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CHAPTER - IV
MOTOR VEHICLE TAXES



CHAPTER – IV: Motor Vehicle Taxes

4.1 Administration

The Transport Department is responsible for collection of taxes, fees and fines on motor vehicles in Assam. Motor vehicles tax is realised primarily from all vehicles registered in the State. Tax is realised once for 15 years in the case of private vehicles while for commercial vehicles, it is realised each year, at the option of the vehicle owner to pay it every quarter, half yearly or annually. Besides, composite fee *in lieu* of motor vehicles tax is also collected from commercial vehicles bearing national permit/tourist permit of other States willing to ply in the State. Further, there is provision for levy and collection of fines for various offences which are imposed under the respective Acts and Rules. Motor vehicle tax so collected is deposited in the Government exchequer under the major head of account-0041.

4.2 Working of internal audit wing

Internal audit, a vital component of the internal control mechanism, functions as eyes and ears of the Department and is a vital tool which enables the management to assure itself that prescribed systems are functioning reasonably well.

The Department stated that the Finance Department has not put in place any separate internal audit system for the Transport Department. Had there been an effective internal audit system in the Department, the deficiencies could have been rectified through internal evaluation and the system would be functioning better.

Recommendation 1: As the Finance Department has not arranged for internal audit of the motor vehicle tax units till now, the Department may, in coordination with Finance Department, arrange to conduct internal audit of its records/accounts through the Director of Local Audit regularly.

4.3 Results of audit

Test check of records in 12 unit offices of the Transport Department during 2014-15 revealed non/short levy and realisation of fine/motor vehicles taxes amounting to ₹ 1,408.81 crore in 46 cases. Besides, an Audit on the theme 'Collection of

Revenue from out-sourced activities in Transport Department' was also conducted during the year involving revenue implication of ₹ 11.17 crore. These are mentioned in **Table – 4.1**.

Table 4.1
Results of Audit

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Collection of Revenue from out-sourced activities in Transport Department	01	11.17
2.	Non-realisation of road tax and fine	13	438.27
3.	Non-reassignment of new registration number	06	160.65
4.	Non-realisation of fees for fancy number	02	0.23
5.	Non-settlement of offence cases	04	--
6.	Other irregularities	21	809.66
Total		47	1,419.98

During the course of the year 2014-15, the Department accepted 45 cases involving revenue of ₹ 590.32 crore and recovered ₹ 0.45 crore in three cases during the year 2014-15.

An Audit on the theme '**Collection of Revenue from out-sourced activities in Transport Department**' involving revenue implication of ₹ 11.17 crore is discussed in the following paragraphs.

4.4 Collection of Revenue from out-sourced activities in Transport Department

Highlights

90 out of 160 auto emission testing stations defaulted in renewal of licences. Verification by Audit revealed that 17 of the 90 defaulting stations were actually operating and issuing Pollution Under Control (PUC) certificates.

(Paragraph 4.4.6)

Failure of the Department to ensure issuance of PUC certificates to all the vehicles against which PUC certificates were due resulted in non-realisation of revenue of ₹ 9.89 crore. Besides, these vehicles continued to ply on public roads without valid PUC certificates.

(Paragraph 4.4.7)

Though the PUC testing fees were revised upwardly by percentage ranging from 120 to 750 *per cent*, the Government continued to get its share at old rates. Loss of revenue at minimum percentage of hike amounted to ₹ 72.16 lakh.

(Paragraph 4.4.8)

There were instances of issue of PUC certificates without physical presence of the vehicles.

(Paragraph 4.4.9)

61,099 out of 5.40 lakh vehicles registered post-implementation of the High Security Registration Plate (HSRP) scheme were not fitted with HSRP though it was mandatory to use these security plates.

