-implementation of the Automatic Fitness Management System

The MoRTH, GoI, launched (2023) the Automatic Fitness Management System (AFMS) application software, which aimed to provide motor vehicle buyers with the ability to book vehicle tests, view test results, apply for re-test and appeal against first test results online. The application results are linked to VAHAN. The application provides end-to-end visibility into the vehicle testing process and its results. As per the Gazette Notification, the deadline for the implementation of AFMS for all categories of vehicles was 01 October 2024.

Audit observed that maximum incentive amount of ₹150 crore admissible to Tamil Nadu was not availed due to non-implementation of the scheme before the target date of 29 February 2024.

GoTN accepted and replied (August 2025) that as per the instructions, Tamil Nadu Infrastructure Development Board (TNIDB) has been engaged as

56 G. O. Ms. No.74, Home (Tr. VII) Department dated 19/01/2017.
57 Note No.28251/E2/2014 dated 29/05/2019.

Transaction Advisor and the board has been selected for implementation at the first phase. Feasibility study is currently being taken up through a consultant.

2.4.14.3 Non-implementation of Registered Vehicle Scrapping Facility (RVSF)

MoRTH introduced Voluntary Vehicle Fleet Modernisation Program/Vehicle Scrapping Policy[58]. In this regard, GOI notified (September 2021) Motor Vehicles Registration and Functioning of Vehicle Scrapping Facility (RVSF) Rules, 2021 and its policy from April 2022. The vehicle buyers can voluntarily choose to scrap the damaged/unfit vehicles based on State or Central Government regulations. This facility is available online for vehicles registered in VAHAN.

Audit observed (December 2024) that, as per the supplementary guidelines[59], on the scheme for special assistance to states for capital investment 2023-24, the maximum amount of incentive admissible to Tamil Nadu State for implementation of the scheme was ₹200 crore, and 29 February 2024 was fixed as the target date to avail the incentive. Whereas, GoTN did not follow the timeline. As a result, the Tamil Nadu State failed to avail the central assistance of ₹200 crore.

GoTN accepted the observation and replied (August 2025) that the Government issued orders regarding registered vehicle scrapping policy by fixing the Registering Authority and Appellate authority to process the application received and also to establish the RVSF in the State and scheme guidance received will be implemented shortly.

2.4.14.4 Human Resources - Negative impact of vacancy position

MV Act, 1988 states that the technical staff of Transport Department i.e., the Regional Transport Officers and MVI Grade I and II are responsible for discharging various services to the public **(Appendix 2.12).** The availability of Technical Staff in Transport Department as of March 2024 is shown in **Table 2.8**:

Table 2.8: Vacancy position of Technical Staff of Transport Department (as on 01/04/2024)

Name of the Post	Sanctioned Strength	Working Strength	Vacancies	Percentage of vacancies to sanctioned strength
Regional Transport Officer (including Assistant Secretary in STA/Departmental Representatives and Secretary to STAT)	110	74	36	32.73
Motor Vehicles Inspector (Grade-I)	238	155	83	34.87
Motor Vehicles Inspector (Grade-II)	180	13	167	92.78
Total Technical Staff	**528**	**242**	**286**	**54.17**

(Source: Monthly Information Booklet of the Transport Commissionerate for March 2024)

58 Aimed at creating an ecosystem for phasing out unfit and polluting vehicles, by scrapping vehicles without valid fitness and registration.

59 GoI, Ministry of Finance, New Delhi letter F. No. 44(1)/PF-S/2023-24 (CAPEX) dated 02/05/2023.

Audit observed that more than 54 *per cent* of technical staff strength was vacant. The inadequate staff strength, in the posts of RTOs and MVI, led to deficiency in services as discussed in earlier paragraphs.

Audit further observed that the MVI–II is the feeder cadre for the posts of MVI-I and RTOs. As of March 2024, 93 *per cent* of the MVI–II posts were vacant. The vacancy position in the post of MVI–II would hamper the promotional channel of technical staff to a greater extent in the near future.

GoTN accepted and replied (August 2025) that the effort taken by the Government for recruitment was delayed due to litigation.

Recommendation 2.5:

The Department may ensure that every RTO has adequate human resource for quality testing of driving skills before issuing licence and for assessment of the vehicles before issuing FC.

2.4.15 Overview of the Motor Vehicles Taxation Provisions in Tamil Nadu

TNMVT Act, 1974 and Rules made thereunder outlines a system for levying and collecting taxes on motor vehicles used in Tamil Nadu. Tax is levied on all vehicles used or kept for use in Tamil Nadu, based on the rates specified in the Act's schedules. The GoTN notified[60] the revised tax rates with effect from 9 November 2023.

Life Time Tax[61] (LTT) is collected for motor vehicles at the rate[62] based on the cost of the vehicles. Non-Transport vehicles older than 15 years and Transport vehicles older than eight years are subject to a Green tax[63].

The audit observations on the effectiveness of tax collection by the Transport Department on motor vehicles are given in the succeeding paragraphs.

