

Chapter-II

(Taxes on Motor Vehicles)

CHAPTER II: TAXES ON VEHICLES

2.1 Tax administration

The levy and collection of taxes on vehicles in the State is governed by the provisions of Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989, Bihar Motor Vehicle Taxation (BMVT) Act, 1994 and BMVT Rules, 1994. It is administered by the Principal Secretary, Transport Department at the Government level and by the State Transport Commissioner (STC) at the apex level of the Department. In performance of his duties, the STC is assisted by two Joint State Transport Commissioners at the headquarters. The State is divided into nine Regional Transport Authorities¹ (RTAs) and 38 District Transport Offices. They are assisted by the Motor Vehicle Inspectors (MVIs) in discharging their duties. The main function of the RTAs is to issue road permits to the vehicles and the responsibility of registration of motor vehicles, levy and collection of fees and taxes and grant of driving licences are assigned to the District Transport Officers (DTOs) in the State.

2.2 Internal Audit

The Internal Audit wing of any department is a special vehicle of the internal control mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

There is an internal audit wing called Finance (Audit), which works under the Finance Department and internal audit of the different offices of the Government is conducted on the basis of requisitions received from the Administrative Department. The Chief Controller of Accounts can also select units for internal audit on availability of audit team.

We are yet to receive the information regarding requisitions received from the Administrative Department and number of units selected for internal audit by the Finance Department (October 2016).

2.3 Results of audit

There are 49 auditable units under Transport Department, of which 35 were planned for audit during 2015-16 and we have conducted audit of 33 units (DTOs: 29, RTAs: 2, STC: 1 and PSU: 1) during the year. We found short realisation, loss of revenue and other irregularities involving ₹ 94.57 crore in 299 cases which fall under the following categories as detailed in **Table-2.1**.

¹ Bhagalpur, Darbhanga, Gaya, Katihar, Madhubani, Muzaffarpur, Patna, Purnea and Vaishali.

Table-2.1

Results of audit

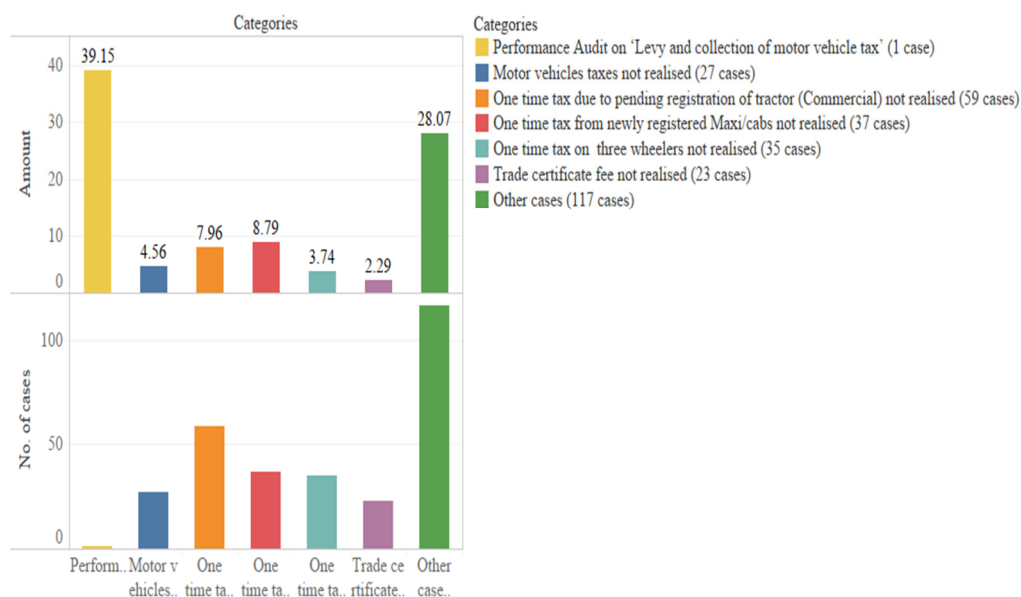
Sl. No.	Categories	(₹ in crore)	
		No. of cases	Amount
1.	Performance Audit of 'Levy and collection of motor vehicle tax'	1	39.15
2.	One time tax from newly registered Maxi/cabs not realised	37	8.79
3.	One time tax due to pending registration of tractor (Commercial) not realised	59	7.96
4.	Motor vehicles taxes not realised	27	4.56
5.	One time tax on three wheelers not realised	35	3.74
6.	Trade certificate fee not realised	23	2.29
7.	Other cases	117	28.08
	Total	298	55.42
	Grand Total	299	94.57

The results of Audit in respect of our audit findings on taxes on motor vehicles during 2015-16 is depicted in the following **Chart-2.1**:

Chart-2.1

Results of audit (₹ 94.57 crore)

(₹ in crore)



Out of the cases mentioned above, the Department accepted short levy, short realisation and other deficiencies of ₹ 7.22 crore in 11 cases, of which four cases involving ₹ 7.07 crore were pointed out during the course of the year and the rest in earlier years.

Audit findings of the Performance audit of 'Levy and collection of motor vehicle tax' and a few other illustrative audit observations involving ₹ 48.57 crore are mentioned in the succeeding paragraphs.

2.4 Performance Audit of 'Levy and Collection of Motor Vehicle Tax'

Highlights

More than 80 *per cent* of people living in urban areas are exposed to air quality levels that exceed the limits specified by World Health Organisation (WHO). A survey conducted by WHO based on Central Pollution Control Board (CPCB) reports found that Patna is the sixth most polluted city in the world with an annual averaged ultrafine particle level of 2.5 or less microns at 149 (year 2013) and level of particles of 10 and above microns at 167 (year 2012). The Indira Gandhi Science Centre Planetarium, Patna under CPCB declared (16 December 2016) the air quality of the City as 'Most Unhealthy' with Respirable Suspended Particulate Matter (RSPM) at 280 against a permissible limit of 60 microgram per cubic metre ($\mu\text{g}/\text{m}^3$). Guidelines for Ambient Air Quality Monitoring issued by CPCB states that one of the main sources of RSPM is vehicular emission. Audit observed that Patna witnessed a steep increase in number of vehicles from 2.34 lakh as on 1 April 2011 to 6.74 lakh as on 31 March 2016. This made it clear that the exponential increase in number of vehicles in Patna played an important role in the rise in pollution level in the City.

(Paragraph: 2.4.9.1)

Though the vehicular pollution levels in the City has increased as per data maintained by CPCB, scrutiny of records in STC, Bihar, Patna, revealed that the office was not maintaining the database of pollution testing stations in the City as well as in the State. As a result, the Department could not monitor the standards of pollution testing stations to ensure that the tests conducted by them are authentic and only those vehicles which were certified as 'Pollution under Control' (PUC) after following due procedure were allowed to ply in the State. Absence of any control by STC over the functioning of the pollution testing stations may be a reason for the increased pollution levels in Patna.

(Paragraph: 2.4.9.2)

There were 35 cases of fictitious transactions (in district transport office, West Champaran) and 81 cases of irregular cancellation of money receipts (in five district transport offices) due to absence of validation checks and proper monitoring. The scale of fictitious transactions/malpractices in handling money receipts rendered the integrity and security of VAHAN database doubtful.

(Paragraph: 2.4.8)

Due to absence of validation checks in registration module of VAHAN software and lack of inter-connectivity amongst the district transport offices, 132 vehicles were registered at reduced sale value. Further, 52 vehicles were registered in other districts after the actual date of purchase and on reduced sale amount. There was delivery of 19,447 vehicles without assigning temporary registration number and 32,797 commercial tractors were registered without trailers. These irregularities resulted in short realisation of revenue of ₹ 30.90 crore.

(Paragraph: 2.4.10)

In district transport office, West Champaran, driving licences were issued to 3,188 applicants without conducting test of competency to drive motor vehicle. However, *SARATHI* database indicated that the licences were issued after passing the test which indicates that the database was tampered with. Issue of licences in such a way is also fraught with risks of accident and fatalities.

(Paragraph: 2.4.11)

As the Department failed to inter-link the database of offices of the District Transport Officers with that of offices of Regional Transport Authorities, the plying of three wheelers, tractor-trailer combination and buses of educational institutions without valid permit remained undetected.

(Paragraph: 2.4.12)

An amount of ₹ 10.10 crore collected as fees was remitted to Government account with a delay ranging from two days to 10 months in contravention of the provision of the Bihar Financial Rules. Further, 596 bank drafts received from different States/Regional Transport Authorities as permit fee were not encashed during their validity period.

(Paragraph: 2.4.14)

2.4.1 Introduction

Taxes on motor vehicles are levied and collected in accordance with the provisions of the Bihar Motor Vehicles Taxation (BMVT) Act, 1994 and the Bihar Motor Vehicles Taxation (BMVT) Rules, 1994. Fee for licences, registration of vehicles, certificate of fitness, permit and fines for compounding of offences are levied and collected under the provisions of the Motor Vehicles (MV), Act 1988, Central Motor Vehicles (CMV) Rules, 1989 and notifications issued thereunder.

The Government of India, in order to have a National Register of registered motor vehicles and driving licences and to provide data to the Centre and State security agencies, issued directives to all State Governments to adopt '*VAHAN*,²' and '*SARATHI*'³ softwares. The softwares were developed by the National Informatics Centre (NIC), New Delhi. Apart from the National Register, these softwares were also intended to help develop the State Register of motor vehicles and licences. The functions of the Department had been computerised using these two computer application software since May 2008 and February 2009 respectively. The operating platform was Windows 2000 for server and Windows XP for all clients. The different modules in the *VAHAN* software were Vehicle registration, Renewal of vehicle registration, Transfer of ownership, Change of address, Removal of hypothecation, Permit and Taxes etc. and that of *SARATHI* were Issuance and renewal of driving licences.

