

CHAPTER-V: MOTOR VEHICLE RECEIPTS

5.1 Tax administration

The Secretary, Transport Department is the head of the Department at the Government level. At the Department level, the Commissioner of Transport (CT) is the administrative in-charge and is responsible for overseeing the functioning of various wings of the Department. The Deputy Commissioner of Transport, who is also the ex-officio secretary, State Transport Authority (STA), assists him. At the district level, the District Transport Officer (DTO), who is also the secretary, Regional Transport Authority (RTA) is responsible for collection of receipts under the provisions of the various acts and rules. The administration of the Department and collection of receipts are regulated by the Motor Vehicles (MV) Act, 1988 and the Assam Motor Vehicles Taxation (AMVT) Act, 1936 (as adopted by the Government of Meghalaya) and various rules made thereunder. In addition, the Department has an Enforcement Branch (EB) headed by a DTO, for enforcement of the rules in force.

5.2 Trend of receipts

Actual receipts of the Transport Department during the years 2005-06 to 2009-10 alongwith the total tax receipts during the same period is exhibited in the following table and graph.

Table 5.1

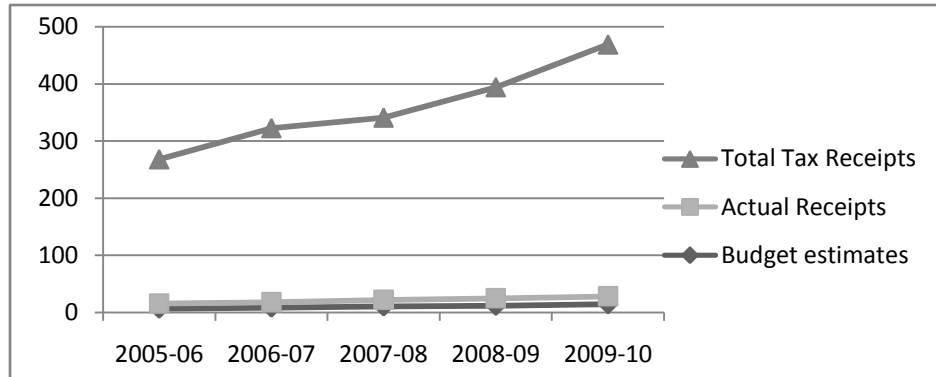
(Rupees in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-a-vis total tax receipts
2005-06	6.66	8.73	(+) 2.07	31	252.67	3
2006-07	8.50	9.34	(+) 0.84	10	304.74	3
2007-08	10.56	11.35	(+) 0.79	7	319.10	4
2008-09	11.62	13.21	(+) 1.59	14	369.44	4
2009-10	14.48	13.61	(-) 0.87	6	444.29	3

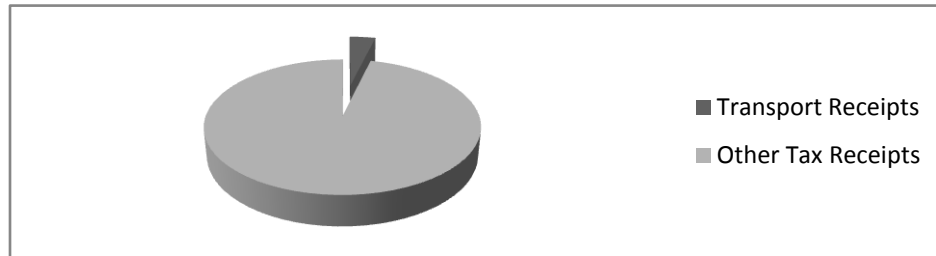
Thus, the percentage variation which was 31 *per cent* in 2005-06 came down to the level of seven *per cent* in 2007-08. After rising to the level of 14 *per cent* in 2008-09, it abruptly went down to (-) six *per cent* in 2009-10.

Motor vehicles receipts formed about 3-4 *per cent* of the total tax receipts of the State during the period 2005-06 to 2009-10.

