

CHAPTER-V: MOTOR VEHICLE RECEIPTS

5.1 Tax administration

The Principal 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 there-under. 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 2008-09 to 2012-13 along with the total tax receipts during the same period is exhibited in the following table and graph.

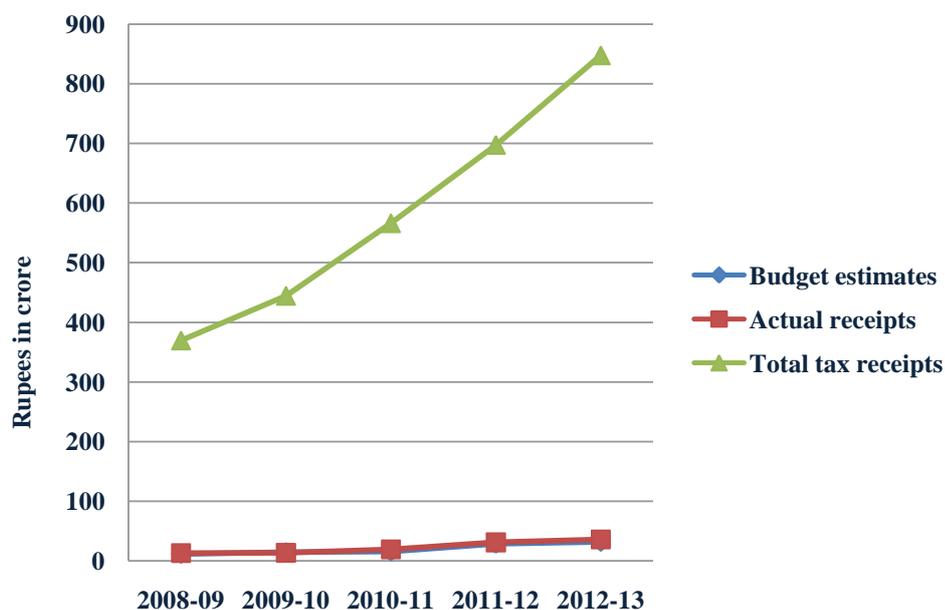
Table 1

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	(₹ in crore)
						Percentage of actual receipts vis-à-vis total tax receipts
2008-09	11.62	13.21	(+) 1.59	14	369.44	4
2009-10	14.48	13.61	(-) 0.87	6	444.29	3
2010-11	15.64	19.19	(+) 3.55	23	566.07	3
2011-12	28.59	31.12	(+) 2.53	9	697.54	4
2012-13	31.62	35.82	(+) 4.20	13	847.72	4

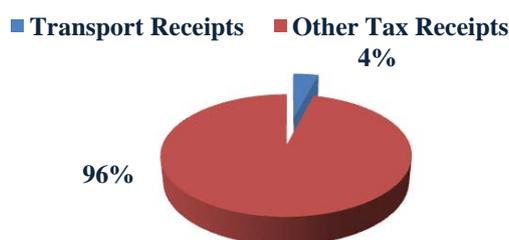
The percentage variation which was 14 *per cent* in 2008-09 decreased to 6 *per cent* in 2009-10 before increasing to the level of 23 *per cent* in 2010-11. After that it abruptly went down to 9 *per cent* in 2011-12 and then increased to 13 *per cent* in 2012-13.

Motor vehicles receipts have consistently formed about 3-4 *per cent* of the total tax receipts of the State during the period 2008-09 to 2012-13.

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 2012-13 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 2 (₹ in crore)

Year	Actual revenue	Cost of collection	Percentage of expenditure on collection	All India average percentage of preceding year
2010-11	19.19	3.55 ¹	18.50	3.07
2011-12	31.12	5.83	18.73	3.71
2012-13	35.82	4.88	13.62	2.96

Thus, the cost of collection during all the three years remained well above the all India average percentage.

The Department needs to take appropriate measures to bring down the cost of collection at least to the level of all India average.