² An application developed for registration of vehicles and road tax clearance.

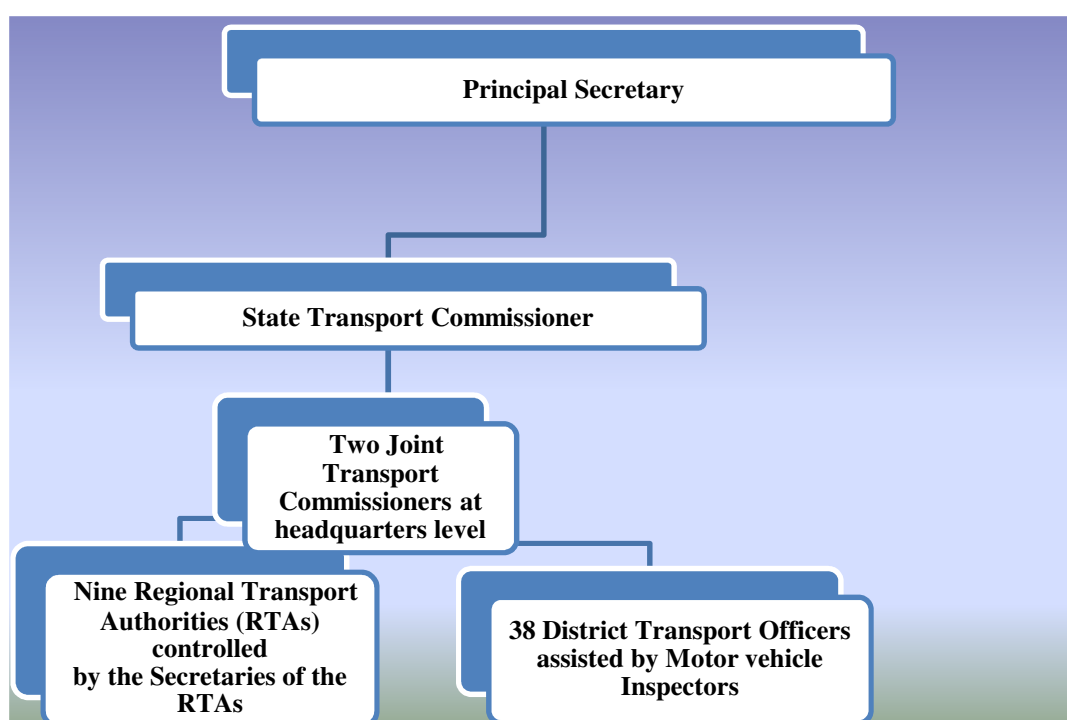
³ An application developed for issue of various licences.

2.4.2 Organisational set up

At the Government level the Department is administered by the Principal Secretary while the State Transport Commissioner (STC) Bihar is the head of the Department and responsible for the administration of the Acts and Rules. He is assisted by two Joint State Transport Commissioners at the headquarters. The State has been divided into nine regions and 38 districts which are controlled by the Secretaries of the Regional Transport Authorities (RTAs) and the District Transport Officers (DTO) respectively. DTOs are assisted by the Motor Vehicle Inspectors (MVIs) in discharging their duties. The organisational set-up of the Department is given in the following **Chart-2.2:**

Chart-2.2

Organisational set up



2.4.3 Audit objectives

The objectives of this Performance Audit was to ascertain whether:

- the provisions of the Acts and rules made thereunder and notifications issued from time to time for assessment, levy and collection of the motor vehicles taxes, fees and fines etc., were being implemented efficiently and effectively; and
- the Department had an effective and adequate internal control mechanism to levy and collect revenues and its remittance into Government Account.

2.4.4 Audit Criteria

The Audit criteria for the Performance Audit were derived from the following sources:

- The Motor Vehicles Act, 1988;
- The Central Motor Vehicles Rules, 1989;
- The Bihar Motor Vehicles Taxation Act, 1994;
- The Bihar Motor Vehicles Taxation Rules, 1994;
- The Bihar Motor Vehicles Rules, 1992;
- Notifications, circulars, executive and departmental orders and instruction issued by the Department from time to time;
- The Bihar and Orissa Public Demand and Recovery Act, 1914;
- Bihar Budget Procedure; and
- Bihar Financial Rules.

2.4.5 Audit Scope and methodology

Performance Audit was conducted during March to July 2016 covering the period from 2011-12 to 2015-16. Ten⁴ out of 38 district transport offices including three check posts⁵ and two (Muzaffarpur and Purnea) out of nine RTAs were sampled randomly selected on the basis of revenue generated by the districts for the period from 2010-11 to 2014-15 by using Interactive Data Extraction Analysis (IDEA) Software. Two district transport offices (Kaimur and Saharsa) were selected at the behest of the Department. Besides, office of the STC, being controlling office at the headquarter level, was also selected for the purpose of the performance audit.

Audit methodology included conducting field visits for examination of records, collection of data from the Department, issue of audit memoranda, questionnaires and obtaining replies from audited entities to arrive at the audit conclusion. An Entry Conference was held on 29 March 2016 with the State Transport Commissioner wherein scope of audit, methodology and audit objectives including sampling technique adopted were explained to the Department. An exit conference was held on 6 October 2016 with the State Transport Commissioner in which the audit findings were discussed. Their comments have suitably been incorporated in the relevant paragraphs.

2.4.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Transport Department in providing necessary information and records for audit.

2.4.7 Trend of Revenue

As per Rule 54 of the Bihar Budget Procedure (BBP) the estimates of revenue and receipts should show the amounts expected to be realised within the year. In estimating fixed revenue for the ensuing year, the calculation should be based upon the actual demand, including any arrears due for past years and the

⁴ Begusarai, Kishanganj, Katihar, Gaya, Nalanda, Patna, Purnea, Rohtas, Vaishali and West Champaran.

⁵ Dalkhola (Purnea), Dobhi (Gaya) and Karamnasha (Kaimur).

probabilities of their realisation during the year. The arrears and current demands should be shown separately and reasons given if full realisation cannot be expected. In the case of fluctuating revenue, the estimate should be based upon a comparison of the last three years receipts.

Further, Rule 37 of the Bihar Financial Rules stipulates that it is the responsibility of the departmental officers to see that all sums due to the Government are regularly and promptly assessed, realised and duly credited in the Public Account and compare them with the records of the Accountant General (A&E) to see the amounts as realised have been duly credited in the Public Account.

The details of Budget Estimates (BE) and actual receipts (as per Finance Account) for the year 2011-12 to 2015-16 are mentioned in **Table-2.2** below:

Table-2.2
Trend of Revenue

(₹ in crore)

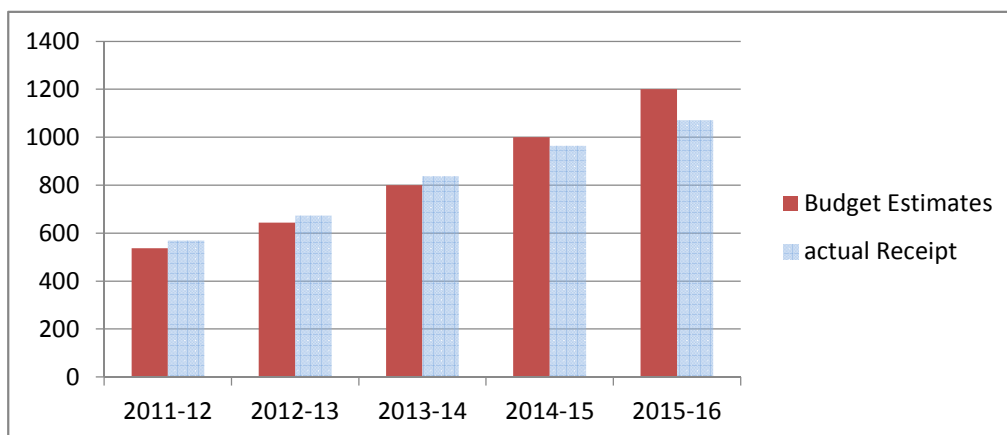
Year	Budget Estimates	Receipts as per Finance Accounts	Receipts as per Department	Variation between BEs and Actual Receipts (3-2)	Percentage of variation	Variation between Actual Receipts as per Finance Accounts and as furnished by the Department (3-4)
1	2	3	4	5	6	7
2011-12	537.00	569.13	557.48	32.13	5.98	11.65
2012-13	644.40	673.39	669.30	28.99	4.50	4.09
2013-14	800.00	837.48	835.51	37.48	4.68	1.97
2014-15	1000.00	963.56	966.46	(-) 36.44	(-) 3.64	(-) 2.90
2015-16	1200.00	1081.22	1070.97	(-)118.78	(-) 9.90	(-)10.25

(Source: Information furnished by the Department and Finance Accounts, Government of Bihar.)

The budget estimates vis-a-vis actual receipts (as per Finance Accounts) for the year 2011-12 to 2015-16 is depicted in the following **Chart-2.3**:

Chart- 2.3

Trend of revenue



The above table indicates that actual receipts was more than budget estimate during 2011-12 to 2013-14. However, actual receipts decreased by 9.90 *per cent* over the budget estimates during the year 2015-16, which is a cause of concern and needs to be analysed by the Department. Further, the difference between receipts as per the Finance account and those furnished by the Department ranged between ₹ (-) 10.25 crore and ₹ 11.65 crore during 2011-12 to 2015-16, which indicates that timely reconciliation was not done. The Department did not reconcile revenue collection figure even after being intimated by the AG (A&E) in March 2016. We further observed that on-line facility is provided by the Department in all the selected district transport offices for collection of taxes and its accounting. Despite that most of the beneficiary are paying their taxes/fees manually on the counter of district transport offices.