2.4.15.1 Non reconciliation of Government revenue through e-payment gateway

TC had entered into (January 2021) an agreement with Canara Bank for the collection of various taxes, fees and charges for motor vehicles, which were collected through digital mode. The user will log into the ‘Parivahan’ portal, fill up the required information and pay the amount through Canara Bank’s Payment Gateway through a service provider[64]. The process of fund flow from citizen to Government account is shown in **Figure 2.10**:

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60 Extraordinary Notification dated 7 November 2023.

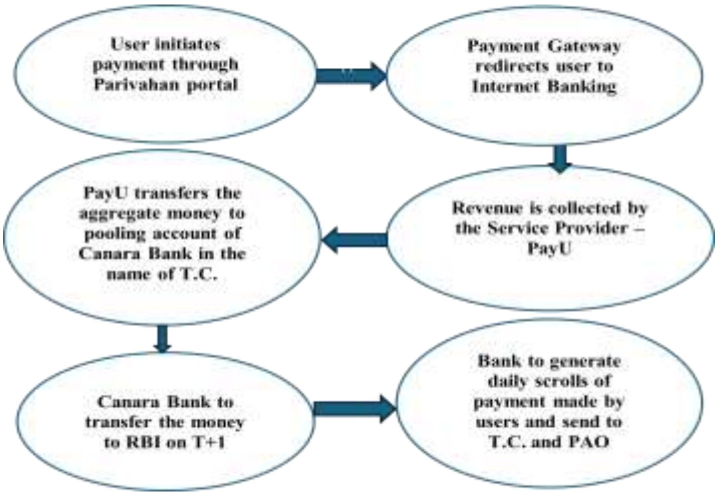
61 Life time tax means the tax leviable in one lumpsum in advance for the life time of a motor vehicle.

62 12 *per cent* of the vehicle's cost if the vehicle is priced up to ₹5 lakh, 13 per cent if the cost of the motor vehicle up to ₹10 lakh, 18 per cent up to ₹20 lakh and 20 per cent above ₹20 lakh.

63 Green Tax for Motor Cycles (NT): ₹750, Other Motor Vehicle: ₹1500; Transport Vehicle other than auto: ₹750 and Auto Rickshaw: ₹250.

64 Canara Bank provides digital payment solution through a service provider - PayU.

Figure 2.10: Process of Fund Flow from Citizen to Government Account



The test check of Canara Bank's pooling account[65] statement maintained by the Transport Commissionerate are discussed in subsequent paragraphs:

2.4.15.2 Delay in remittance of tax revenue by Canara Bank to the Government Account

Audit scrutinised the remittance process from January 2021[66] from the Canara Bank Statement and compared the scroll date and remittance date[67]. Audit observed that the agreed settlement time of T+1[68] days was not adhered to, and there were delays ranging up to 718 days. The transactions that had significant delays of more than 20 days are given in **Table 2.9**. As per para 7.3 of the Standard Operating Procedure[69] of Department of Expenditure, GOI, for levying penal interest on accredited banks doing government agency business, the rate of interest to be charged is the prevailing bank rate plus two *per cent* or as decided by the Reserve Bank of India. Thus, a penalty of ₹2.23 crore[70] should have been collected by Department from Canara Bank for the delayed transfer of tax / fee charges to the Government account in 172 records. No penalty has been collected till date (September 2025). A Few illustrative cases are shown in **Table 2.9.**

Table 2.9: Illustrative cases of delay in crediting the amount by Canara Bank to the Government Account from 12/2021 to 09/2023

Date of Transaction	Scroll Date	Date of remittance	Delay (in days)	Scroll VAHAN/ SARATHI	Canara Bank to Govt account (in ₹)	Amount of Penalty (in ₹)
02-12-2021	03-12-2021	22-11-2023	718	VAHAN	8,53,650	1,09,150
21-08-2022	22-08-2022	22-11-2023	456	VAHAN	1,10,53,774	8,97,627
21-08-2022	22-08-2022	22-11-2023	456	SARATHI	11,64,325	94,550
05-06-2023	06-06-2023	30-03-2024	298	VAHAN	41,27,693	2,18,315
05-06-2023	06-06-2023	22-11-2023	168	SARATHI	6,27,345	18,769
10-09-2023	11-09-2023	03-10-2023	21	VAHAN	31,39,15,329	11,73,957
				Total	**33,17,42,116**	**25,12,368**

(Source: CANARA Bank Statement)

65 Intermediate account of the bank in the name of the Transport Commissioner (TC) of GoTN.
66 Date of agreement.
67 Date on which amount is remitted to GoTN by Canara Bank.
68 Transaction +1.
69 GOI, Ministry of Finance, Department of Expenditure O.M. dated 9/3/2016.
70 Considering the Bank rate at 4.50 *per cent* (as given by RBI on 7/2/2025).

Further, there were discrepancies noticed between the amount credited to the pooling account and that transferred to the Government Account. Hence, failure of Department in monitoring revenue collection had resulted in gaps in ensuring the proper transfer of the public money to the Government Account.