¹ Departmental 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 ₹ 882.94 crore in 30 paragraphs. Of these, the Department/Government had accepted audit observations in six paragraphs involving ₹ 278.24 crore. The details are shown in the following table:

Table 3

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2008-09	7	272.69	3	272.33	-	--
2009-10	8	397.97	1	0.21	-	--
2010-11	6	1.95	-	-	-	-
2011-12	4	120.19	-	-	-	-
2012-13	5	90.14	2	5.70	-	-
Total	30	882.94	6	278.24	-	-

However, against the accepted cases involving an amount of ₹ 278.24 crore, the Department failed to make any recovery which is a matter of concern.

It is recommended that the department needs to revamp its revenue recovery mechanism to ensure that they could recover at least the amount involved in the accepted cases.

5.5 Results of audit

Test check of the combined registers and other records of seven units relating to the Transport Department during the year 2012-13 revealed non-realisation of taxes, fees and fines *etc.*, amounting to ₹ 31.98 crore in 43 cases, which can be categorised as under:

Table 4

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Short realisation/non-realisation of revenue	22	6.64
2.	Loss of revenue	13	3.32
3.	Other irregularities	8	22.02
Total		43	31.98

During the course of the year, the Department accepted one case amounting to ₹ 0.04 crore. No recovery in respect of any of the cases was intimated.

A few illustrative audit observations involving ₹ 47.24 crore are mentioned in the paragraphs 5.6 to 5.10.

5.6 Loss of revenue due to non-renewal of licences – CT, Meghalaya

Non-renewal of leases of five weighbridges resulted in loss of revenue of ₹ 1.17 crore.

In Meghalaya, private parties are allowed to operate weighbridges on behalf of the Transport Department (TD) on payment of a lumpsum annual amount to the GOM as agreed upon. Accordingly nine² private parties were granted licences to operate nine weighbridges on payment of annual lease ranging between ₹ 2.50 lakh and ₹ 75 lakh.

In a meeting held on 02 June 2010 under the chairmanship of the Chief Minister, it was decided to set up an integrated checkpost at the exit point of National Highway (NH)³ 62. Consequently, all existing weighbridges on NH 62 were allowed to operate till the term of their current leases and thereafter, no further extension was to be given. Out of the nine weighbridges, only one was located on NH 62.

Though the leases of all the nine weighbridges expired on various dates between 2009-10 and 2011-12 it was seen that:

- one lessee⁴ continued to operate the weighbridges on the strength of Gauhati High Court order although the application for renewal had been rejected by the TD;
- two⁵ lessees did not apply for renewal;
- one incomplete application had been returned by the CT in January 2011 to the lessee⁶ for rectification and;
- the TD declined to renew the remaining five⁷ applications citing the decision taken in the meeting on 02 June 2010.

It was observed that none of the five weighbridges were situated on NH 62. Thus, the decision of the TD to not renew the leases of these five weighbridges in view of decision taken in the meeting of June 2010 was erroneous and caused a revenue loss of ₹ one crore⁸ to the State exchequer as of April 2013.

Mention was made in Para 4.7 of the Audit Report for the year ended 31 March 2012 regarding loss of revenue of ₹ 1.10 crore due to non-renewal of licences.

² Details of the weighbridges in **Annexure-I**.

³ NH from Dalu (South Garo Hills District in Meghalaya) to Damra (Goalpara district in Assam)

⁴ Umling weighbridge located on NH 44, RiBhoi district.

⁵ Shallang weighbridge located on PWD Road, West Khasi Hills district and Athiabari weighbridge on PWD Road.

⁶ For Dobu weighbridge on NH 62, East Garo Hills district.

⁷ Gasuapara – on PWD Road in South Garo Hills, Borsora, and Mawpun on PWD road in West Khasi Hills and Thangskai and 7th Mile on NH 40 in Jaintia Hills.

⁸ Details in **Annexure – II**.

Despite this, the TD failed to take corrective action and renew the leases as a result of which, there was a further loss of revenue of ₹ one crore.

As of August 2013, the integrated check post on NH 62 was also yet to be set up and thus due to non-renewal of lease of the weighbridge located on NH 62, there was an additional loss of revenue of ₹ 0.17 crore.