(Paragraph 4.4.13)

4.4.1 Introduction

The functioning of the Transport Department is governed by the provisions of the Motor Vehicles Act, 1988 and Central Motor Vehicles Rules 1989, the Assam Motor Vehicles Taxation Act, 1936 and Rules, 2003 and various administrative orders issued from time to time. The Assam Motor Vehicle Taxation Act was amended in May 2011. In addition to realisation of motor vehicle taxes, fees and fines, revenue is also generated from ‘auto emission testing’ to issue PUC certificates and issuance of ‘High Security Registration Plates’ which are out-sourced to private agencies. Motor vehicle tax, fees, fines and other revenues so collected by the Transport Department are deposited in the Government exchequer under the Major Head of Account-0041. The Commissioner of Transport is the

head of the Department and is assisted by one Joint Commissioner (who is also the ex-officio Secretary, State Transport Authority), one Deputy Commissioner and one Assistant Commissioner of Transport. There are 29 district level offices¹ in the 27 districts which are headed by District Transport Officers (DTO) who are assisted by Motor Vehicles Inspectors and other officials in discharging their day to day functions. They are empowered to implement taxation laws and rules.

In order to examine the efficacy and effectiveness of the ‘out-sourced activities’ in the Transport Department and revenue generated therefrom, an audit on the theme ‘Revenue generated from out-sourced activities in Transport Department’ was conducted which revealed a number of deficiencies as discussed in the succeeding paragraphs.

4.4.2 Scope and methodology of Audit

The records pertaining to period 2010-11 to 2014-15 maintained in the offices of Commissioner of Transport, Assam; five² out of 27 Districts {selected on the basis of numbers of Auto Emission Testing Stations (AETS)} including selective AETS under these DTOs and M/s Agros Impex (I) Pvt Ltd (authorised for affixing High Security Registration Plates in the state of Assam by the Transport Department) was test checked during April to May 2015.

4.4.3 Trend of revenue (outsourced activities)

The year wise revenue collected under out-sourced activities during the years 2010-11 to 2014-15 were as follows:

Table 4.2

(₹ in lakh)

Year	Auto Emission testing (issue of PUC)		High Security Registration Plates	
	Target	Revenue collection	Target	Revenue collection
2010-11	NA	6.99	NA	Issue of HSRP commenced from 2012-13
2011-12		14.35		
2012-13		17.61		
2013-14		10.46		
2014-15		10.72		
Total		60.13		8.23

Thus, revenue under emission testing registered an increasing trend upto 2012-13 when it reached ₹ 17.61 lakh but decreased to ₹ 10.46 lakh and ₹ 10.72 lakh during subsequent years. Revenue from HSRP had been showing an increasing trend.

¹ 27 Districts of which DTO, Kamrup has three Offices.

² Dibrugarh, Goalpara, Kamrup, Sibsagar and Tinsukia.

Against an audit query on the control mechanism being exercised on the AETS, the Department stated that information on collection of fees for issue of PUC certificates by the AETS are maintained by the respective DTOs. The reply coupled with the fact that the Department did not fix any targets was indicative of weak internal controls. This also pointed towards deficient management information system (MIS) mechanism as the Apex Office was not collecting the information on function of AETS from the DTOs regularly.

Recommendation 2: The Department may fix revenue targets on the DTOs in respect of the out-sourced activities and put in place a robust MIS mechanism for monitoring the revenue earning activities of the field functionaries.

Audit findings

4.4.4 Auto emission testing to issue PUC certificates

Issue of licenses to the private parties for operating AETS (for both petrol & diesel driven vehicles) were undertaken by the Government from the year 2001 as a means for employment generation to the educated unemployed youth. As per the system, once an application is received for AETS³, the Commissioner of Transport, Assam would forward the application to the concerned district seeking enquiry/verification/report from the respective Superintendents of Police and DTOs regarding feasibility of setting up the AETS. Upon satisfactory completion of the process, licence for operating AETS is granted by the Commissioner.



Mobile AETS

The year-wise position of AETS during 2010-11 to 2014-15 *vis-a-vis* the vehicle population during those years are mentioned below:

**Table 4.3
No. of Pollution Centres**

Year	Number of AETS at the beginning of the year	Registration during the year	AETS at the end of the year
2010-11	108	7	115
2011-12	115	8	123
2012-13	123	17	140
2113-14	140	12	152
2014-15	152	8	160

³ With all particulars and documents *i.e.* availability of land, no objection certificate from local *Panchayat/Municipality*, bank pass book for annual turnover, address proof etc.