On this being pointed out, the Department stated (October 2016) that receipts in the year 2015-16 decreased due to engagement of officers in the Assembly Election.

Recommendation-1: The Government/Department should ensure periodic reconciliation of the revenue collection figures with the accounts of the Accountant General (A&E) to ascertain the correct accountal of realised revenue and credit to treasury.

Audit findings

During test-check of the records in the offices of the DTOs, RTAs and STC, we observed a number of irregularities/deficiencies which are discussed in the succeeding paragraphs:

2.4.8 Defalcation of Government revenue

Due to absence of validation checks and proper monitoring, there were 35 cases of fictitious transactions (in district transport office, West Champaran) and 81 cases of irregular cancellation of money receipts (in five district transport offices). These irregularities resulted in defalcation of Government revenue of ₹ 20.63 lakh.

Rule 37 of the Bihar Financial Rules provides that all transactions must be brought into account without delay and money received should be duly credited into the Government account.

- During cross-verification of manual cash book⁶ with the daily cash report generated by audit from the *VAHAN* software in the test-checked district transport offices, we observed (May 2016) that in the district transport office, West Champaran, the amount shown in generated copy of the daily cash report of *VAHAN* database was higher than the amount entered in the manual cash book of a particular day. We further observed that in daily cash report generated by audit for the period 30 September 2014 to 4 May 2016, 35 fictitious transactions were made after the date of actual transactions. Out of these transactions, two transactions were found recorded on future date i.e. on 8 December 2016. This resulted in loss of revenue of ₹ 11.41 lakh as detailed in Annexure-I.

- During data analysis of *VAHAN* software in selected 12 district transport offices, we observed in five district transport offices⁷ that tax of ₹ 19.20 lakh was initially collected from 81 vehicles during the period May 2011 to February 2016, but subsequently their receipts were found cancelled. Against which, in case of 63 cancelled receipts of ₹ 16.47 lakh, fresh receipts of reduced amount of ₹ 9.98 lakh were issued and in case of remaining 18 cancelled receipts involving ₹ 2.73 lakh, no fresh receipts were found generated but taxes (quarterly/one time tax) in case of all 81 vehicles in the *VAHAN* database were shown cleared and accounted for/smart card issued. This resulted in loss of revenue amounting to ₹ 9.22 lakh (₹ 19.20 lakh - ₹ 9.98 lakh) as detailed in Annexure-II.

The scale of fictitious transactions/malpractices in handling money receipts rendered the integrity and security of *VAHAN* database doubtful.

On this being pointed out, the Department stated (October 2016) that FIR had been lodged (May 2016) and the employees concerned were arrested and sent to jail in West Champaran. The Department further stated (August 2016) that comprehensive directives were issued to all DTOs to monitor and safeguard the *VAHAN* and *SARATHI* database to prevent such malpractices.

Recommendation-2: The Government/Department should ensure biometric password policy and necessary validation checks in the *VAHAN* and *SARATHI* software to ensure data integrity and server security.

⁶ In the manual cash book the amount is recorded as per the cash report generated on the date of transaction.

⁷ Katihar, Kaimur, Purnea, Saharsa and West Champaran.

2.4.9 Vehicular pollution and testing of emission levels

2.4.9.1 Rise in vehicular pollution in Patna

Exponential increase in number of vehicles played an important role in rise of pollution level in Patna.

More than 80 *per cent* of people living in urban areas are exposed to air quality levels that exceed the limits specified by World Health Organisation (WHO). A survey conducted by WHO based on Central Pollution Control Board (CPCB) reports found that Patna is the sixth most polluted city in the world with an annual averaged ultrafine particle level of 2.5 or less microns at 149 (year 2013) and level of particles of 10 and above microns at 167 (year 2012). The Indira Gandhi Science Centre Planetarium, Patna under CPCB declared (16 December 2016) the air quality of the City as 'Most Unhealthy' with Respirable Suspended Particulate Matter (RSPM) at 280 against a permissible limit of 60 microgram per cubic metre ($\mu\text{g}/\text{m}^3$).

Guidelines for Ambient Air Quality Monitoring issued by CPCB states that one of the main sources of RSPM is vehicular emission. Audit observed that Patna witnessed a steep increase in number of vehicles from 2.34 lakh as on 1 April 2011 to 6.74 lakh as on 31 March 2016. This made it clear that the exponential increase in number of vehicles in Patna played an important role in the rise in pollution level in the City.

2.4.9.2 Absence of State-wise database of pollution testing stations

State Transport Commissioner did not maintain the State-wise database of pollution testing stations and 'Pollution under Control' certificate issued by them.

Though the vehicular pollution levels in the City has increased as per data maintained by CPCB, scrutiny of records in STC, Bihar, Patna, revealed that the office was not maintaining the database of pollution testing stations in the City as well as in the State. As a result, the Department could not monitor the standards of pollution testing stations to ensure that the tests conducted by them are authentic and only those vehicles which were certified as 'Pollution under Control' (PUC) after following due procedure were allowed to ply in the State. Absence of any control by STC over the functioning of the pollution testing stations may be a reason for the increased pollution levels in Patna.



2.4.9.3 Pollution testing equipment not utilised

District Transport Officers/Motor Vehicle Inspectors did not conduct test to check that motor vehicles met prescribed emission and pollution control norms, despite the fact that they were equipped with necessary equipment.

During scrutiny of pollution register in the office of STC, we observed (April 2016) that gas analyser/smoke meter supplied by the Government of India were issued (between March 2009 and June 2012) to eight DTOs⁸ and 22 MVIs to check that motor vehicles met emission and pollution control norms and issue the PUC certificates by charging the prescribed fee⁹. We however observed that no test was conducted to check that motor vehicles met prescribed emission and pollution control norms by the DTOs/MVIs, despite these enforcing agencies being equipped with necessary equipment. This was because of the shortage of trained staff. Thus, the gas analyser/smoke meter supplied by Government of India were not utilised and kept idle.

On this being pointed out, the Department stated (October 2016) that information is being sought for from concerned officials.

2.4.9.4 Loss of renewal fee

Licences of 106 pollution testing stations were not renewed as the STC did not maintain the State-wise database of pollution testing stations. Consequently, renewal fee of ₹ 11.30 lakh was not realised.

As per sub rule 6 (i) of Rule 163 E of the Bihar Motor Vehicle (BMV) Rules, 1992, a licence granted to pollution testing station shall remain valid for a period of two years and may be renewed for a further period of two years on payment of renewal fee of ₹ 5000.

As the STC failed to maintain the database of all the pollution testing stations in the State, we observed that out of 256 pollution testing stations recorded in the pollution register, entries relating to renewal of licences of 106 pollution testing stations were not available between July 2007 and January 2016. This resulted in loss of renewal fee of ₹ 11.30 lakh.

2.4.9.5 Returns not submitted by the pollution testing stations

Returns regarding number of vehicles tested and revenue collected not submitted by the pollution testing stations.

Sub-rule (8) (b) of Rule 163 E of the BMV Rules, 1992 provides that pollution testing station shall submit monthly return by 5th day of the succeeding month to the licensing authority, furnishing information as to the number of vehicle inspected, result of inspection and the number of PUC issued.

During scrutiny of pollution register in STC, Bihar, Patna, we observed that monthly return was not being submitted by the pollution testing stations. In the absence of return, the number of vehicle inspected, revenue collected and

⁸ Bhagalpur, Darbhanga, Gaya, Munger, Muzaffarpur, Purnea, Saharsa and Saran.

⁹ The prescribed fee for issue of PUC certificate is ₹ 30 for two-wheelers/auto-rickshaw, ₹ 50 for light motor vehicles and ₹ 75 for other vehicles.

deposited to the Government account by these stations could not be ascertained.

Recommendation-3: The Government/Department should maintain a State-wise database of pollution testing stations. It should also ensure that the tests conducted by them are authentic and due procedure has been followed by the stations while issuing the certificate. This would enable the Department to control the vehicular pollution in Patna and in the State.

2.4.10 Registration of vehicles

Due to absence of validation checks in registration module of VAHAN software and lack of inter-connectivity amongst the district transport offices, 132 vehicles were registered at reduced sale value. Further, 52 vehicles were registered in other districts after the actual date of purchase and on reduced sale amount. There was delivery of 19,447 vehicles without assigning temporary registration number and 32,797 commercial tractors were registered without trailers. These irregularities resulted in short realisation of revenue of ₹ 30.90 crore as detailed below:

2.4.10.1 Registration of vehicles on reduced sale amount

Registration of 132 personalised vehicles on reduced sale amount resulted in loss of revenue of ₹ 13.75 lakh.

Under Section 7(1) of the Bihar Motor Vehicle Taxation (BMVT) Act, 1994, as amended by Finance Act, 2011(with effect from 1st April 2011), one-time tax (OTT) at the rate of five *per cent* of the cost of vehicle excluding sales tax for the whole life of the vehicle shall be levied at the time of registration on personalised vehicles. Further, Bihar Finance Act, 2012 (Bihar Act 6, 2012) revised the rate of OTT at the rate of six *per cent* for vehicles costing upto rupees four lakh and seven *per cent* for vehicles costing more than rupees four lakh excluding sales tax. The rate of tax was again revised to seven *per cent* from 1 April 2013 for all personalised vehicles. Further, Transport Department issued directive in July 2013 to collect tax after verifying the sale amount mentioned in the sale certificate (Form-21) with the cost of vehicle provided by the dealer to DTOs.