The case was reported to the TD, GOM in June 2013; reply was awaited (December 2013).

5.7 Loss of revenue – DTOs, Nongpoh, Jowai, Tura and Shillong

Loss of revenue of ₹ 5.39 crore due to non recovery of arrears of road tax from 5442 vehicles owners.

Under Section 5 of the Assam Motor Vehicles Taxation (AMVT) Act, 1936 (as adopted by Meghalaya) and Rules made there under, every owner of a registered vehicle has to pay road tax in advance either annually before 15 April every year or quarterly in four equal instalments⁹ in April, July, October and January. In cases where vehicle owners fail to pay tax, demand notices are to be issued promptly directing the defaulters to clear the arrear tax within a period of 15 days from the date of receipt of the said notice failing which the following actions would be initiated as per the provisions of both the Motor Vehicles (MV) Act, 1988 and the AMVT Act:

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

Audit noticed based on the combined registers produced by the DTOs that road tax amounting to ₹ 5.39 crore was due from 5442 vehicles¹⁰ covering various periods between April 1989 and December 2012. Out of which, DTO, Tura did not issue demand notices to any of the vehicle owners till date (August 2013) while DTOs,

⁹ On or before 15th of each of these four months.

¹⁰

Name of the DTO	No. of vehicles	Road tax (₹ in crore)
Shillong	4217	1.97
Tura	298	0.94
Jowai	484	2.04
Nongpoh	443	0.44
Total	5442	5.39

Shillong, Jowai and Nongpoh issued demand notices for ₹ 1.97 crore to only 760 out of 5,144 vehicle owners (15 per cent) between June 2011 and June 2012. However, 30 notices involving an amount of ₹ 10.32 lakh were returned back by the post offices as the addressees were untraceable and the notices issued to the remaining 730 vehicles for recovery of road tax of ₹ 1.87 crore did not evoke any response.

For non-payment of road tax, the DTOs neither suspended registration certificates of any vehicles, nor detained any defaulting vehicles or referred the cases to the Deputy Commissioners for recovery of road tax as arrears of land revenue. In a situation where the DTOs continued to fail to take adequate actions under the MV Act/AMVT Act, the recovery of arrear tax amounting to ₹ 5.39 crore appears to be remote thereby resulting in loss to the exchequer to that extent.

On this being pointed out (October 2012 to June 2013), the DTOs while accepting the audit observation (November 2012 to August 2013) agreed to take action by referring the cases to the Deputy Commissioner to recover the tax as arrears of land revenue. Further report was awaited (December 2013).

5.8 Loss of revenue – CT, Meghalaya

Loss of revenue of ₹ 35.64 lakh and resultant non-levy of penalty of ₹ 18.13 crore due to non-coverage of vehicles for emission testing.

In order to control air pollution due to emissions from vehicles, the State Government entrusted (February 1992) the responsibility for checking vehicular exhaust emission to the Transport Department.

As per Section 56 of the MV Act, 1988, it is mandatory for all vehicles to obtain a fitness certificate, which is to be renewed after two years, only after conducting certain tests including exhaust emission tests for obtaining a pollution control certificate. Further under Rule 116 (7) of the Central Motor Vehicle Rules, 1989 every vehicle shall carry a valid Pollution Under Control (PUC) certificate after expiry of one year from the date of first registration. The PUC certificate is valid for a period of six months. Section 190 (2) of the Act *ibid* provides that any person who drives in any public place, a motor vehicle without pollution control certificate which shall be punishable for the first offence with a fine of one thousand rupees and for any subsequent offence with a fine of two thousand rupees. Accordingly, for the purpose of checking and detecting the vehicles which are plying on the roads beyond the permissible limit of smoke emission, the Government of Meghalaya (GOM) formulated Rules to establish private Auto Emission Testing Stations (AETS). This was also to act as a preventive measure against the vehicles which were causing hazard to the public and polluting the environment. The Transport Department was to issue licences to these AETS for a

period of one year on payment of ₹ 5000 and on expiry, it was renewable¹¹ every year up to a period of five years on payment of ₹ 2500 per year. The AETS were required to issue test reports as well as PUC certificates¹² to the vehicles tested for smoke emission and carbon monoxide levels. For this purpose, the AETS realised testing fees¹³ varying from ₹ 15 to ₹ 70 per vehicle depending on the type of vehicle, out of which, Government dues varied from ₹ 5 to ₹ 20 per vehicle.