Table 4.4
Motor Vehicle statistics of Assam

Sl. No.	Vehicle class	Registered Upto 2010-11	Vehicles registered during				Total
			2011-12	2012-13	2013-14	2014-15	
1	Moped/2 Wheeler	7,73,595	1,42,330	1,45,010	1,67,602	1,89,102	14,17,639
2	Three Wheeler	46,766	8,179	7,897	8,209	10,012	81,063
3	Motor Car	2,34,682	42,312	41,653	42,606	44,798	4,06,051
4	All Diesel Vehicle	1,88,019	33,189	32,807	31,147	21,420	3,06,582
Grand Total		12,43,062	2,26,010	2,27,367	2,49,564	2,65,332	22,11,335

Table 4.5
Motor Vehicles per AETS

Year	Total vehicles	No. of AETS	Vehicles per AETS
2010-11	12,43,062	115	10,809
2011-12	14,69,072	123	11,944
2012-13	16,96,439	140	12,117
2013-14	19,46,003	152	12,802
2014-15	22,11,335	160	13,821

Thus, while the total vehicle population in the State over the five year period registered an increase of 78 *per cent*, the increase in the number of AETS was only 39 *per cent*. Secondly, due to the mis-match between the growth in registration of vehicles *vis-à-vis* availability of AETS during 2010-11 to 2014-15, the vehicle per AETS also showed an increasing trend. From 0.11 lakh vehicles per AETS in 2010-11 the figure went up to 0.14 lakh vehicles per AETS during 2014-15. Against an audit query regarding the number of AETS required, the Department replied that there was no study conducted on the actual requirement of AETS before implementation of the scheme. The above analysis and Department's reply would point towards the need for revamping the number of the AETS operating on the ground either by renewing the licenses of the defunct AETS on recovery of dues or by setting up new AETS following the prescribed procedures.

4.4.5 Status of Vehicle registration and AETS in selected Districts

The yearly registration of vehicles and status of AETS during the five year period ending 31 March 2015 in the selected districts were as mentioned in the following Tables.

Table 4.6

Table showing revenue generated through AETS

Name of District	Yearly registration of vehicles (in lakh) Revenue generated by the AETS annually (₹ in lakh)														
	2010-11			2011-12			2012-13			2013-14			2014-15		
	VP	No of AETS	AETS Rev	VP	No of AETS	AETS Rev	VP	No of AETS	AETS Rev	VP	No of AETS	AETS Rev	VP	No of AETS	AETS Rev
Dibrugarh	0.11	13	2.20	0.14	13	2.40	0.13	13	2.57	0.13	13	2.54	0.15	13	2.26
Goalpara	0.03	2	0.27	0.47	2	0.33	0.03	2	0.22	0.06	2	0.35	0.04	2	0.35
Kamrup(M)	0.57	11	0.12	0.64	11	0.11	0.59	11	0.11	0.67	11	0.11	0.67	11	0.23
Sibsagar	0.09	7	0.73	0.09	7	1.75	0.11	7	1.90	0.13	7	1.96	0.14	7	1.58
Tinsukia	0.11	8	2.78	0.15	8	2.92	0.13	8	3.02	0.14	8	3.11	0.15	8	3.11

- VP – vehicle population. AETS Rev – Revenue remitted by AETS.
- (VP – in lakh. No of AETS – in numbers. AETS Rev – ₹ in lakh).

Table 4.7

Table showing status of AETS as on March 2015

District	Vehicle population	No of AETS	No of inactive AETS	No of active AETS	Vehicle per active AETS
Dibrugarh	0.66	18	5	13	5,077
Goalpara	0.63	14	12	2	31,500
Kamrup(M)	3.14	43	32	11	28,545
Sibsagar	0.56	8	1	7	8,000
Tinsukia	0.68	10	2	8	8,500
Total	5.67	93	52	41	81,622

- (Vehicle population – in lakh. No of AETS – in numbers. Vehicle per active AETS – in numbers).