During cross-verification of sale amount of vehicles as entered in the VAHAN database with actual cost of vehicles, we observed in three¹⁰ out of 12 test-checked district transport offices that sale amount shown in VAHAN database was less than the actual cost of the vehicle¹¹ in 132 personalised vehicles. Since there was no inter-connectivity in the VAHAN software of concerned

¹⁰ Katihar, Purnea and Saharsa.

¹¹ The sale price of motorcycle shown in database was ₹ 125 only and the tax was levied ₹ 9 only, but actual cost of motorcycle was ₹ 46,839 and leviable tax should be ₹ 3,279. Similarly, the sale price of Maruti Swift (Four wheeler) shown in database was ₹ 38,965 only and the tax was levied ₹ 2,728 only, but actual cost of the car was ₹ 3,93,984 and leviable tax should be ₹ 27,579. The actual cost of the vehicles was based on the price of the same maker model entered in the database during that period, which was also verified from some agencies.

district transport offices with database of sale/sale price of the dealers of vehicles in its jurisdiction, this difference in cost price could not be detected. Accordingly tax was calculated on reduced sale amount, which resulted in loss of revenue of ₹ 13.75 lakh as detailed in **Annexure-III**.

On this being pointed out, the Department stated (October 2016) that information is being sought for from concerned DTOs.

2.4.10.2 Registration of vehicles in other districts after actual date of purchase

Irregular registration of vehicles in other districts after actual date of purchase and on reduced sale amount resulted in loss of revenue of ₹ 8.11 lakh.

Section 40 of Motor Vehicles (MV) Act read with Rule 47 of CMV Rules provides that an application for registration of a new vehicle shall be submitted before the Registering Authority in whose jurisdiction the applicant is residing or having his business and the vehicle is normally kept. The application for registration shall be made in Form 20, within a period of seven days from the date of delivery of such vehicle excluding the period of journey. It shall be accompanied by necessary documents as per rules.

During verification of registration records of district transport offices Saran, West Champaran and Rohtas, we observed that 52 owners of commercial vehicles applied for registration between November 2011 and June 2014 and the registration of these vehicles was still pending. On analysis of the data in the VAHAN database of district transport offices, Vaishali, East Champaran and Kaimur, we observed that the same 52 vehicles (as their chasis number were same) were registered in these district transport offices. However, their date of purchase was after the date of actual purchase and also at reduced sale amount as depicted in earlier district transport offices. Thus, due to absence of interconnectivity amongst the district transport offices, these 52 vehicles were registered in another district transport offices on reduced sale amount and also after its actual date of purchase. This resulted in loss of revenue of ₹ 8.11 lakh as detailed in **Table-2.3** below:

Table-2.3

Irregular registration of vehicles

Sl. No	Name of the District where vehicles found registered	No. of vehicles	Period of registration	Name of the district where previously applied for registration	Amount (₹ in lakh)
1	East Champaran	9	between November 2011 and May 2013	West Champaran	1.41
2	Vaishali	36	between March 2013 and June 2014	Saran	6.33
3	Kaimur	7	between May 2012 and May 2014	Rohtas	0.37
		52			8.11

On this being pointed out, the Department stated (October 2016) that the matter would be looked into and further stated that detailed guidelines had

been issued (August 2016) to prevent tampering with VAHAN and SARATHI database.

2.4.10.3 Plying of vehicles with same registration number

Vehicles bearing same registration number are plying in different places, which is a serious security issue for law and order.

Section 46 of the MV Act provides that motor vehicle registered in any State shall not require to be registered elsewhere in India and a Certificate of Registration issued in respect of such vehicle shall be effective throughout India.

On cross-verification of 'owner table' of VAHAN database of district transport office, West Champaran with that of district transport office, East Champaran, we observed (May 2016) that Registering Authority, East Champaran assigned same registration mark to two vehicles in three cases. Out of which, three vehicles were paying road tax in district transport office, West Champaran whereas remaining three vehicles having same registration mark were found entered in tax table of district transport office, East Champaran. However, Chassis/Engine numbers in these cases were different as detailed in **Annexure-IV**.

As system did not have the automatic validation control, vehicles bearing same registration number were plying in different places. It is not only violation of the codal provisions but also a serious security issue for law and order.

On this being pointed out, the Department stated (October 2016) that information is being sought for from concerned DTOs.

2.4.10.4 Delivery of vehicles without temporary registration

Delivery of vehicles without temporary registration resulted in loss of ₹ 17.66 lakh as fee and also a sum of ₹ 3.89 crore was not levied as fine.

Rule 42 of the CMV Rules provides that no dealer of vehicle can deliver the unregistered motor vehicle to the purchaser. He can only deliver the vehicles which are temporarily/permanently registered in the district transport offices. Further, Section 39 of the MV Act provides that no owner of a motor vehicle can allow or permit the use of unregistered vehicle and no person can drive a motor vehicle, which is not registered. The delivery of motor vehicle to a purchaser without registration either temporary or permanent, violates the provisions of Section 39 of the Act *ibid*. The violation of the provisions of Section 39 of the Act entail the consequences contemplated under Rule 44 of the CMV Rules. Transport Department, Government of Bihar has already issued an instruction (28 July 2009) in this context. Further, in case of not complying the above provisions of the Act, a minimum fine of ₹ 2,000 shall be levied under the provisions of Section 192 of the MV Act.

During scrutiny of registration records of VAHAN database in selected 12 district transport offices, we observed (between May and June 2016) that in four district transport offices¹², 16 bona-fide dealers of two wheelers/four

¹² Kaimur, Kishanganj, Rohtas and West Champaran.

wheelers delivered 19,447 vehicles to the purchasers between August 2005 and March 2016 without registration. The Registering Authorities concerned issued registration mark to these motor vehicles which were delivered to the purchasers without registration, whether temporary or permanent, in contravention of the aforesaid rules. No action was taken by the Registering Authorities concerned against these dealers for violation of the provisions of the Act/Rules. Further, the owners of these vehicles were liable to pay fine under Section 192 of the MV Act. Thus, there was a loss of revenue in shape of temporary registration fee of ₹ 17.66 lakh and also fine of ₹ 3.89 crore was not levied as detailed in **Table-2.4** below:

Table-2.4**Delivery of vehicles without temporary registration****(₹ in lakh)**

Sl. No	Name of the District	No. of dealer	Period of sale of vehicles	Total no. of registered vehicles	Fee and tax due	Fine not levied
1	West Champaran	4	Between August 2005 and March 2016	138	0.12	2.76
2	Kaimur	2	Between April 2011 and February 2016	7,048	6.34	140.96
3	Rohtas	6	Between July 2013 and March 2016	4,801	4.49	96.02
4	Kishanganj	4	Between April 2015 and March 2016	7,460	6.71	149.20
Total		16		19,447	17.66	388.94

On this being pointed out, the Department stated (October 2016) that instruction had been issued to all DTOs for recovery of temporary registration fee from dealers. DTOs were further instructed to ensure that in future no dealer shall deliver the vehicle without registration, either temporary or permanent, to prevent the plying of unregistered vehicles.

2.4.10.5 Registration of tractor without trailer as a transport vehicle (Goods Carriage)

Due to registration of tractors without trailer as goods carriage (transport vehicle), tax of ₹ 19.89 crore and permit fee of ₹ 6.72 crore was not realised.

Section 2 of the MV Act provides that the tractor-trailer combination would constitute a transport vehicle. Further, Section 66 of the Act *ibid* provides that no owner of motor vehicles shall use or permit the use of the vehicle as a transport vehicle in any public place without permit obtained from Regional Transport Authority.

During scrutiny of registration records of VAHAN database of 12 district transport offices¹³ we observed (between April and July 2016) that 46,806

¹³ Begusarai, Gaya, Kaimur, Katihar, Kishanganj, Nalanda, Patna, Purnea, Rohtas, Saharsa, Vaishali and West Champaran.

commercial tractors were registered between April 2011 and March 2016. Out of which, 32,797 commercial tractors were registered as goods carriage without trailers. Thus, without registering 32,797 trailers and allowing those tractors as goods carriage vehicles, tax of ₹ 19.89 crore and permit fee of ₹ 6.72 crore was not realised.

On this being pointed out, the Department stated (October 2016) that due to registration of low number of trailers than the number of registered tractors, the loss of revenue occurred. However, the rate of One Time Tax (OTT) had been revised to 4.5 *per cent* (19 September 2014) of the cost of tractors for tractor-trailer combination.

But, the fact remains that the Government was deprived of revenue in shape of tax and permit fees by allowing tractors as goods carriage without trailer.

2.4.10.6 Dealer point registration

Allotment of registration mark out of sequence by the dealers without charging additional fee led to short realisation fee of ₹ 53.10 lakh and the dealers also deposited collected fee and taxes of ₹ 38.67 lakh with delay ranging between 50 and 1,488 days.

As per directive issued by the Department (28 July 2009) registration number shall be issued to the vehicles according to serial of their sale invoice. For any other number out of the available numbers, dealers may allot number of choice after charging additional fee of ₹ 5,000. Further, fees/taxes/documents collected by dealers under dealer point registration shall be deposited next day in the district transport offices concerned.

- On scrutiny of Dealer Point Registration in VAHAN database of 12 test-checked district transport offices, we observed (between May and July 2016) that in seven district transport offices¹⁴, 93 dealers had allotted 1,062 registration numbers (out of 1,17,416 registration numbers) out of sequence¹⁵ to the purchasers between November 2012 and March 2016 without charging the prescribed fee. As a result, a sum of ₹ 53.10 lakh was not realised.