GoTN accepted and replied (August 2025) that the penalty for delayed reporting has been taken by the Finance Department, GoTN. The delay was due to technical issues with scroll files/e-kuber/NIC portal. The matter has been taken up with the payment aggregator through Head Office for file related issues.

2.4.15.3 Non-furnishing of details regarding fund transfer from the Service provider - PayU

As shown in **Figure 2.10** above, PayU was the service provider throughout the process. Hence, transaction-wise details of PayU for the period from April 2019 to March 2024 were called for from the department, and details had not been furnished to audit (April 2025). In the absence of detailed date-wise and transaction-wise records of PayU, Audit could not ascertain the correctness of the funds collected by PayU and the funds credited to Canara Bank's pooling account maintained by the Department.

GoTN replied (August 2025) that providing data for the period of one year is a time-consuming and extensive process and will be providing data on a monthly basis. For verification of the scroll data against NIC site (Parivahan site), the details from the NIC site were requested from the NIC team in Transport Department. However, as stated, no reply was furnished (December 2025).

2.4.15.4 Non-response of the department to the Chargeback claims request sent by the Bank

As per the Agreement, Department should represent Chargeback[71] claims on card transactions within seven days. However, Department did not respond to any of the Chargeback claims raised by the Bank through email. This highlights Department's failure to set up a proper system to check if services were actually provided for the Chargeback claims raised by the Bank and response to the related email, which may lead to financial risk.

Audit analysed Canara Bank statement in certain cases and noticed delay in remitting tax collected by Canara Bank to Government account in contravention of the agreed T+1 Business days. Audit also observed that Department had no control over PayU and there was no tripartite agreement among PayU, Canara Bank and TC. Further, Department had not responded to any of the emails sent by Canara Bank regarding chargeback claims.

GoTN accepted and replied (August 2025) that the current procedure for chargeback related transactions involves rising of the same with the department and bank is entitled to set off payments for such chargeback transactions in the subsequent credits due to Government as per the agreement.

71 A chargeback is a consumer protection process that allows a cardholder to dispute a transaction.

2.4.15.5 Non-realisation of tax revenue

Timely tax collection not only strengthens fiscal discipline but also promotes fairness among taxpayers, discourages defaults and reduces the administrative burden of enforcement actions. Audit observed that there was pendency of collection of revenue of Transport Department to the tune of ₹1,751.94 crore as given in **Table 2.10**:

Table 2.10: Details of Revenue pending of Transport Department

S. No.	Type	Amount (in crore)	No. of cases	RTOs involved (in No.)
1	Tax	₹ 369.15	1,22,052	17[72]
2	Life Time Tax	₹ 0.17	140	13[73]
3	Green Tax	₹ 0.86	11,081	17
4	Fines and Penalty (e-challan)- by Transport Department	₹ 78.87	1,56,006	-
5	Fines and Penalty (e-challan)- by Police Department	₹ 1,299.72	-	-
6	Road Safety Tax	₹ 3.17	85,140	-
	Total	**₹ 1,751.94**		

(Source: VAHAN Data)

2.4.15.6 Tax Revenue

During field audit, it was noticed that 237 large tax defaulters[74] out of 1,22,052 defaulters, across 10[75] RTOs/UOs owed a total of ₹68.45 crore during the period between October 2014 and July 2022, with delays ranging from 29 months to 118 months. Further, 195 out of the 237 large tax defaulters were not blacklisted (November 2024). RTOs/UOs, responsible for monitoring and enforcing tax collection, have not acted effectively, since these vehicles were plying on the road without tax payments.

Regarding the non-realisation of tax revenue and huge pendency of revenue collection under e-challan, TC accepted (August 2025) the audit findings and stated that MoRTH should issue necessary guidelines/rules. Further, TC explained that e-code system is followed in the collection of revenue through e-challan in the State of Kerala. Similarly, Kancheepuram district has been identified for implementation of the system on a pilot basis.

2.4.15.7 Green Tax

Section 3-A of TNMVT Act, 1974, incorporated by TNMVT (Amendment) Act, 2003, mandates the levying and collection of an additional tax known as

72 Bhavani UO, Chennai (South West), Coimbatore (North), Gobichettipalayam, Krishnagiri, Nagercoil Omalur UO, Paramakudi UO, Pattukkottai UO, Poonamallee, Ramanathapuram, Salem (West), Sathyamangalam UO, Tambaram, Thanjavur, Tiruchirappalli (East) and Tiruveranbur UO.

73 Bhavani UO, Chennai (South West), Coimbatore (North), Gobichettipalayam, Krishnagiri, Nagercoil, Omalur UO, Poonamallee, Ramanathapuram, Sathyamangalam UO, Tambaram, Thanjavur and Tiruvarampur UO.

74 Those with dues exceeding ₹10 lakh.

75 Chennai (South West), Coimbatore (North), Krishnagiri, Nagercoil, Omalur UO, Poonamallee, Ramanathapuram, Salem (West), Tambaram and Thanjavur.

the Green Tax. This tax is charged[76] on motor vehicles as specified in the Fourth Schedule of the Act. An analysis of data from VAHAN Portal, identified that 11,081 vehicle owners across 17[77] RTOs and UOs had not paid the green tax, led to a total outstanding of ₹85.74 lakh.