From the above, the following is observed:

(i) 14 to 86 per cent (overall 57 per cent) AETS were inactive in the selected districts.

(ii) Vehicles per AETS in the selected districts as of March 2015 showed a wide variation ranging between 5,000 and more than 30,000. Besides, vehicles per AETS in the selected districts during 2010-11 to 2014-15 registered increasing trend⁴ over the years except for Goalpara which showed uneven trend as it went up to 23,500 vehicles per AETS in 2011-12 from the level of 1,500 in 2010-11 and again came down to 2,000 vehicles in 2014-15 after touching levels of 1,500 and 3,000 during 2012-13 and 2013-14 respectively.

(iii) Further, an analysis of the revenue contributed by the selected districts would reveal that though Kamrup (M) registered maximum number of vehicles yearly, it has been the lowest revenue contributor from issue of PUC certificates; whereas, Tinsukia, Dibrugarh and Sibsaagar performed consistently and contributed major revenues to the State exchequer. The low revenue generated in Kamrup (M) when seen against the fact that it is the capital district and registered maximum vehicles not only reflected poor performance of the AETS/DTO but also highlighted the risk that a large number of vehicles in the capital district might be plying without valid

⁴ Dibrugarh – 846 to 1,154; Goalpara – 1500 to 3000; Kamrup – 5,181 to 6,091, Sibsaagar – 1,286 to 2,000 and Tinsukia – 1,375 to 1,875.

PUC. There was a need for more effective check by the enforcement wing to detect the erring vehicles plying without PUC, especially in Kamrup (M). As the information relating to AETS was mainly confined with the DTOs and not percolated up through MIS, the senior management remained unaware about such wide variation and increasing trend in vehicles per AETS in the State.

Recommendation 3: The Department needs to monitor the growth in registration of vehicles vis-a-vis availability of AETS and if needed, consider renewing the inactive AETS/setting up of new AETS accordingly.

4.4.6 AETS licence renewal fees not realised

Licences of the AETS can be renewed each year on application by the AETS submitted one month prior to expiry of the licence along with proof of payment of renewal fee for each category of vehicle in the form of Bank Draft. The Government of Assam, Department of Transport *vide* notification dated 17 August 2001 modified the licence fees for AETS with effect from 1 September 2001 as under:-

(i)	Initial licence fees for petrol vehicles	₹ 10,000
(ii)	Initial licence fees for Diesel Vehicles	₹ 10,000
(iii)	Initial fees for Gas Analyser	₹ 10,000
(iv)	Subsequent renewal fees for each categories Vehicles (Diesel/Petrol)	₹ 5,000 per year.
(v)	Subsequent renewal fees for Gas Analyser	₹ 5,000 per year.

In case of delay in renewal, the AETS are liable to a fine of ₹ 25 per week subject to a maximum of ₹ 400.

The Commissioner of Transport, Assam at different points of time issued guidelines/ instructions regarding proper maintenance of records in respect of statistics and deposit of fees in regard to all categories of vehicles furnished by AETS. Moreover, during the course of renewal all the particulars relating to issuance of PUC certificates and depositing and maintaining of records of all vehicles in accordance with information furnished by the AETS are to be taken into consideration. DTOs are entrusted with the task of monitoring and maintaining all records as well as existence of proper functioning indicating category wise vehicles and collection of fees thereof.

Test check of Emission Testing Licence Register maintained by the Commissioner of Transport, Assam revealed that 90 out of 160 AETS across the State did not pay the renewal licence fees. An amount of ₹ 56.24 lakh pertaining to the period falling between May 2003 and March 2015 was realisable from these 90 AETS. Audit had carried out a detailed verification of the defaulting AETS in the selected districts which revealed that though 17 (19 *per cent*) out of 90 defaulting AETS did not pay the renewal fees for different periods post- September 2004, these AETS were actually operating, submitting returns on tests conducted and remitting revenue to

the respective DTOs. This revealed lack of control mechanism in these DTOs to verify the validity of the licences of the AETS while receiving the returns. Such a system could have alerted the DTOs regarding non-payment of licence fees. Besides, on the basis of audit findings in the selected districts, operation of the other 73 AETS without payment of licence fees could not be ruled out.