On this being pointed out, the Department stated (October 2016) that necessary instructions had been issued (September 2016) to all DTOs to issue out of sequence registration number only after realising the prescribed fee. The Department further stated that notices of demand had been issued by the concerned DTOs and a sum of ₹ 1.20 lakh had also been recovered.

- During scrutiny of Dealer Point Registration in VAHAN database of 12 test-checked district transport offices, we observed (between June and July 2016) that in three district transport offices¹⁶, 21 dealers had allotted 891 registration marks to new vehicles delivered to the purchasers. The registration fee and tax of ₹ 38.67 lakh was collected from the owners of 891 vehicles, but dealers deposited the collected amount with delays ranging from nearly two months to over four years. Thus, dealers had temporarily misappropriated the

¹⁴ Begusarai, Gaya, Kaimur, Nalanda, Purnea, Vaishali and West Champaran.

¹⁵ In DTO Nalanda, BR 21 L 0989 was allotted on 30 March 2015 while subsequent number BR 21 L 0990 was allotted on earlier date 24 March 2015.

¹⁶ Begusarai, Katihar and Purnea.

Government money. The Government was also deprived of interest which may have accrued on that amount.

On this being pointed out, the Department stated (October 2016) that instruction had been issued to DTOs to deposit the revenue collected within 15 days.

Reply of the Department is not acceptable because as per the departmental order (July 2009), the documents along with fees/tax has to be deposited in the concerned district transport offices on the next working day, so that owners of vehicle can collect certificate of registration within one week from the date of purchase.

Recommendation-4: The Government/Department should ensure connectivity among district transport offices and dealers of vehicles to ascertain registration of vehicles based on actual cost and date of purchase of vehicle. Further, Government/Department should also ensure that no vehicle shall ply without registration and initiate action against errant official who allowed vehicles to ply without registration.

2.4.11 Issue of licences

2.4.11.1 Issue of driving licences without conducting test

Driving licences were issued to 3,188 applicants without conducting driving test. However, SARATHI database indicated that the licences were issued after passing the test which indicates that the database was tampered with. This is fraught with the risk of accident and fatalities.

As per Rule 15 of the CMV Rules, no person shall appear for the test of competence to drive unless the applicant has held a learner's licence for a period of at least 30 days. A person is granted the driving licence after successfully passing the test of competence to drive.

During test-check of driving test register and information provided by five district transport offices¹⁷, we observed (May 2016) in district transport office West Champaran, that 2,428 number of candidates were declared successful to drive the vehicle of same category during the period July 2015 to March 2016 but 5,616 number of licences were issued to the applicants during the same period. Thus, it is evident that 3,188 driving licences were issued to the applicants without conducting test of competency to drive motor vehicles. However, SARATHI database indicated that the licences were issued after passing the test which indicates that the database was tampered with. Issue of licences in such a way is also fraught with the risk of accidents and fatalities.

On this being pointed out, the Department stated (October 2016) that information is being sought for from DTO, West Champaran.

Recommendation-5: The Government/Department should ensure input of correct data regarding conducting test of competency to drive motor vehicle and results thereof and no licences are granted to drivers without driving test.

¹⁷

Begusarai, Nalanda, Patna, Vaishali and West Champaran.

2.4.11.2 Excess realisation of driving licence fee

Driving licences were issued by realising an additional amount of ₹ 40, which resulted in excess realisation of fee of ₹ 1.65 crore.

As per Rule 14 read with Rule 32 of the CMV Rules, 1989, the fee of ₹ 200 including the cost of computerised chip shall be charged for issuing the driving licence in Form-7. It further stipulates that ₹ 50 for test of competence to drive shall be charged. As per notification issued (October 1996) by the Government of Bihar, surcharge of ₹ 50 shall also be charged on such test.

We observed during data analysis of *SARATHI* software in eight district transport offices¹⁸ that the all driving licenses (non-transport) were issued to applicants by the licensing authorities in Form-7 during the period between April 2011 and December 2015 by realising an additional amount of ₹ 40. This resulted in excess realisation of fee of ₹ 1.65 crore as mentioned in **Table-2.5** below:

Table- 2.5
Excess realisation of driving licence fee

(Amount in ₹)

Purpose	Amount charged by licensing authorities	Amount chargeable as per rule	Total number of driving licences (NT) issued between April 2011 and December 2015
Issue of driving licence in form 7	200	200	4,11,275
For test of competence to drive for each class	100	50+50 (surcharge)	
Excess charges	For one/two class category ₹ 40	No fee prescribed	
Total excess realisation- 4,11,275X ₹ 40			1,64,51,000

Similar issue was pointed out in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2011 and the Department accepted the audit observation. Despite this, excess realisation of driving licence fee from applicants was still persisting.

On this being pointed out, the Department stated (October 2016) that matter would be examined.

Reply of the Department was not acceptable because the then STC stated (November 2011) that gazette notification would be issued in this regard.

2.4.11.3 Irregular grant of licences to driving schools

Seven licences of motor driving schools were granted irregularly by Regional Transport Authority, Muzaffarpur.

Rule 24 of the CMV Rules provides that the licensing authority may, on receipt of an application and after satisfying that the applicant has complied with the requirements of sub-rule (3), grant or renew a licence for driving schools. For the purpose of this rule, the State Government had declared

¹⁸ Gaya, Kaimur, Kishanganj, Nalanda, Purnea, Rohtas, Vaishali and West Champaran.

(December 1992) the District Magistrate as “licensing authority” under the power conferred in Section 213 (1) of the MV Act.

During scrutiny of register of motor driving schools and relevant files in the office of the RTA Muzaffarpur, we observed that licences were granted for seven motor driving schools¹⁹ by the RTA during the year 2013 to 2015 (upto October 2015), though the power for granting such licence is vested with the District Magistrates concerned.

On this being pointed out, the Department accepted the audit observation and instructed (September 2016) the concerned RTA to take post-facto approval from the licensing authority.

2.4.12 Issue of permits

Section 66 of the MV Act 1988 provides that no owner 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. A permit other than a temporary permit issued under sub section (8) of Section 88 of the Act *ibid* shall be effective for a period of five years.

2.4.12.1 Irregular grant of permits to light goods vehicles

Irregular realisation of permit fees of ₹ 15.25 lakh from light goods vehicles in contravention of the provision of the Act.

As per Section 66 (3) (b) (i) of the MV Act, any transport vehicle used solely for police, fire brigade or ambulance purposes and goods vehicle, the gross vehicle weight (GVW) of which does not exceed 3,000 kgs shall be exempted from necessity of permits.

During scrutiny of permanent permit register of selected two RTAs (Muzaffarpur and Purnea), we observed that 744 permits were issued by realising permit fee of ₹ 2,050 each during the period January 2015 to March 2016 to light goods vehicles, the gross vehicle weight of which did not exceed 3,000 kilograms, in contravention of the provision of the Act *ibid*. The validity of such permits was granted for five years. This resulted in irregular realisation of permit fees of ₹ 15.25 lakh as detailed in **Table-2.6** below:

Table-2.6
Irregular grant of permit to light goods vehicles

Name of RTAs	No. of permit granted	Permit issued during the period	Permit fees charged	Total permit fees collected	Remarks
			(Amount in ₹)		
RTA, Muzaffarpur	669	January 2015 to March 2015	2050	13,71,450	The LGV having GVW upto 3000 Kgs is exempted from permit as per MV Act.
RTA, Purnea	75	January 2016 to March 2016		1,53,750	
Total	744			15,25,200	

¹⁹ Anand Motor Training Institute, Muzaffarpur; Jai Jagdish Motor Training Institute, Hajipur; Krishna Motor Driving Training School, Raxaul; Om Motor Driving School, Muzaffarpur; Rishabh Motor Training School, Hajipur; S.C. Motor Vehicle Training School, Hajipur and Sri Ram Motor Vehicle Training, Bettiah.

On this being pointed out, the Department stated (October 2016) that compliance would be made in future, however there was no loss of revenue. The facts remains that the Department collected permit fee without any provision in the relevant Acts/Rules.

2.4.12.2 Plying of three wheelers

Vehicles were plying without obtaining requisite permit, as a result a sum of ₹ 1.55 crore was not realised.

During scrutiny of registration records of three wheelers of VAHAN database in four district transport offices²⁰ and permit register in two RTAs (Patna and Purnea), we observed that 5,453 three wheelers were registered between September 2014 and March 2016. Out of which, only 595 permanent permits were issued between September 2014 and March 2016. Thus, 4,858 three wheelers did not obtain permanent permit. Thus, a sum of ₹ 77.73 lakh as permit fees was not realised.

On this being pointed out, the Department stated (October 2016) that in cases of vehicles plying without valid permit, Enforcement wing of the Department imposed fines on the owner of the defaulting vehicles.

The fact, however, remains that the Enforcement wing could not adequately inspect and identify all vehicles whose permit had expired and impose the required fine.

2.4.12.3 Plying of tractor-trailer

During scrutiny of VAHAN database of four district transport offices²¹ and permit register in RTAs (Patna and Purnea), we observed (June 2016) that 3,860 tractor-trailer combinations were registered between January 2013 and March 2016 and paid taxes as goods carriages. Out of which owners of only 92 tractor-trailer combinations obtained permit from the authorities concerned. Thus, 3,768 tractor-trailer combination were plying without obtaining permanent permit, as a result a sum of ₹ 77.24 lakh as permit fee was not realised.

On this being pointed out, the Department stated (October 2016) that in case of vehicles plying without valid permit, Enforcement wing of the Department imposed fines on the owner of the defaulting vehicles.

The fact, however, remains that the Enforcement wing could not adequately inspect and identify all vehicles whose permit had expired and impose the required fine.