Between 2004-05 and 2009-10, the TD issued 17 licences in favour of private parties covering seven districts of the State for setting up of AETS. After expiry of these licences on different periods between April 2007 and March 2011 no further renewal was granted. As such, no AETS was operating in the State for auto emission testing for periods¹⁴ ranging between 25 months (Jaintia Hills District) to 72 months (West Garo Hills District).

Out of the 17 licencees¹⁵:

- Six did not apply for renewal.
- One licence was cancelled.
- Ten licencees applied for renewal but there was delay on the part of the CT in forwarding the same to TD, GOM for approval. Even the belatedly forwarded applications were pending with the TD due to non-receipt of No Objection Certificates from the District administration or non-review of performance of existing licences.

A new application was received (September 2010) for establishing an AETS at Williamnagar, West Garo Hills District and though it was found eligible (July 2012), licence was yet to be issued pending approval of the GOM (December 2013).

During the period from 2006-07 to 2011-12, the status of total number of vehicles registered under all the seven District Transport Officers (DTOs)¹⁶ *vis-à-vis* vehicles tested for emission is given below:

¹¹Submission of application one month prior to date of expiry of licence.

¹²For a period of six months.

¹³₹ 10 to ₹ 50 and ₹ 5 to ₹ 20 towards AETS commission and Government dues respectively.

¹⁴Ranging from 30 months to 31 months in case of four licencees in East Garo Hills District, 30 months to 50 months in case of three licencees in South Garo Hills District, 31 months to 72 months in case of two licencees in West Garo Hills District, 26 months to 28 months in case of four licencees in East Khasi Hills District, 26 months to 52 months in case of two licencees in West Khasi Hills District, 25 months in case of one licencee in Jaintia Hills District and 26 months in case of one licencee in Ri-Bhoi District.

¹⁵Details in **Annexure 5.3**.

¹⁶(1). East Khasi Hills, Shillong; (2). Jaintia Hills, Jowai; (3). Bi Bhoi District, Nongpoh; (4). West Khasi Hills, Nongstoin; (5). West Garo Hills, Tura; (6). East Garo Hills, Williamnagar; (7). South Garo Hills, Baghmara.

Table 5

Year	Total number of registered vehicles at the beginning of the year	Total number of vehicles tested during the year	Vehicles not tested	Percentage of vehicles tested
2006-07	22317	4738	17579	21.23
2007-08	21408	6646	14762	31.04
2008-09	25250	10019	15231	39.67
2009-10	28838	9110	19728	31.59
2010-11	36177	1178	34999	3.25
2011-12	47297	0	47297	0

It can be seen that during 2006-07 the percentage of vehicles tested for emission testing was 21.23 per cent while it was 3.25 per cent in 2010-11. In 2011-12 no vehicles were tested due to discontinuance of operation of AETS in the State. As a result of non-coverage of vehicles for emission testing, there was loss of revenue amounting to ₹ 35.64 lakh to the State Government as shown below besides failure to control air pollution due to emissions from vehicles.

Table 6

Year	Registered vehicles (no.)	Realisable Govt. dues per annum (₹)	Govt. dues paid by AETS (₹)	Shortfall in revenue (₹)
2006-07	22317	489387	63290	426097
2007-08	21408	474832	76805	398027
2008-09	25250	564750	113045	451705
2009-10	28838	665466	118424	547042
2010-11	36177	784330	16000	768330
2011-12	47297	973220	--	973220
Total	181287	3951985	387564	3564421

In addition, penalty of ₹ 14.97 crore was not levied on the vehicles plying without valid PUC certificates. There was also an additional loss of ₹ 0.81 lakh due to non-renewal of the licences¹⁷ of the AETS.