Recommendation 4: The Department may recover the arrears of licence fees from the defaulting AETS. Further, the Department may install a mechanism for reviewing the validity of the licences of the AETS by the DTOs at the time of receipt of returns.

4.4.7 Short realisation of emission testing fees

Rule 115(7) of the Central Motor Vehicle Rules, 1989 and Department's notification dated 17 August 2001 requires that every motor vehicle on expiry of one year from the date of initial Registration should obtain a PUC certificate every six months. The emission fees collected by the AETS and Government revenue to be paid against different class of vehicles are mentioned in the following table.

Table 4.8

Sl No	Nature of Vehicle	Emission fees	Govt. dues
		(In ₹)	
1.	Moped	10	5
2.	Three wheeler	25	10
3.	Motor Car	30	10
4.	All Diesel Vehicles except Motor Car	50	15
5.	Two wheeler	15	5

The vehicle owner who defaults in obtaining a PUC certificate in time will have to obtain a clearance from the concerned DTO prior to renewing their PUC.

Upon clearance, the vehicle owner is liable to pay penalty⁵ in addition to the fees as prescribed. If any AETS issues PUC certificate without the prior approval of the concerned DTO, the license of that station is liable to be suspended.

Test check of records revealed that during the year 2010-11 to 2014-15, an amount of ₹ 10.49 crore was due⁶ as revenue on PUC certificates on vehicles registered against which the Department recovered only ₹ 60.13 lakh as emission testing dues. Besides short realisation of revenue of ₹ 9.89 crore was also indicative of plying of a large number of vehicles on public roads without a valid PUC certificate. It was observed that the Department had not taken up awareness campaigns on the need of obtaining PUC certificates after one year of registration. This was important as all new vehicles are fitted with a sticker 'Non-polluting vehicle' while the need to obtain PUC certificates after one year is mentioned nowhere.

⁵ At ₹ 1,000 for the first offence and ₹ 2,000 for every subsequent offence of violation as provided under Section 190 (2) of the Motor Vehicles Act, 1988.

⁶ Calculated allowing a grace period of one year after expiry of the year of registration of vehicles.

Verification also revealed that the Department was not maintaining a database of vehicles obtaining PUC certificates though the AETS were submitting the details along with the returns. Preparation of such a database, State-wise, and mapping the same with the vehicle registration system ‘Vahan’⁷ would have enabled the Department to ensure issue of PUC and identify the defaulting vehicles and issue notices to the owners of the vehicles.

Further, from the record notes of the DTOs conference held in September 2014, it was observed that none of the DTOs possessed remote sensing device⁸ for pollution control in absence of which real time detection of vehicles plying without PUC certificate was not possible. However, in order to use the remote sensing device effectively, preparation and updation of the database of vehicles obtaining PUC certificates as discussed in the preceding paragraph was a pre-requisite.

Recommendation 5: The Department may initiate steps for maintenance of a State-wise database of issuance of PUC certificates and map the same with the ‘Vahan’ software for monitoring the issue of PUC and defaulting vehicles plying without PUC certificate.

4.4.8 Revision of emission testing fees without revising Government revenue

The pattern of emission testing fees and Government revenue is discussed in the preceding paragraph. During test check of records in the selected districts, it was observed that the AETS were recovering fees at higher rates with effect from April 2010 as shown in the table below.