A line graph of budget estimates, vis-à-vis the actual receipts and total tax receipts of the State may be seen below:



Also a pie chart showing the position of actual transport receipts vis-à-vis the total tax receipts during the year 2009-10 may be seen below:



5.3 Cost of collection

The cost of collection (expenditure incurred on collection) of the Transport Department during the year and the preceding two years is shown below:

Table 5.2

Year	Actual revenue (₹ in crore)	Cost of collection (₹ in crore)	Percentage of expenditure on collection	All India average percentage of preceding year
2007-08	11.35	6.57	57.89	2.47
2008-09	13.21	3.14	23.77	2.58
2009-10	13.61	2.80 ¹	20.57	2.93

Thus, the cost of collection during all the three years remained well above the all India average percentage. The Government needs to take appropriate measures to bring down the cost of collection.

¹ Department figures

5.4 Impact of audit reports

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation of taxes, fees and fines, loss of revenue etc., with revenue implication of ₹ 1,806.1 crore in 22 paragraphs. Of these, the Department/Government had accepted audit observations in 7 paragraphs involving ₹ 1,236.43 crore and had since recovered ₹ 4 lakh. The details are shown in the following table:

Table 5.3

(Rupees in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2005-06	3	165.62	-	--	-	--
2006-07	1	714.15	1	708.38	1	0.04
2007-08	3	255.67	2	255.51	-	--
2008-09	7	272.69	3	272.33	-	--
2009-10	8	397.97	1	0.21	-	--
Total	22	1,806.10	7	1,236.43	1	0.04

Thus, against the accepted cases involving ₹ 1,236.43 crore, the Department/Government has recovered an amount of ₹ 4 lakh which is 0.32 per cent.

We recommend that the department needs to revamp its revenue recovery mechanism to ensure that they could recover atleast the amount involved in the accepted cases.

5.5 Results of audit

Test check of the combined registers and other records of 08 units relating to the Transport Department during the year 2009-10 revealed non-realisation of taxes, fees and fines etc., amounting to ₹ 398.57 crore in 33 cases, which can be categorised as under:

Table 5.4

(Rupees in crore)

Sl. No.	Category	Number of Cases	Amount
1.	Non-imposition of penalty	9	395.38
2.	Non-realisation of fees/duties etc.	8	1.89
3.	Other irregularities	16	1.3
Total		33	398.57

During the year 2009-10, reply in respect of only one DTO² has been received.

² DTO, Jowai

A few illustrative audit observations involving ₹ 397.98 crore are mentioned in the succeeding paragraphs.

5.6 Audit observations

Our scrutiny of the records in the offices of Transport Department revealed several cases of non-observance of the provisions of the Act/Rules, resulting in non/short levy of fees and fines, etc., as mentioned in the succeeding paragraphs of this chapter. These cases are only illustrative, based on test check carried out by us, reflecting the flaws in the working of the Department. Although we point out similar cases every year, the irregularities persist. As such, we feel the Department needs to improve its internal control system, in order to guard against the recurrence of such lapses.

5.7 Non-levy of fine on trucks carrying excess load of coal

We cross verified the records of the Commissioner of Transport, Meghalaya, Shillong with those of the Director of Mineral Resources (DMR) checkposts at Dainadubi, Dawki, Mookyndur, Umkiang and Umling in March 2010 and noticed that 5,15,394 commercial trucks carried 80,74,079 MT of coal against the maximum permissible limit of 51,53,940 MT between April 2008 and March 2009. But the excess load of 29,20,139 MT carried by these trucks beyond the permissible limit escaped notice of the Enforcement Wing of the Transport Department, resulting in non-levy and consequent non-realisation of minimum fine of ₹ 395.09 crore.

Under Section 194 of the MV Act, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven carrying load in excess of the permissible limit shall be liable to pay a minimum fine of ₹ 2,000 and additional fine of ₹ 1,000 per MT of excess load. In Meghalaya, all commercial trucks are registered by the DTO with maximum permissible payload of 10 MT on which road tax is payable under the Assam Motor Vehicles Taxation Act, 1936 (as adopted by the state).