2.4.12.4 Plying of educational institution buses

During cross verification of educational institution permit register of RTA, Patna with registration records of VAHAN database in district transport office, Patna, we observed that 186 buses were registered during July 2014 to October 2015 in the name of various educational institutions in Patna. Out of

²⁰ Kaimur, Nalanda, Purnea and Rohtas.

²¹ Kaimur, Katihar, Purnea and Rohtas.

these, only 149 buses had obtained permits. Further, out of remaining 37 buses, the owners of 15 buses had stopped payment of tax between August 2015 and October 2016. Thus a sum of ₹ 2.48 lakh (tax: ₹ 1.71 lakh and permit fee: ₹ 0.78 lakh) was not realised.

On this being pointed out, RTA, Patna stated (August 2016) that matter would be examined and suitable action would be taken.

As the Department failed to inter-link the database of offices of the District Transport Officers with that of offices of Regional Transport Authorities, the plying of 4,858 three wheelers, 3,768 tractor-trailer combination and 37 buses of educational institution without valid permit remained undetected.

Recommendation-6: The Government/Department should ensure automation of permit issuance through VAHAN software by interlinking database of district transport offices with that of Regional Transport Authorities.

2.4.13 Levy of tax/fee

2.4.13.1 One-time tax and penalty not levied/short levied

In 10 district transport offices, the owners of 2,329 vehicles either did not pay One Time Tax/penalty or paid it short. The taxing officer did not impose the leviable One Time Tax/penalty amounting to ₹ 3.77 crore.

Section 7 of the BMVT Act as amended by Bihar Finance Acts from time to time provide rates of OTT on different class of vehicles. Delay in payment of tax beyond 15 days attracts penalty from 25 *per cent* to twice the amount of tax due as per the provisions of Section 23 of the Act *ibid* read with Rule 4 (2) of BMVT Rules.

Further, Section 8 of the BMVT Act provides that when tax of a motor vehicle has been revised, the owner of the vehicle shall pay to the taxing officer a differential tax for the period for which the higher rate of tax is payable.

During data analysis of tax clearance table of the VAHAN database in test-checked 12 district transport offices, we observed that in 10 district transport offices²², the owners of 2,329 vehicles either not paid OTT/penalty or paid it short. The taxing officer did not impose the leviable OTT/penalty and also did not issue notices of demand to realise the dues. Thus, OTT amounting to ₹ 3.77 crore including penalty of ₹ 2.63 crore remained unrealised as detailed in **Annexure-V**.

The following Charts depict the short realisation of OTT and penalty, OTT and penalty not realised and differential tax not realised from the vehicles:

²² Begusarai, Kaimur, Katihar, Kishanganj, Nalanda, Patna, Purnea, Rohtas, Saharsa and West Champaran.

Chart-2.4

Short realisation of OTT and penalty

(₹ in crore)

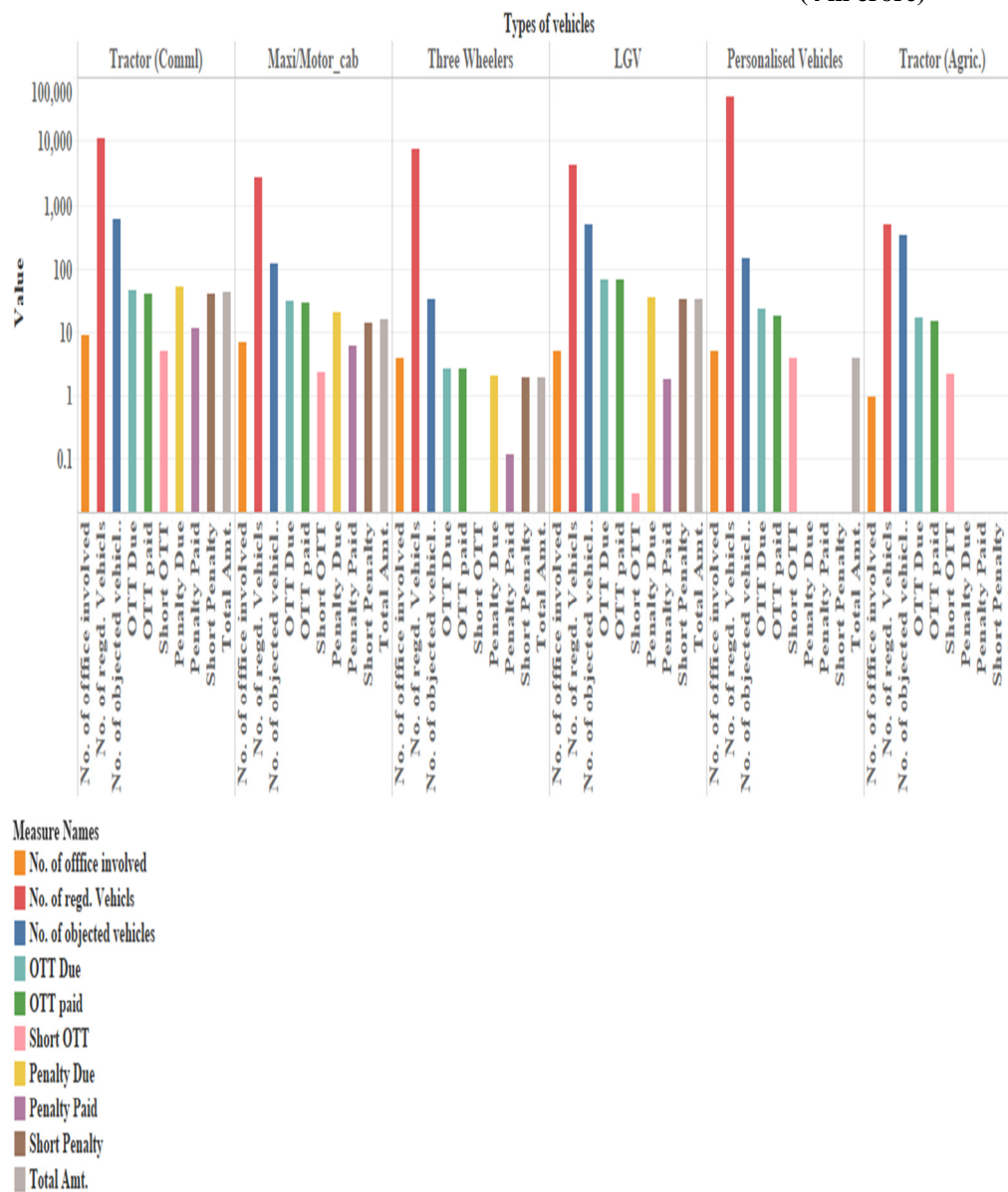
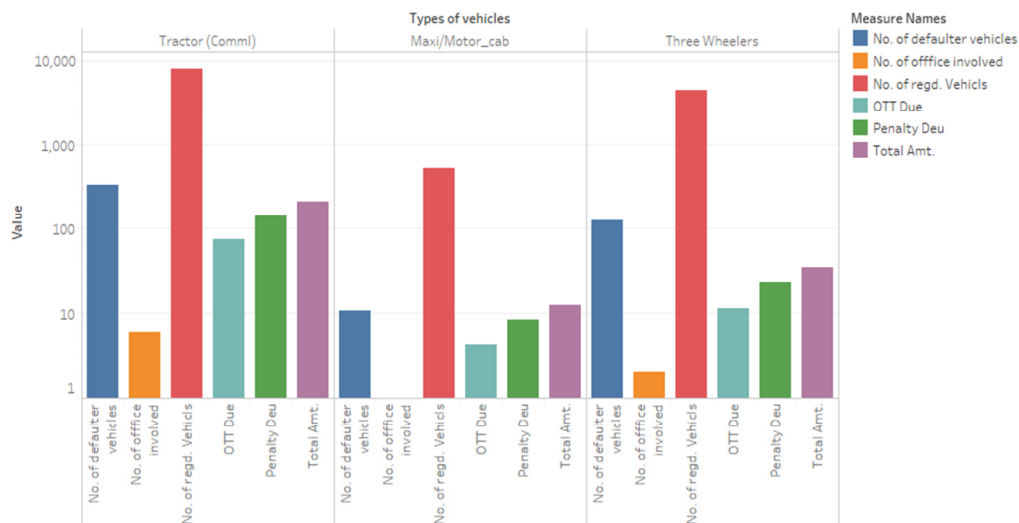
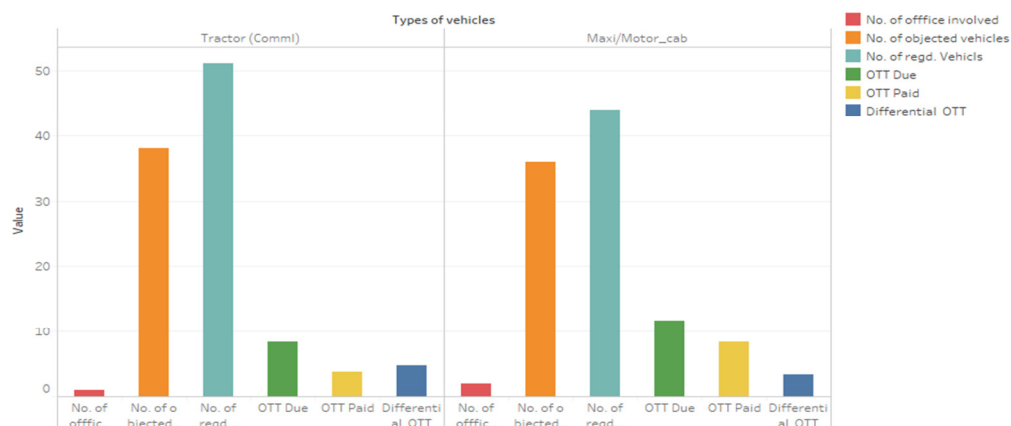


Chart-2.5**OTT and penalty not realised**

(₹ in crore)

**Chart-2.6****Differential tax not realised**

(₹ in crore)



On this being pointed out, the Department stated (October 2016) that information is being obtained from concerned DTOs.