GoTN accepted and replied (August 2025) that non-collection of Green Tax has been listed out and communicated to all RTOs/UOs for collection of tax. Further, the vehicle are blacklisted to avoid further transaction. Necessary follow up action is being taken to collect the Green Tax.

2.4.15.8 Fines/ Penalty through E-Challan method

Police and Transport Officials are imposing fines/ penalties for violations of MV Rules by e-challan through Point-of-sale (POS) Machines. The amount pending for collection by the Transport Department was ₹78.87 crore during the period from 2020-21 to 2022-23. In addition, Police Department also had issued challans amounting to ₹1,513.61 crore in the year 2022 and 2023. Out of that, an amount of ₹1,299.72 crore (86 *per cent* of the total challan amount) was pending for collection, and there was a lackadaisical approach in the collection of revenue through e-challan, which was in an increasing trend.

GoTN constituted[78] a non-lapsable Road Safety Fund out of 50 *per cent* of the receipts collected under Compounding Fee and Spot Fines as its source, for implementing road safety measures. The huge pendency in revenue collection would affect the source of the Road Safety Fund thereby the purpose of creation of the fund would be defeated.

GoTN accepted and replied (August 2025) that necessary instructions are given to all registering authorities to collect the pending e-challans and to submit the collection details to audit. However, as stated no reply was furnished (December 2025).

2.4.15.9 Road Safety Tax

Section 3-B of the TNMVT Act, 1974, mandates the imposition of an additional tax called the "Road Safety Tax". This tax is collected during the registration process of motor vehicles. The primary purpose of this tax is to fund and implement various road safety measures across the state. GoTN exempted[79] (November 2020) MV Tax for electric vehicles, both transport and non-transport, upto December 2022. The same was extended[80] (January 2023) for a further period of three years up to December 2025.

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76 The Green tax is ₹ 1,500 for five years for non-transport vehicles and ₹ 750 per annum for Transport vehicles.

77 Bhavani UO, Chennai (South West), Coimbatore (North), Gobichettipalayam, Krishnagiri, Nagercoil Omalur UO, Paramakudi UO, Pattukkottai UO, Poonamallee, Ramanathapuram, Salem (West), Sathyamangalam UO, Tambaram, Thanjavur, Tiruchirappalli (East) and Tiruveranbur UO.

78 G. O. Ms. No. 198, Home (Transport V) Department dated 13/03/2018.

79 G.O. Ms. No.445, Home (Tr-I) Department dated 02/11/2020.

80 G.O. Ms. No.17, Home (Tr-I) Department dated 13/01/2023.

Audit observed from VAHAN database relating to electric vehicles, that in 43,736 cases the Road Safety Tax/fee was levied, and in 85,140 cases the Road Safety Tax of ₹3.17 crore was not levied. This discrepancy leads to unequal taxation across different cases.

GoTN replied (August 2025) that as per G.O., the tax is fully exempted for electric vehicles and as per TC's letter, any tax exemption for payment of tax is granted, such exemption shall be applicable to road safety tax.

However, the Government is silent on inconsistency of levy of Road Safety Tax and reason for tax levied on 43,736 electric vehicles was not furnished.

Recommendation 2.6:

Department may

(a) ***place an appropriate mechanism for reconciliation with the Canara bank and interface service provider.***

(b) ***ensure transfer of funds from Canara bank to the Government Account periodically.***

(c) ***also prioritise the collection of challan amount within a reasonable timeframe set.***

2.4.16 Enforcement Activities

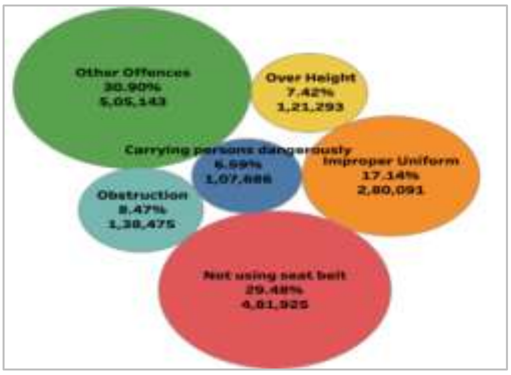
RTOs enforce provisions of the MV Act, 1988, and Rules made thereunder, such as preventing unauthorized persons driving vehicles, driving at appropriate speed, using vehicles with permit or without violating permit conditions etc., as (**Appendix 2.13**). GoTN issued an order[81] empowering all police officers not below the rank of Special Sub-Inspector of Police, including Traffic Police to levy penalties.

The audit observations on the effectiveness of enforcement measures are explained in the succeeding paragraphs.