Sl No.	Nature of Vehicle	Emission fees w.e.f Sept/2001 to Mar/2010	Emission fees w.e.f April/2010	Percentage increase
		(In ₹)		
1.	Moped	10	85	750
2.	Three wheeler	25	85	240
3.	Motor Car	30	110	267
4.	All Diesel Vehicles except Motor Car	50	110	120
5.	Two wheeler	15	85	467

Thus, the fees were enhanced between 120 and 750 per cent. It was further noticed that though the revised structure of fees had been implemented way back in April 2010 by the AETS, the Department continued to receive Government share at

the old rates. On this being pointed out, the Department stated that the AETS had enhanced the fees on their own and there was no Government notification on the same. The Department also did not initiate any action to revise the Government

⁷ Computerised vehicle registration system.

⁸ A device which would scan the HSRP and ascertain validity of the PUC certificate.

share commensurate to the revision in the emission testing fees. **This reveals a serious lapse on the part of the Department to monitor the functioning of the AETS and also points towards extending undue financial benefits to the AETS operators whereby they were unauthorisedly allowed to realise fees at enhanced rates not fixed by the Government. Failure of the Department to initiate timely action not only deprived the Government of additional revenue of ₹ 72.16 lakh⁹ but also unfairly burdened the State consumers besides extending undue financial benefit to the AETS to that extent.**

Recommendation 6: The Department may initiate immediate action to investigate how the AETS revised the fees on their own and also revise the Government share of the emission testing fees proportionately to avoid further loss to the State exchequer.

4.4.9 Issue of PUC certificates without physical appearance of the vehicle

Emission tests could be conducted by the AETS only after a vehicle is physically presented before the AETS.

During test check of records of DTO, Kamrup (M) it was observed that in two cases though the vehicles were seized by the Enforcement Wing for non-production of documents, PUC certificates were subsequently issued by two AETS (Ganesh Mandir, Narengi and Anupama AETS, Lakhra) on the same day which were produced by the vehicle owners to the Enforcement Wing. Against the show-cause notice by the Enforcement Wing, one of the AETS replied that the certificate was issued on verbal request of the vehicle owner.

The above observation shows that it is entirely possible for PUC certificates to be obtained without the vehicles to be checked at the AETS. This laxity needs to be controlled.

4.4.9.1 Physical verification not conducted by the Transport authorities

The AETS functions under the direct control and monitoring of the concerned DTOs. Audit observed that -

- The DTOs conduct physical verification of the AETS only at the time of commissioning and there was no system of periodic physical verification of the equipments of the AETS.

This denied the Department of having a check on the efficacy of the testing equipments and consequently there was no assurance that the PUC certificates issued by the AETS conformed to the prescribed standards.

⁹ Based on the minimum percentage of increase in emission testing fees *i.e.* 120 per cent multiplied by ₹ 60.13 lakh being the revenue for 2010-11 to 2014-15.

- There is no system of periodic verification of the renewal of licenses and proper collection of fees by the AETS.
- The DTOs or any other authority did not conduct any supervisory checks of samples of vehicles already checked by AETS for assessing the quality of checks.

A system of periodic physical verification would have enabled the DTOs to detect the AETS issuing PUC certificates without payment of fees and renewal of their licences.

Recommendation 7: The Department may consider prescribing a system of periodic physical verification of AETS by the DTOs and frame detailed guidelines on points to be seen during such verification.

4.4.10 High Security Registration Plates

High Security Registration Plates (HSRP) is a scheme whereby a motor vehicle is affixed registration number plates in such a manner to prevent removal or alteration of number plates and also prevent the practices of tampering. The Government of India had framed the HSRP Schemes by amending Rule 50 of the Central Motor Vehicle Rules, 1989. The samples for the State of Assam are depicted through the diagrams below.



Samples of HSRP as displayed in the Office of the Commissioner of Transport, Assam

Objectives of implementation of HSRP Scheme were (i) standardization in display of vehicular registration numbers, (ii) securing the identification and registration of vehicles, (iii) creation of central repository of nationwide vehicle population; (iv) setting up a national real-time information system; (v) Registration plates issuance control by department under single window; and (vi) to check the rising instances of theft of motor vehicles and possible use of such stolen motor vehicles in criminal/terrorist activities.