We reported the case to the Department/Government in April 2010 but their replies have not been received. (October 2010).

5.8 Short levy of fine

While auditing the records of the CT and Secretary, STA, Shillong in March 2009, we observed that the enforcement staff detected 1,006 vehicles plying in contravention of provisions of Sections 39 and 66 (1) of the Act. However, the enforcement staff, instead of realising minimum fine of ₹ 20.12 lakh, realised ₹ 10.09 lakh only. This was in violation of provision of Section 192 A and resulted in short realisation of fine of ₹ 10.03 lakh.

Under Section 192 A of the MV Act, plying a motor vehicle without permit in contravention of the provisions of Sections 39 and 66 (1) of the Act *ibid* shall be punishable for the first offence with a fine which may extend to ₹ 5,000 but shall not be less than ₹ 2,000.

We reported the case to the Department/Government in April 2010; but their replies have not been received. (October 2010).

5.9 Short-realisation of composite fee

During scrutiny of the records of the Secretary, STA, Meghalaya, Shillong in March 2010, we noticed that in 485 cases, the STAs of Assam and Mizoram realised CF of ₹ 28.03 lakh instead of ₹ 58.20 lakh on tourist vehicles authorised to ply under national permits in Meghalaya between April 2008 and March 2009 and remitted the same to the STA, Meghalaya. The STA, Meghalaya, however, did not take up the matter with his counterparts of the concerned States for recovery of the balance amount. This resulted in short realisation of CF of ₹ 30.17 lakh.

The Government of Meghalaya, Transport Department in their notification dated 15 May 2002 fixed annual composite fee (CF) on tourist taxi cab, tourist maxi cab and tourist omnibus at ₹ 1,200, ₹ 12,000 and ₹ 48,000 respectively to ply in Meghalaya under the national permits granted by the STAs of other states. The CF is realised by the Secretary, STA of the State which grants the national permit and remitted to the STA, Meghalaya through bank drafts.

We reported the case to the Department/Government in April 2010 but their replies have not been received. (October 2010).

5.10 Non-receipt of bank drafts sent for revalidation

While auditing the records of the Secretary, STA, Shillong in March 2010, we noticed that the STA did not maintain the register of valuables. We also noticed that the Department did not deposit the bank drafts into the Government account in time. As a result, 296 bank drafts amounting to ₹ 8.95 lakh pertaining to the period from June 2005 to August 2009 became time-barred. The Department returned the bank drafts between January 2006 and February 2010 to the concerned STAs for revalidation but none of the bank drafts were returned after revalidation. The Department also did not initiate any follow up action to get back the bank drafts after revalidation, resulting in non-realisation of revenue of ₹ 8.95 lakh.

Commercial trucks/tourist vehicles authorised to ply in Meghalaya under national permits granted by the STA of other States are required to pay CF at prescribed rates. The CF is payable by bank draft and remitted to the STA, Meghalaya Shillong. The STA is required to maintain the register of valuables to watch the receipt of bank drafts from other states and ensure prompt credit of the amount into Government account.

We reported the case to the Department/Government in April 2010 but their replies have not been received. (October 2010).

5.11 Non-levy of fine for non-renewal of permits

As per Section 66 of the MV Act, no owner of a motor vehicle shall use his vehicle as a transport vehicle in any public place without a valid permit whether or not such vehicle is actually carrying any passenger or goods.

The validity of a permit is five years and may be renewed on an application made not less than 15 days before the date of expiry of the permit. Plying of the vehicles without a valid permit attracts the provision of Section 192 A of the Act, under which, a minimum penalty of ₹ 2,000 shall be levied.

During scrutiny of the records of five DTOs³ between August 2008 and March 2010, we noticed that 1,058 transport vehicles were plying without their permits renewed. Further, there were no recorded reasons for non-renewal of the permits of the vehicles nor were these vehicles declared off road. No action was taken by the DTOs to detect these vehicles plying without permits and to recover the fine from the defaulters. This resulted in non-levy of fine of ₹ 21.16 lakh.