2.4.16.1 Lack of robust enforcement: Need for leveraging and integrating existing systems

To strengthen enforcement and compliance, it is essential to integrate the VAHAN, SARATHI and e-Challan modules. Seamless integration would enable real-time access to vehicle registration, driver licensing, and violation data, allowing for quicker identification of defaulters and targeted enforcement actions. Additionally, leveraging external data sources

Figure 2.11: Chart Showing the *percentage* of challans issued on major offences for Goods Vehicles



81 G. O. (Ms) No.758 dated 19/10/2022 issued by Home (Transport –VII) Department.

such as toll plaza records, insurance databases, and pollution control certificates can provide a more holistic view of vehicle compliance. A scrutiny of challan data from the e-challan module revealed that 11,17,530 challans on Goods Vehicles involving 16,34,615 multiple offences were issued for various violations during the period from 2019-20 to 2023-24.

A few violations accounting for most of the challans are indicated in **Figure 2.11**:

Data from the e-challan module was cross-verified with data from VAHAN, SARATHI and one sample toll plaza data. Audit observed that multiple violations remained unaddressed and unchecked, indicating gaps in oversight and follow-up action as discussed below:

(a) **Failure to Check DL validity**: The challans of 11,17,530 relating to Goods vehicles involved 3,14,481 distinct DLs. Out of which 7,245 DLs involving 24,841 offences did not have valid DL to drive goods vehicles. However, Department issued challans without verifying the validity of DL in 7,145 cases resulting in issuing challans to individuals with invalid or expired DLs.

GoTN accepted and replied (August 2025) that efforts are being taken to improve the e-enforcement effectively.

(b) **Non-mapping of repeated occurrences of violations:** A significant number of vehicles and DLs (9,088 vehicles and 7,245 DLs) were tagged with 24,841 challans. Of these, 1,661 vehicles and 1,803 DLs had committed more than three violations, accounting for 12,835 challans.

(c) **Weak enforcement leads to a lack of deterrence effect:** Among the repeated violators, maximum number of challans was issued to a Goods vehicle TN14P1937 under the jurisdiction of RTO, Sholinganallur, with 1,188 challans during March 2019 to July 2024. Audit observed that 379 challans were issued for single and repeated offences of 'carrying person on running board or coolies on top' during 2019-20 to 2023-24.

Figure 2.12: Multiple challans issued to the same vehicle for different offences within a radius of 50 meters

Audit further noticed that challans were issued for this vehicle on consecutive days (2 to 13 days) for 253 violations during the above period. Also, the challans (blue colour in picture) were issued in the same place as shown in **Figure 2.12.** As per existing rules, penalties have been levied, and the offender has paid 96 *per cent* (₹4.32 lakh) of the penalties levied.

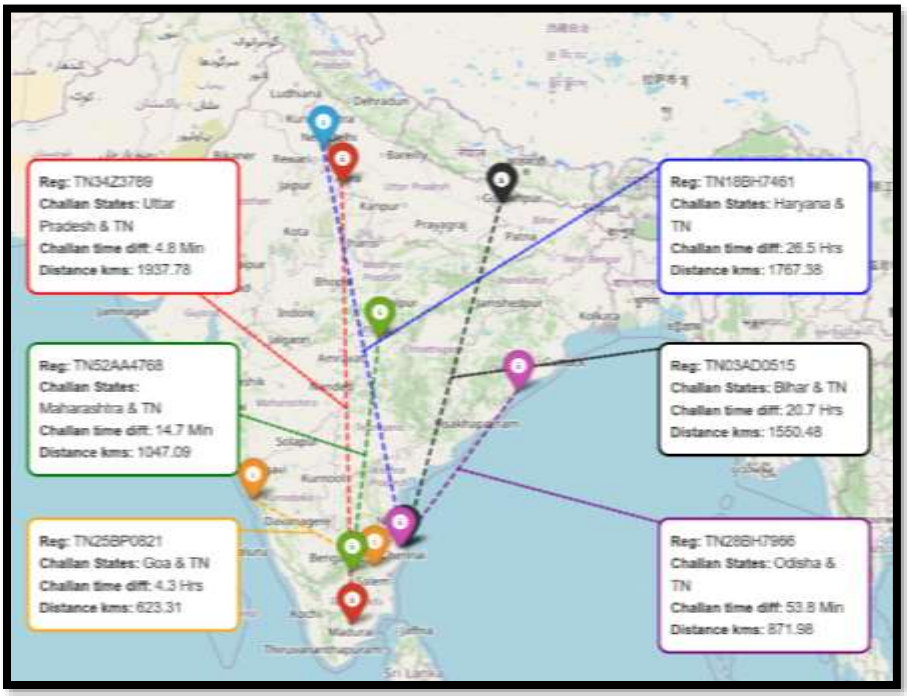
On cross-verification with the VAHAN data, audit found that Department also failed to take any action on the above vehicle, as FC was issued on

22 March 2024, and was allowed to pay the annual MV tax (₹9,116) on 03 March 2025. Though, the vehicle was charged with more than 1,000 offences, the Registering authorities did not check the vehicle's history and compliance with laws.