The advantages for HSRP implementation as envisaged were *inter-alia* to (i) regulate the used car market as these happens to be the easiest source of vehicles for the terrorists/anti-national activists; (ii) provide quick details of the vehicles to law enforcement agencies during raids, at check posts, at State borders; (iii) increase

in revenue of the State; (iv) phase out old and polluting vehicles with the aid of database so developed; and (v) prevent leakage of revenue.

The process of implementation of HSRP scheme was launched in DTO, Kamrup (Registration and Licensing) from June 2012 executed through the vendor {M/s Agros Impex (I) Pvt Ltd selected through tendering} and gradually extended to other districts except three districts¹⁰ of Assam as of March 2015. As per the agreement, the State Government would get one *per cent* royalty and 12.5 *per cent* Value Added Tax while 14 *per cent* Service Tax plus Central Excise would go to the Government of India. The basic price of the HSRP¹¹ is as per the tender excluding all taxes which are charged from the customers. The Contract Agreement period is for 15 years. The company is responsible for affixing the HSRP on the vehicles in accordance with Rule 50 of the Central Motor Vehicles Rules.

Audit findings

4.4.11 Deficiencies in implementation

Audit scrutiny of the implementation of HSRP scheme revealed the following:

- Though the scheme clearly stipulates affixture of HSRP on all old vehicles within a timeline of two years from the date of implementation, no target was fixed by the State Government.
- The Department had not issued any order making it mandatory to affix HSRP on commercial vehicles as well as old vehicles (registered prior to commencement of project). This was despite the fact that the vendor, from time to time, had requested the Department to issue orders for implementation of the same.
- As per the tender conditions, a price revision (as per the formula given in the agreement) had to occur every three year. Though price increment was due since January 2015 and an application for the same had been moved by the vendor prior to that; however till date of Audit, no action had been taken on the issue by the Department. Consequently, the State Government continued to lose revenue in the shape of royalty and Value Added Tax.

¹⁰ Baksa, Karbi Anglong and Kokrajhar.

¹¹ Ranging between ₹ 105 to ₹ 295 plus ₹ 300 for fixation of the HSRP on the vehicles.

4.4.12 Foregoing of revenue due to HSRP not being implemented on all vehicles

As per the Supreme Court verdict and orders of the Ministry of Road Transport and Highways, affixture of HSRP has to be ensured on all newly registered vehicles as well as all old vehicles in phased manner within two years from the date of implementation.

Audit observed that against the total vehicle population of 22.11 lakh in the State as of March 2015, the vendor had affixed HSRP in only 4.84 lakh vehicles which was barely 22 per cent. Thus, about 78 per cent vehicles were yet to be affixed with HSRP after the lapse of almost three years since commencement of HSRP scheme in the State. Further, the figure of 4.84 lakh vehicles on which HSRP was fitted when seen against the figure of 4.79 lakh vehicles (as mentioned in the table of succeeding paragraph) which were registered during 2012-13 to 2014-15 would indicate that only about 0.05 lakh old vehicle owners had come forward for fixing HSRP in their vehicles, which was negligible when compared to the total vehicles registered in the State. This not only resulted in non-compliance of the Apex Courts'/Ministry of Road Transport and Highways targets but also deprived the State Government of revenue which could not be quantified.

Recommendation 8: The Department may ensure affixture of HSRP on all the vehicles in a phased manner by fixing targets on the vendor and through public awareness. They may also pursue the price revision for implementation at the earliest so as to avoid further loss of revenue.

4.4.13 HSRP not affixed on new vehicles registered in the State

As per notification of Ministry of Road Transport and Highways, GoI dated 22 August 2001, the vehicle population details are required to be provided by the Transport Department to the vendor implementing the HSRP scheme in accordance to the contractual obligations.