After we pointed out the cases in September 2009, the DTO, Jowai, admitted the facts and stated in October 2009 that maximum penalty would be imposed on

³ Jowai, Nongpoh, Shillong, Tura and Williamnagar.

defaulters to recover the loss of Government revenue. A report on imposition of penalty and its recovery thereof has not been intimated. In case of other DTOs, no reply has been received (October 2010).

We reported the cases to the Government between September 2008 and April 2010 but their replies have not been received. (October 2010).

5.12 Non-realisation of road tax

During scrutiny of the records of the DTO, Shillong in March 2009, we noticed

The MV Act and the AMVT Act and the rules made there under lay down that every owner of a registered vehicle shall pay road tax in advance either annually or quarterly in four equal instalments. On failure of the Department to recover tax, the cases are to be forwarded to the certificate officer to realise the dues as arrears of land revenue.

that arrear taxes of ₹ 99.69 lakh had accumulated against Meghalaya Transport Corporation (MTC) from April 1990 to March 2009. We also noticed that there was no system for periodical review of payment of arrears by the DTO and consequently, timely demand notices had not been issued to them. The DTO neither suspended the registration certificates of the vehicles nor referred the cases to

the certificate officer to realise the dues as arrears of land revenue. Thus, due to inaction on the part of DTO to monitor payment of dues, the vehicles belonging to the MTC continued to ply without payment of road tax resulting in non-realisation of revenue of ₹ 99.69 lakh.

We reported the case to the Department and Government in September 2008 and April 2010 but their replies have not been received. (October 2010).

5.13 Non-imposition of penalty

We test checked the vehicle files of each registered owner available in the DTO,

As per Rule 42 of the CMV Rules, no holder of a trade certificate shall deliver a motor vehicle to a purchaser without registration, whether temporary or permanent. Further, as per Section 192 of the MV Act, whoever drives or allows a motor vehicle to be driven without registration shall be punishable for the first offence with a fine extendable upto ₹ 5,000 but not less than ₹ 2,000.

Jowai in August 2009 and noticed that 125 vehicles were sold by the firms/dealers to the purchasers without temporary/permanent registration between September 2007 and July 2008. In all these cases, the vehicles were registered by the DTO after average delays of 300 days from the date of delivery. Despite specific provision prohibiting delivery of vehicles without a valid registration, the dealers sold these vehicles, thereby,

violating the provisions of the MV Act and the CMV Rules. This not only

resulted in plying of these vehicles without valid registration but also led to non-levy of minimum penalty of ₹ 2.50 lakh.

We reported the case to the Department/Government in August 2009 but their replies have not been received. (October 2010).

5.14 Non-deposit of Government money

We cross verified (March 2010) the records of the MTC, Shillong with those of

As per the provision of the General Financial Rules, all moneys collected on behalf of the Government shall be immediately credited into the Government accounts. In February 1999, the Government of Meghalaya, Transport Department introduced helicopter services of M/s Pawan Hans Helicopter Limited (PHHL) in the State to operate between Shillong, Guwahati and Tura. The Meghalaya Transport Corporation was appointed as an agent for operating the helicopter services, including selling of tickets and other ancillary works, on the basis of commission payable at the rate of nine *per cent* of the sale proceeds of tickets.

of the CT, Meghalaya, Shillong and noticed that ₹ 1.16 crore collected by the MTC as sale proceeds of tickets for helicopter services between April 2006 and December 2009, were not only kept outside the Government accounts, but also unauthorisedly utilised to meet various departmental charges in violation of standing provisions of GFR. Such irregular retention of revenue and utilisation of the same to meet departmental expenditure tantamount to temporary misappropriation of Government money; bypassing the approval of the legislature. We also noticed that no action was initiated by the CT to realise the amount from the MTC.

We reported the matter to the Department/Government in April 2010 but their replies have not been received. (October 2010).