GoTN accepted and replied (August 2025) that the repeated offenders are to be watched, and steps are being taken to send the pending e-challans to the offenders by India Post.

(d) **Possibility of fake registrations: Issue of Challans within minutes to the same vehicle in other States:** On analysis of e-challan data, it was revealed that the Tamil Nadu registered 127 Goods vehicles were issued challans in two different States with distance ranging from 100 km to 1,992 km, and time delay ranging from 288 seconds to 26 hours, as illustrated in **Figure 2.13.** Besides, it was also noticed that a goods vehicle (TN78AY4132) was issued two challans, one challan at Uttar Pradesh and another at Kerala, on the same day (30/03/2024) within a span of 32 minutes, despite the two locations being approximately 1,992 km apart.

Figure 2.13: Showing the two challans issued within minutes for same vehicle separated by more than 500 km



Hence, the possibility of duplicate or fake vehicle registrations cannot be ruled out.

GoTN replied (August 2025) that the cases pointed out by the Audit will be examined with concerned field functionaries and report will be sent by the concerned office. However, as stated no reply was furnished (December 2025).

(e) **Leveraging other Government databases for enforcement activities:** To strengthen compliance and improve the effectiveness of enforcement, it is essential to leverage external data sources in addition to the existing Departmental measures. In this context, dataset was obtained from the Rasampalayam Toll data under the National Highways Authority of India for the period 2023-24 and was cross-verified with VAHAN database. The cross-verification revealed significant gaps in compliance as follows:

- 6,131 vehicles recorded as passing through the toll were found to be operating without payment of Motor Vehicle (MV) tax.
- 5,162 vehicles lacked valid fitness certificates.
- 811 vehicles were running with expired permits.
- 511 vehicles did not have either a valid fitness certificate or a permit in addition to tax arrears.

These findings highlight the need for a more proactive approach to ensure greater compliance with motor vehicle laws and to enhance revenue realisation.

GoTN accepted and replied (August 2025) that Audit point is noted for taking further necessary action.

2.4.16.2 Incorrect booking of offences on transport vehicles that applied to non-transport vehicles

Section 56 of the MV Act, 1988, mandates an FC for all vehicles. As per CMVR, 1989, the FC in respect of new transport vehicles is valid for two years and it must be renewed thereafter.

An analysis of e-challan data revealed that 77,908 vehicles were found plying on road without valid FC, for which Police Department issued challans for various offences during the period from 2019-20 to 2023-24. Further analysis of the data indicated that 4,324 goods carriers were wrongly issued challans for offences such as "driving without a headgear", a violation that pertains exclusively to non-transport vehicles. This misclassification of vehicle type led to the incorrect levy of fines on transport vehicles.

This highlights the need for improved data validation protocols and system-level checks to ensure accurate vehicle classification before automatic issuance of challans.

GoTN accepted and replied (August 2025) that accurate classification of vehicle before the automatic issuance of challans will be ensured, and the error will be rectified.

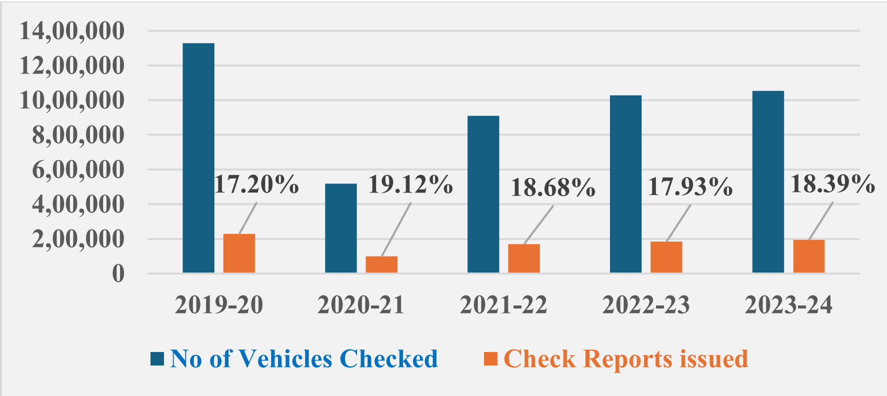
2.4.16.3 Inadequate issue of check reports

TC periodically fixes target and issues instructions for the inspection and issuance of Check Reports of the vehicles by MVIs and Regional Transport Officers. The number of vehicles checked by RTOs/UOs, during the period from 2019-20 to 2023-24, and the number of Check Reports issued during this period are given in (**Appendix 2.14).**

In this connection, Audit observed that:

(a) The average percentage of check reports issued with reference to the number of vehicles checked during the period from 2019-20 to 2023-24 was as low as 18 *per cent*. The inadequacy of check reports issued was brought out in **Figure 2.14**.

Figure 2.14: Inadequacy of issue of check reports



(b) The recovery pendency position is increasing every year from 2020-21 onwards. On average, more than 58 *per cent* of Check Reports are pending recovery.

(c) The amount of tax proposed to be recovered during the period from 2019-20 to 2023-24 was much lower (13 *per cent*) than the tax collected during the same period, though the number of Check Reports that were pending recovery was more than the Check Reports in which the recovery was made.