The case was reported to the TD, GOM in June 2013; reply was awaited (December 2013).

5.9 Non-levy of fine for non-renewal of permits-DTOs, Shillong, Tura, Jowai, Nongpoh and STA, Meghalaya

Fine amounting to ₹ 31.28 lakh was not levied against 1564 vehicles owners who had not renewed their permits after expiry of validity period.

Under Section 81 (1) and (2) of the MV Act, 1988, the validity of a commercial permit to passenger vehicles is for five years and may be renewed on an application made not less than 15 days before the date of expiry of the permit. Plying of vehicles without a valid permit attracts the provision of Section 192 A of

¹⁷ The annual fees for new registration is ₹ 5000 and for renewal is ₹ 2500 per annum.

the Act, under which a minimum penalty of ₹ 2,000 shall be levied. Further, as per Section 66 of the Act *ibid*, no owner of a 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 not.

It was noticed that 1564 vehicles¹⁸ did not renew their permits for various periods between August 2003 and December 2012. For non-renewal of permits after expiry of validity period, penalty of ₹ 31.28 lakh as stipulated in Section 192A was leviable but not levied. Thus, inaction on the part of DTOs and the STA led to non-realisation of penalty of ₹ 31.28 lakh.

On this being pointed out (October 2012 to June 2013), the DTOs while accepting the observations as correct (November 2012 to August 2013), stated that penal action would be taken against defaulters who had not renewed their permits. Further reply was awaited (August 2013). No reply was received from the STA, Meghalaya (December 2013).

5.10 Non-realisation of fine on excess load – CT, Meghalaya

Three TD check posts failed to detect overloading of 218752 MT of coal leading to non-realisation of fine of ₹ 21.88 crore.

Under Section 194 (1) of the MV Act, 1988 any transport vehicle carrying load in excess of the permissible limit is punishable with a minimum fine of ₹ 2,000 plus an additional fine of ₹ 1,000 per MT of excess load together with the liability to pay charge for off-loading the excess load. In pursuance of the Supreme Court order dated 9 November 2005, the Government of Meghalaya belatedly issued a notification in July 2011 prohibiting the entry and plying of vehicles carrying coal within the state on the national and the state highways beyond 9 MT. It was the primary responsibility of the TD check posts to detect and penalize vehicles carrying coal in excess of permissible limit of 9 MT.

Information obtained from the Mining & Geology Department's check posts at Mookyndur (Jaintia Hills district), Athiabari (West Khasi Hills district) and Umling (Ri Bhoi district) revealed that 3,15,920 trucks carrying a total of 30,62,032 MT of coal passed through these check posts for the period between April 2012 and March 2013 out of which 2,18,752 MT¹⁹ of coal was carried in excess of the permissible limit. Though the TD had check posts in all the above

¹⁸ DTO, Shillong: 526 vehicles; DTO, Tura: 180 vehicles; DTO, Jowai: 203 vehicles, DTO, Nongpoh: 436 vehicles and STA, Meghalaya: 219 vehicles

¹⁹ Total load: 3062032 MT

Permissible load: 2843280 MT (@ 9 MT per truck)

Excess load: 218752 MT

locations, it failed to detect the overloading as a result of which, fine amounting to ₹ 21.88 crore²⁰ could not be realised.

Since the Government notification of July 2011 read with the Supreme Court order of November 2005 unambiguously prohibits entry and plying of vehicles carrying coal in excess of 9 MT per truck, the failure of the TD check posts to detect overloading is a clear dereliction of duty for which responsibility against the concerned officials of the check posts must be fixed as it not only resulted in plying of overloaded vehicles but also caused a loss to the State exchequer.

The case was reported to the TD, GOM in June 2012; reply was awaited (December 2013).

²⁰ Since the actual number of trucks carrying excess coal is not available, fine at ₹ 2000 per truck has not been calculated. Only the additional fine at ₹ 1000 per MT of excess load has been taken into account