OVERVIEW

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The report contains eleven draft paragraphs, including Subject Specific Compliance Audit on "Functioning of Regional Transport Offices and State Transport Authority in Motor Vehicle Department in Tamil Nadu" and draft paragraph on Stamp Duty and Registration Fees and compliance issues noticed in Backward classes, Most backward classes and Minorities welfare Department and Revenue and Disaster Management Department, involving ₹27.96 crore. Some of the major findings are mentioned below:

I General

The total revenue receipts of the State during 2023-24 were ₹2,64,596.66 crore, comprising tax revenue of ₹1,67,278.39 crore and non-tax revenue of ₹25,903.84 crore. ₹46,072.28 crore was received from the Government of India as State's share of divisible Union taxes and ₹25,342.16 crore as grants-in-aid. The revenue raised by the State Government in 2023-24 was 73 *per cent* of the total revenue receipts as compared to 69 *per cent* in 2022-23. Taxes on sales and trade and Goods and Services Tax (₹1,22,160.09 crore) formed a major portion (73 *per cent*) of the tax revenue of the State.

(Paragraph 1.1)

Test check of records relating to Stamp Duty and Registration Fee, State Excise, Motor Vehicles Tax and Land Revenue during the year 2023-24 revealed observations amounting to ₹121.35 crore and were issued as Inspection Reports.

(Paragraph 1.9)

II Taxes on Motor Vehicles

The Subject Specific Compliance Audit on functioning of Regional Transport Offices (RTO)/State Transport Authority in Motor Vehicle Department in Tamil Nadu, revealed the following:

- There were significant delays and procedural loopholes in the vehicles registration process which resulted in potential revenue losses to Government of Tamil Nadu (GoTN). Lack of transparency regarding available fancy numbers and the usage of mobile numbers for multiple allotments demand attention. Unlawful registration of Bharat Stage-IV vehicles violating Government Order's deadline, Government-series vehicles ownership transferred to private individuals, vehicles with same chassis numbers, and incorrect classification of vehicles during registration shows the lack of controls in the system.

(Paragraph 2.4.9)

- Issues such as vehicle plying without valid permit, Fitness Certificate (FC) and issue of FC without conducting fitness test pose threat to road safety.

(Paragraph 2.4.11)

- In the issuance of Driving License, 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, use of invalid or non-existent vehicle registration numbers for the driving test raises concerns.

(Paragraph 2.4.12)

- Over 55 *per cent* of RTOs lack proper driving test tracks, forcing tests to be conducted on public roads or on private grounds. This shortfall compromises driver assessment quality and raises safety concerns. Similarly, the modern facilities such as Automatic Fitness Management System and Registered vehicle scrapping facility were not implemented in Tamil Nadu. A critical staff shortage, with over 54 *per cent* of technical positions vacant, affected the services.

(Paragraph 2.4.13)

- Non-realisation of revenue during 2019-20 to 2023-24 amounted to ₹1,751 crore from various vehicle buyers points to lackadaisical approach of Department in preventing leakage of revenue.

(Paragraph 2.4.15)

- Non-adherence of Transport Commissioner 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 remain unchecked.

(Paragraph 2.4.16)

III Stamp Duty and Registration Fee

The test check of records in the Registration Department revealed the following:

- Check of records at Sub-Registries Thiruporur and Poonamallee revealed that members of a Co-operative Society did not reveal the true market value of lands they had purchased from third parties with an intention to sell them to the Co-operative Society. Recitals of the instruments showed that the Societies had entered into an agreement to purchase the lands from these members at a much higher price. The loss of revenue in these cases was ₹7.83 crore.

(Paragraph 3.4.1)

- Check of records at Sub-Registrars Ambattur and Thamal revealed that through three general power of attorney documents wherein power was given to the Power agent without consideration. However, on cross verification with Form 26AS and recitals of the subsequent sale document, revealed that the consideration of ₹100.08 crore was exchanged for the grant of power of attorney resulting in escapement of stamp duty and registration fee of ₹4.99 crore.

(Paragraph 3.4.2 (a) and 3.4.2 (b))

- The Government of Tamil Nadu notified reduction of stamp duty to two *per cent* on the market value of properties for transfer of properties during restructuring of companies. In Sub-Registrar office, Thiruvottiyur, a property transferred during demerger of a company was not registered leading to the loss of revenue of ₹2.72 crore.

(Paragraph 3.4.3)

- In the case of an agreement to sell/cancellation of agreement where possession is handed over, the fee leviable shall be on the intended sale consideration. In Sub-Registrar offices, Purasawalkam and Joint I, Chennai South, the seller had handed over the physical possession of the property to the intended buyer. However, documents were classified as agreement of sale/cancellation without possession. This resulted in a short collection of Registration Fee of ₹1.60 crore.

(Paragraph 3.4.4)

- In Sub-Registrar, Sangagiri, incorrect adoption of guideline value resulted in short collection of Stamp Duty and Registration Fee of ₹47.21 Lakh.

(Paragraph 3.4.5)

- In four Sub-Registrar offices, vacant lands leased out were surrendered back to the owner with buildings. The Registering Officers collected only the registration fees on buildings. Since there was a transfer of immovable property in these cases, stamp duty also should have been collected. Escapement of stamp duty was ₹34 Lakh.

(Paragraph 3.4.6)

IV Other Compliance Issues

- Failure on the part of the Commissioner of Land Administration, to revise the cost of land as per the extant Government orders for alienation in favour of State Industries Promotion Corporation of Tamil Nadu (SIPCOT), resulted in short collection of revenue of ₹5.20 crore.

(Paragraph 4.1)

- Non-fixing of the correct land value for land acquisition towards purchase of land under the scheme 'Free distribution of house-sites' resulted in loss of ₹4.35 crore.

(Paragraph 4.2)