(d) A huge portion (74 *per cent*) of the compounding fee has not been recovered so far.

(e) The total pendency of ₹251 crore of tax and compounding fee, for the period 2021 to 2024, was very high, constituting 76 *per cent* of the total pendency amount.

GoTN accepted and replied (August 2025) that the shortage was due to inadequate human resource.

2.4.16.4 Delay in forwarding of Check Reports

TC instructed (February 2023) to issue all Check Reports through POS devices. Audit noticed that 10,53,614 vehicles were checked and 1,93,723 Check Reports (both physical and POS) were issued during 2023-24. An illustrative case is discussed below:

A total of 706 (128- Trichy East; 578 - other RTOs) physical Check Reports were issued in RTO, Trichy (East) during 2023-24. The physical Check Reports were sent by post to respective RTOs with delay up to 235 days. The issuance of physical Check Reports continued despite TC's instruction (February 2023).

GoTN accepted and replied (August 2025) that on receipt of details of 706 check reports from the RTOs concerned, they will be furnished to Audit. However, as stated no reply was furnished (December 2025).

2.4.16.5 Non-auctioning of detained vehicles

As per Rule 9-A of TNMVT Rules, 1974, the Regional Transport Officer of the location where the motor vehicles are seized or detained would be the authorised officer to sell such seized or detained motor vehicles in auction. TC clarified[82] (August 2006) that the value of each vehicle, whether seized for non-payment of tax or for other issues, should be assessed before the vehicles were auctioned. Accordingly, a Value Assessing Committee for auctioning of impounded and unclaimed vehicles", consisting of four members with the Zonal Officer as its Chairman should be formed to assess the value of each of the vehicles for auctioning.

Figure 2.15: RTO, Salem (West)

In this connection, during joint physical verification at Salem (West) RTO (**Figure 2.15**), Nagercoil (**Figure 2.16**) and Chennai (South-West) (**Figure 2.17**) Audit observed that the detained/seized vehicles were kept in open space, without any shelter. Most of the vehicles were found to be in a condemned condition.

Figure 2.16: RTO, Nagercoil

GoTN accepted (August 2025) and replied that the RTOs concerned have also been addressed to ascertain any revenue/tax/audit pending against those vehicles to be auctioned. A Committee has also been formed to fix the valuation of the vehicles to be auctioned in co-ordination with Metal Scrap Trade Corporation Limited.

Figure 2.17: RTO, Chennai South West

2.4.17 Road Safety

Road Safety refers to methods and measures used to prevent road users from loss of life and grievous injuries. In most cases, road accidents are caused by human error. Understanding this, the GoTN notified (2007) the Road Safety Policy, launching several Road Safety measures to curb the increasing trend of road accidents, such as State Road Safety Council, District Road Safety Committee, Supreme Court Committee on Road Safety, Lead Agency and Road Safety Awareness.

82 Circular No.28/2006 dated 31/08/2006.

2.4.17.1 Non-utilisation of funds released for promoting Road Safety and COVID-19 awareness

MoRTH released (June 2020) ₹6.35 crore for road safety and COVID-19 awareness, which was transferred to STA by GoTN. STA's initial proposal to utilise it for disinfection of public transport was rejected (November 2020) by GoTN. Subsequently, GoTN instructed (January 2022) to reallocate the funds to District Collectors after a delay of two years. However, the amount of ₹6.35 crore had not been utilised as of May 2025.

GoTN accepted and replied (August 2025) that the Road Safety fund would be utilised properly.

2.4.17.2 Non-conduct of monthly meeting by District Road Safety Committee

GoTN constituted (2008[83]) District Road Safety Committee (DRSC) to review road safety measures that arise in the respective Districts. This Committee is functioning under the chairmanship of the District Collector, and the Superintendent of Police is the member Secretary. The Committee should meet once in a month. All the other Districts except Chennai had conducted meetings almost every month after COVID lockdown in 2021.

GoTN constituted a "District Road Safety Committee" under the Chairmanship of Commissioner of Police, Chennai, to address various Road Safety related issues in Chennai City. Audit observed that the Chennai District did not conduct any meeting during the period from 2021 to 2023 even though the number of accidents was higher in Chennai city compared to other Districts of the State.

On this being pointed out, STA replied (January 2025) that the committee for Chennai District was formed in January 2023, and one meeting was conducted in November 2024.

Thus, DRSC in Chennai failed to meet during the period 2021-2023, despite rising accident rates, unlike other districts in Tamil Nadu. This lack of action has likely contributed to the city's higher accident statistics.

GoTN reply (August 2025) is silent about non conduct of meeting between the period 2021 and 2023 at Chennai District.