Audit scrutiny of the system revealed that the Department had not made it mandatory for the vehicle owners to pay for the HSRP and issue the same by the vendor before the registration certificate was issued. Instead the

vehicle owners were issued with the registration certificate and it was left to the discretion of the vehicle owners whether to apply for the HSRP or proceed with the registration certificate and fix number plates from the open market (non-HSRP). This deficiency in the system had led to non-affixture of HSRP even on 61,099 new

Table 4.10

Year	Total fitment to be done	Fitment done	Fitment pending
2012-13	90,675	71,133	19,542
2013-14	2,18,644	2,07,808	10,836
2014-15	2,30,301	1,99,580	30,721
Total	5,39,620	4,78,521	61,099

vehicles which were registered post-implementation of the HSRP scheme in the State.

4.4.14 Manpower management

Table 4.11

Post	Sanctioned strength	Men in position	Vacancy	Per cent of vacancy
DTO	33	21	12	36
Enforcement Inspector	88	74	14	16
Assistant Enforcement Inspector	189	113	76	40
Enforcement Constable	146	89	57	39

Analysis of the sanctioned strength and men-in-position as on 31 March 2015 revealed that against the sanctioned strength of 33 DTOs, 88 Enforcement Inspectors, 189 Assistant Enforcement Inspectors and 146 Enforcement Constables, there were 21, 74, 113 and 89 of them in

place respectively. Thus, there was vacancy of 159 staff members – percentage of vacancy ranging between 16 and 40 *per cent*. Due to the vacancy hampering of enforcement functions and non-monitoring of the activities of the AETS cannot be ruled out. Besides, the Department was yet to prescribe the checks and balances on the AETS by the DTOs. In such case, the vacancy would have more bearing as the additional workload would have to be distributed among the men-in-position.

4.4.15 Conclusion

The Transport Department had out-sourced two of its activities namely issue of PUC certificates and affixture of HSRP on the vehicles to the private parties. Audit scrutiny of the out-sourced activities revealed a number of deficiencies.

The revenue earned from issue of PUC by the AETS decreased post-2012-13. Against the growth of vehicles in the State registering an increase of 78 *per cent* during 2014-15 over 2010-11, the growth in number of AETS was at 39 *per cent* which was largely responsible for increase in vehicle per AETS. This led to increase in vehicle per AETS over the years. 90 of the 160 AETS licensed by the Department defaulted in payment of renewal fees; yet, verification by Audit revealed that 17 out of the 90 AETS continued to operate and issue PUC certificates. Against revenue of ₹ 10.49 crore to be recovered as Government share of PUC certificates an amount of ₹ 60.13 lakh only could be recovered. This led to short realisation of ₹ 9.89 crore and possible plying of large number of vehicles without PUC certificate. In absence of a monitoring mechanism/MIS and as the management of AETS is left at the discretion of the DTOs, the Department at the apex level did nothing to improve the above deficiencies. The testing fees were upwardly revised at rates ranging between 120 to 750 *per cent* from April 2010, yet the government share remained static at rates applicable prior to April 2010 which resulted in loss of revenue and extension of undue financial benefit to the AETS

licensees. Instances of issue of PUC certificates without physical appearance of the vehicles were noticed.

The implementation of HSRP scheme started off with deficiencies as the Department was yet to initiate action for bringing all vehicles, new and old under the ambit of HSRP. From 2012-13 (commencement of the HSRP scheme in Assam), only 4.84 lakh vehicles had been covered against the total vehicular population of 22.11 lakh. Further, of the 4.84 lakh vehicles which were fitted with HSRP, 4.79 lakh vehicles were registered post 2012-13. The Department failed to ensure affixture of HSRP on all newly registered vehicles post-2012-13.

4.4.16 Summary of recommendations

The Department may consider implementing the recommendations with special emphasis on the following.

- *Revenue targets may be fixed on the DTOs and MIS to be strengthened for effective monitoring of the field functioning.*
- *Introduce a State-wise database of issue of PUC and map the same with 'VAHAN' software for monitoring the issue of PUC and defaulting vehicles.*
- *Investigate the revision of fees by the AETS and revise the Government share on the revised testing fees.*
- *Prescribe a system of periodic physical verification of AETS by the DTOs with detailed guidelines on actionable points during such checks.*
- *Ensure affixture of HSRP on all vehicles in a phased manner.*