2.4.13.2 Incorrect levy of tax on construction equipment/emergency vehicles

Due to incorrect levy of tax on 191 construction equipment/emergency vehicles, a sum of ₹ 6.24 lakh was collected in excess.

As per Section 2 of the MV Act 'Ambulance' means vehicle specially designed, constructed or modified and equipped and intended to be used for emergency transportation of persons who are sick, injured, wounded or otherwise incapacitated. The ambulance comes in category of emergency vehicles. Further, as per rule 2 (ca) of the CMV Rules, excavator (JCB) and loader is "construction equipment vehicle" and such vehicle shall be a

non-transport vehicle. Section 5 of BMVT Act read with the serial no. 7 of Part C of Schedule-I provides levy of tax at prescribed rate on these vehicles.

During scrutiny of registration records and collection of tax in respect of Ambulance and construction equipment vehicle in VAHAN software of two district transport offices (Patna and Vaishali), we observed between February and August 2016, that tax prescribed for taxi was being levied on ambulances and tax prescribed for goods carriages was being levied on construction equipment vehicles. Thus, due to incorrect levy of rate of tax, a sum of ₹ 6.24 lakh in excess was collected from 191 vehicles (ambulance, crane, JCB and loaders).

On this being pointed out, the Department stated (October 2016) that instruction had been issued (September 2016) to levy of tax as per Section 5 of the BMVT Act.

2.4.13.3 Short realisation of tax from stage carriages

A sum of ₹ 4.20 lakh was levied short due to incorrect classification of bus in accordance with seating capacity.

As per the provisions of the Bihar Finance Act, 2014 (effective from 14 September 2014), the tax from stage carriage shall be calculated on basis of its category (ordinary, semi deluxe and deluxe) and the number of seats for passengers. The provision of the Act *ibid* further prescribes that number of passenger in stage carriage is based on its wheel base and category of stage carriage.

We observed during scrutiny of owners table of VAHAN software of 12 selected district transport offices that in three district transport offices²³, tax was levied on 54 stage carriages on the basis of number of seat treating the stage carriage under the ordinary category. But, number of seats of these stage carriages were less than prescribed number of seats based on their wheel base. This resulted in short levy of tax of ₹ 4.20 lakh.

On this being pointed out, the Department stated (October 2016) that notices of demand for ₹ 2.94 lakh had since been issued by DTO, Nalanda, while information was being sought for from the remaining DTOs.

2.4.13.4 Short realisation of trade certificates fees

Dealers of motor vehicles possessed 18,784 vehicles against the single trade certificate. Thus, trade certificate fees of ₹ 11.06 lakh was not realised.

Rule 33 of the CMV Rules provides that for the purpose of the proviso to Section 39, a motor vehicle in possession of a dealer shall be exempted from the necessity of registration subject to the condition that he obtains a trade certificate from the registering authority having jurisdiction in the area in which the dealer has his place of business. Further, under Rule 34 of the Rules *ibid*, an application for the grant or renewal of a trade certificate shall be made in Form 16 and shall be accompanied by the appropriate fee (Motor

²³

Nalanda, Vaishali and West Champaran.

Cycle/Invalid carriage: 50 rupees for each vehicle; Others: 200 rupees for each vehicle) as specified in Rule 81 of the CMV Rules.

During scrutiny of Trade Tax Register along with relevant files in district transport office, Begusarai, we observed (July 2016) that trade certificates were granted to 10 *bonafide* dealers. Out of which, files of four dealers were scrutinised and we observed that the dealers had received 18,784 vehicles (two wheelers:17,668; four wheelers:1,116) during the period January 2014 to March 2016 against the single trade certificate as was evident from the declaration filed by the dealers. Thus, trade certificate fees of ₹ 11.06 lakh²⁴ was not realised.

On this being pointed out, the Department stated (October 2016) that information is being sought for from concerned DTO.

2.4.13.5 Short levy of fine on overloaded goods carriages

Short imposition of fine on overloaded goods carriages resulted in loss of ₹ 3.79 lakh.

As per Section 194 of the MV Act, 1988, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention of the provisions of Section 113, 114 or 115 of the Act *ibid* which provides limits of weight and power to restrict the use of vehicles shall be punishable with minimum fine of two thousand rupees and an additional amount of one thousand rupees per tonne of excess load. Further, it stipulates that excess load shall be off loaded at the cost of the transporter.

During scrutiny of seizure books and money receipts in the office of STC, we observed (April 2016) that 15 Enforcement Officers seized 345 overloaded goods vehicles during January 2011 to December 2015 but did not impose fine in accordance with the overloaded quantity. This resulted in short levy of fine of ₹ 3.79 lakh. Further off-loading of overloaded truck could not be ascertained as documents were not provided to audit.

On this being pointed out, the Department stated (October 2016) that reply would be sent, however, District Magistrates were requested (September 2016) for arrangement of space to safe keep the offloaded goods.

2.4.13.6 Excess collection of OTT from agricultural tractors

Application of rate of tax prescribed for commercial tractors on 94 agricultural tractors resulted in excess collection of ₹ 1.29 lakh.

As per sub section (7) of section 7 of the Bihar Motor Vehicle Taxation Act 1994, the tractor and trailer used for transporting agricultural produce shall be clubbed together for the purposes of OTT and tax shall be levied at the rate of ₹ 3,000 per tractor-trailer in case the tractor is upto 25 HP capacity and the capacity of the trailer does not exceed 3 tonnes; and the rate shall be ₹ 5,000

²⁴

Calculation: Two wheelers: 17,665 (17,668-3) x ₹ 50 = ₹ 8,83,250

Four wheelers: 1,115 (1,116-1) x ₹ 200 = ₹ 2,23,000

Total: ₹ 11,06,250

per tractor-trailer in case where the tractor has more than 25 HP capacity and the capacity of the trailer does not exceed 5 tonnes.

During scrutiny of owner table of VAHAN database in two district transport offices (Kishanganj and West Champaran), we observed that out of 523 agricultural tractors registered between November 2012 and January 2016, OTT was realised in excess from 94 tractors registered for agriculture purpose due to levy of tax at the rate prescribed for commercial tractor (two *per cent* from April 2013 and 4.5 *per cent* from September 2014 of the cost of the vehicle). Thus, the taxing officer collected ₹ 1.29 lakh in excess from the owners of 94 tractors.

On this being pointed out, the Department stated (October 2016) that information is being obtained from concerned DTOs.

Recommendation-7: The Government/Department should ensure timely and correct mapping of provisions of rate of tax in VAHAN software, discontinuance of manual issuance of tax receipts and generation of tax receipts through VAHAN software only after due tax is paid.

2.4.14 Remittances of revenue into Government Account

2.4.14.1 Delayed remittance of revenue into Government Account

Collected fee of ₹ 10.10 crore was remitted to the Government Account with delay ranging from two to 297 days.

Under the provisions of Rule 37 of the Bihar Financial (BF) Rules, it is the duty of the Departmental Controlling Officers to see that all sums due to Government are regularly and promptly assessed, realised and duly credited in the Public Account. The fee and tax collected by the authorised bank during a month is required to be remitted through treasury challan under head “0041-Taxes on Vehicles” latest by the first week of the following month and the amount collected in the month of March is to be transferred by the 31 March positively so that all the sum collected in a financial year stand transferred to the Government Account.

During scrutiny of the records of RTA, Muzaffarpur and district transport office, Gaya, we observed that ₹ 10.10 crore collected as fee through authorised banks during the period between October 2012 to March 2016 was remitted to the Government Account with delays ranging from two days to 10 months.

On this being pointed out, the Department stated (October 2016) that instruction had been issued to transfer the collected revenue within 15 days. The Department further stated that *E-KUBER* system for online deposit of revenue in the Government account was under proposal.

2.4.14.2 Collected drafts not encashed

Five hundred ninety six bank drafts received from different States/Regional Transport Authorities as permit fee were not encashed.

Under the provisions of the BF Rules, all transactions must be brought to account without delay and money received should be credited forthwith to Government account. Further as per notification of RBI effective from 1 April 2012, validity of cheques/drafts/pay orders/bankers cheques is three months from the date of its issuance.

During cross verification of bank draft register with bank scroll in the office of the STC, we observed (April 2016) that 596 numbers of bank drafts received (between January and March 2015) from different States/RTAs as permit fees were not deposited in bank for encashment till June 2015. As the time of three months stipulated for encashment of these drafts elapsed by 30 June 2015, these drafts become time barred and needed to be revalidated. Out of these, 149 bank drafts had money value of ₹ 2.48 lakh and money value of remaining 447 drafts was not found on record.

On this being pointed out, the Department stated (October 2016) that 11,409 drafts had lapsed which were sent to the concerned banks for revalidation. Out of these, 134 bank drafts involving amount of ₹ 3.62 lakh had been deposited in Government account.

In Paragraph 4.2.11.2 of the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2009, it was recommended that mechanism be prescribed for monitoring the disposal and accounting of the bank drafts. However, this irregularity still persists.

Recommendation-8: The Government/Department should ensure strict adherence of the provisions of the Bihar Financial Rules relating to remittances of Government revenue into treasury.

2.4.15 Arrears of revenue**2.4.15.1 Arrears pending collection**

The arrears increased by 11 per cent from ₹ 173.15 crore as on 1 April 2011 to ₹ 192.20 crore as on 31 March 2016.