2.4.18 Monitoring and Other Regulatory Issues

2.4.18.1 Delay in framing Rules for regulating the business conducted by the Aggregators

The MV (Amendment) Act, 2019, has amended Section 93 of the MV Act, 1988 to include aggregators within its scope. According to this, the aggregator is a digital intermediary that connects passengers and drivers for transportation by motor vehicles. Further, MoRTH issued Motor Vehicle Aggregator Guidelines 2020[84] for the licensing of agents, canvassers, and aggregators. The guidelines were intended to be used by State Governments to issue Licences to transport aggregators and to regulate their business. In this connection, STA had prepared

83 G. O. Ms. No. 1566, Home (Transport V) Department dated 20/11/2008.
84 MoRTH letter in F. No. 16011/9/2019-T dated 27/11/2020 & F. No. RT-16011/9/2019-T dated 08/12/2020.

a draft 'Tamil Nadu Motor Vehicles Aggregator Rules, 2023' and sent (November 2023) the draft for GoTN approval. Later, the draft rules were modified based on the draft 'Motor Vehicle Aggregator Guidelines, 2024', issued by MoRTH, and the draft 'Tamil Nadu Motor Vehicles Aggregator Rules, 2024' was sent for Government approval on 03 July 2024. However, the Government approval was pending (November 2024).

GoTN accepted and replied (August 2025) that it is under active consideration of the Government, and orders will be issued shortly. However, as stated, no reply was furnished (December 2025).

2.4.18.2 Enforcement Measures against All India Tourist Permit Violations by other state registration Omnibuses

Omnibuses registered in other States are operating as stage carriages in Tamil Nadu while continuing to pay road taxes in their respective home States. This has caused a considerable revenue shortfall for the State. To curb this issue, GoTN had issued orders instructing all Omnibuses registered in other States but operating regularly within Tamil Nadu to re-register their vehicles in Tamil Nadu by fixing a deadline of June 2024. However, on scrutiny of records, it was noted that 415 other State-registered omnibuses were plying in Tamil Nadu in contravention of the orders of the GoTN as of April 2025. Audit observed that 21 buyers possess 393 (95 *per cent*) of these vehicles. Hence, the operation of Omnibuses within Tamil Nadu, which are registered in other States, led to a potential loss of revenue for the State, which should be addressed on priority.

GoTN accepted and replied (August 2025) that all border check posts are instructed to check the other State omnibuses that are entering Tamil Nadu and collect tax and compounding fees for the irregularities.

2.4.19 Other issues

Non-constitution of Tamil Nadu Rural Road Development Fund: As per Section 10 of the TNMVT Act, 1974 GoTN should constitute the Tamil Nadu Rural Road Development Fund (TNRRDF) to which not exceeding 10 *per cent* of tax should be credited for the development and maintenance of public roads in the rural areas. In this connection, Audit observed (July 2024) that GoTN neither constituted TNRRDF nor issued Operational Guidelines for the Fund.

GoTN replied (August 2025) that the constitution of the TNRRDF is under process.

Recommendation 2.7:

Department may strengthen the existing enforcement mechanism to curb traffic violations and to improve road safety and integrate data with stakeholders to monitor and identify the violators to collect compounding fees.

2.4.20 Conclusion

The analysis of the vehicle registration process reveals that there were significant delays and procedural loopholes resulted in potential revenue losses to GoTN. Further, the lack of transparency regarding available fancy numbers and the usage of single mobile numbers for multiple allotments, requires improvement/reform in the registration process. The findings also indicate that the unlawful registration of BS-IV vehicles violating G.O.'s deadline, G-series vehicles by private buyers, vehicles with same/incorrect chassis numbers, and incorrect classification of vehicles during registration show the lack of controls and efficiency in the system.

In the issuance of DL, there were abnormal number of driving tests being conducted on a single day, besides unrealistic date of birth, incorrect mobile numbers and invalid Aadhaar Number. Furthermore, invalid or non-existent vehicle registration numbers suggest the use of non-existent vehicles. Issues such as vehicle plying without valid permit, fitness certificates and issue of fitness certificate without conducting fitness test pose threat to road safety.

The lack of a reconciliation mechanism in the e-payment system points to weakness in financial management. Non-realisation of revenue during the period from 2019-20 to 2023-24 indicated leakage of revenue amounting to ₹1,753 crore from various vehicle buyers leads not only to financial loss, but also to a lackadaisical approach of Department in preventing leakage of revenue and effectiveness in collection of revenue.

Over 55 *per cent* of RTOs, lack proper driving test tracks, forcing tests to be conducted on public roads or private grounds. This shortfall compromises driver assessment quality and raises safety concerns. Similarly, the modern facilities such as AFMS and RVSF were not implemented in Tamil Nadu. A critical staff shortage, with over 54 *per cent* of technical positions vacant, affects service delivery and road safety. A 93 *per cent* vacancy in the MVI–II cadre further hampers services provided by the department.

Non-adherence of TC instructions on the issue of Challan through electronic form by Enforcement Authorities, lack of integration with existing modules such as VAHAN, SARATHI, e-challan hinders effective oversight and enforcement, allowing several violations to remain unchecked. These irregularities, combined with gaps in revenue realisation, resulted in leakage of Public Funds and weak enforcement mechanisms.