The opening balance, demand raised, collection and revenue pending for collection for the years 2011-12 to 2015-16 as reported by the Department is as mentioned in **Table-2.7** below :

Table-2.7
Arrears pending collection

(₹ in crore)

Year	OB		Addition		Total		Disposal		Balance		Percentage of Disposal
	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	In terms of amounts
2011-12	26301	173.15	1723	13.43	28024	186.58	220	1.39	27804	185.19	0.74
2012-13	27887	180.61	1735	7.83	29622	188.44	298	2.77	29324	185.67	1.47
2013-14	29295	187.27	681	10.96	29976	198.23	104	0.53	29872	197.70	0.26
2014-15	29458	191.33	155	1.88	29613	193.21	150	0.92	29463	192.29	0.47
2015-16	29397	191.57	46	93.07	29443	284.64	142	30.55	29301	192.20	0.48

(Source: Information furnished by the Transport Department.)

As is evident from the table that the figures of closing balance do not tally with the figures of opening balance of following years, which put the veracity of these figures in doubt. The arrears increased by 11 *per cent* from ₹ 173.15 crore as on 1 April 2011 to ₹ 192.20 crore as on 31 March 2016. The disposal rate in terms of amount involved in arrear cases ranged between 0.26 *per cent* and 1.47 *per cent*, which indicated poor recovery and lack of monitoring.

On this being pointed out, the Department stated (October 2016) that correspondence had been made with District Magistrates for speedy disposal of certificate cases.

2.4.15.2 Revenue Recovery Certificate case

Entries of Register-9 was not compared with the Register-10 periodically by the concerned officers. Further in 146 cases, an amount of ₹ 1.04 crore for the period April 2010 to March 2015 was pending for realisation.

Under the provisions of Section 21 of the BMVT Act, any tax or penalty remaining unpaid is recoverable as arrears of land revenue. Under the provisions of the Bihar and Orissa Public Demands and Recovery (PDR) Act, 1914, the concerned officer sends proposals for initiating certificate proceeding to the Certificate Officer and enters the details of such cases in Register-9. These are in turn entered in Register-10 maintained by the Certificate Officer for initiating certificate proceedings for realisation of arrears. As per para 46 of the Board's instructions under PDR Act, Register-9 is to be compared every month with the Register-10 of the Certificate Officer.

• Register-9 not compared with Register-10

During scrutiny of Register-9 in the office of six district transport officers²⁵, we observed that entries of Register-9 was not compared with the Register-10 periodically by the concerned officers. As such, actual position of disposal of certificate cases could not be ascertained from Register-9.

On this being pointed out, the Department stated (September 2016) that instruction for reconciliation of Register-9 with 10 had been issued to all the DTOs and RTAs.

²⁵

Begusarai, Gaya, Katihar, Kishanganj, Vaishali and West Champaran.

- **Certificate cases not initiated**

During scrutiny of records pertaining to arrear of revenue in the office of the two DTOs (Vaishali and West Champaran), we observed (February and May 2016) that 146 cases for the period April 2010 to March 2015, involving an amount of ₹ 1.04 crore was pending for realisation. In none of the cases, the revenue recovery certificate case in accordance with provision of Section 21 of the BMVT Act read with Section 5 and 6 of PDR Act, for recovery of arrear of revenue, was found initiated on record.

On this being pointed out, the Department stated (October 2016) that instruction regarding entry of details of vehicle owners in VAHAN database and timely issue of notices of demand to defaulters had been issued to DTOs and RTAs.

Recommendation-9: The Government/Department should take effective measures in coordination with the Certificate Officer for disposal of pending certificate cases.

2.4.16 Man-power management

A large number of vacancies existed in the Department which affected the collection of the revenue.

The cadre-wise sanctioned strength and men-in-position of the Department (as on 31 March 2016) is as mentioned in **Table-2.8** below:

Table-2.8

Sanction Strength and Person in Position

Sl.no.	Name of the post	Sanctioned strength	Men-in-position	Vacancy (percentage in bracket)
1.	District Transport Officer	37	31	06 (16.21)
2.	Assistant District Transport Officer	14	02	12 (85.71)
3.	Taxation Officer	06	01	05 (83.33)
4.	Motor Vehicle Inspector	67	32	35 (52.23)
5.	Enforcement Officer	10	0	10 (100)
6.	Enforcement Inspector	25	02	23 (92)
7.	Enforcement Sub-Inspector	61	41	20 (32.78)
8.	Mobile Squad Constable	35	04	31 (88.57)

(Source: Information furnished by the Department)

It is evident from above table that large number of vacancies existed in the cadre of Motor Vehicle Inspector, Assistant District Transport Officer, Enforcement Officer, Enforcement Inspector and Taxation Officer, who are mainly responsible for operational functions of the Department. This may affect the collection of the revenue and checking of illegal plying of vehicle in the state.

On this being pointed out, the Department stated (October 2016) that cadre rules are being prepared.

2.4.17 Internal control mechanism

2.4.17.1 Internal Audit

Internal audit of the field offices of the Department was not conducted, as a result the Department could not detect the deficiencies in its functioning.

The Internal Audit (IA) of a Department is a vital arm of the Internal Control Mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

We noticed that there was no separate internal audit wing in the Transport Department. The Finance Department (Audit Cell) works as the internal audit department of the Transport Department. During the period between 2011-12 and 2015-16, the Finance Department did not conduct internal audit of the test checked offices.

On this being pointed out, the Department stated (October 2016) that requisition for internal audit had been made (February 2016) to Finance (Audit) and inspection by Finance Department would be conducted from next audit cycle.

2.4.17.2 Absence of departmental manual

Required controls could not be exercised in absence of the manual in the Department.

In order to ensure proper functioning of the various wings of the department, it is essential that a departmental manual is prepared outlining the process required to be followed by different levels of staff.

We observed that there was no such manual in the Department. In absence of the manual in the Department, required controls could not be exercised by the higher authorities.

On this being pointed out, the Department stated (September 2016) that usage of *VAHAN* and *SARATHI* database restricted the necessity of manual. However, it stated that relevant orders were being scrutinised in present circumstances and accordingly decision would be taken in this context.

2.4.18 Conclusions

The Performance Audit revealed:

- cases of defalcation of revenue and cases of irregular registration due to absence of validation checks and proper monitoring.
- licences of pollution testing stations were not renewed due to not maintaining State-wise database by the STC.
- cases of irregular registration of vehicles and plying of vehicles without valid permit due to lack of inter-connectivity amongst the district transport offices and offices of Regional Transport Authorities.
- cases of incorrect levy of tax, short levy of one-time tax and penalty in respect of personalised vehicles and commercial vehicles;

2.4.19 Summary of Recommendations

The Government/Department should ensure:

- periodic reconciliation of the revenue collection figures with the accounts of the Accountant General (A&E) to ascertain the correct account of realised revenue and credit to treasury.
- biometric password policy and necessary validation checks in the VAHAN and SARATHI software to ensure data integrity and server security and also connectivity among district transport offices and dealers of vehicles to ascertain registration of vehicles based on actual cost and date of purchase of vehicles. Further, also ensure that no vehicle shall ply without registration and initiate action against errant officials who allowed vehicles to ply without registration.
- maintenance of a State-wise database of pollution testing stations and also ensure that the tests conducted by them are authentic and due procedure has been followed by the stations while issuing the certificate. This would enable the Department to control the vehicular pollution in Patna and in the State.
- input of correct data regarding conducting test of competency to drive motor vehicle and results thereof and no licences are granted to the drivers without driving test.
- automation of permit issuance through VAHAN software by interlinking database of district transport offices with that of Regional Transport Authorities.
- timely and correct mapping of provisions of rate of tax in VAHAN software, discontinuance of manual issuance of tax receipts and generation of tax receipts through VAHAN software only after due tax is paid.
- strict adherence of the provisions of the Bihar Financial Rules relating to remittances of Government revenue into treasury.
- effective measures in coordination with the Certificate Officer for disposal of pending certificate cases.

2.5 Provisions of the Acts/Rules not complied

The provisions of the Bihar Motor Vehicles Taxation (BMVT) Act, 1994, Motor Vehicles (MV) Act, 1988 and Rules made there under require levy and payment of:

- *taxes on motor vehicles/additional tax by the vehicle owners at the appropriate rates;*
- *tax/additional tax in advance and within the prescribe period and*
- *penalty up to double the tax, if the tax is not paid within 90 days.*

The provisions of the Acts/Rules in some cases as mentioned in paragraphs 2.6 to 2.10 were not complied which resulted in short levy, short realisation of tax,

fee etc. of ₹ 9.42 crore. There is need for the Government to improve the internal control system so that such omissions can be prevented.

2.6 Motor vehicle taxes not realised

Due to absence of a mechanism for periodic review of the taxation registers/tax clearance table of VAHAN database by the DTOs, motor vehicle taxes of ₹ 2.82 crore was not realised in 17 district transport offices.

Under Section 5 and 9 of the Bihar Motor Vehicles Taxation (BMVT) Act, 1994, motor vehicles tax is to be paid to the taxing officer in whose jurisdiction the vehicle is registered. The vehicle owner can pay the tax to the new taxing officer in case of change of residence/business, subject to the production of No Objection Certificate (NOC) from the previous taxing officer. Further, the taxing officer may exempt the vehicle owner from payment of tax, if he is satisfied that the prescribed conditions have been fulfilled by the vehicle owner. The District Transport Officers (DTOs) are required to issue notices of demand to ensure timely realisation of tax.

Further, under Section 23 of the Act *ibid* read with Rule 4 (2) of the BMVT Rules, 1994, not paying the tax beyond 90 days attracts penalty at the rate of 200 *per cent* of the tax due. Under Section 22 of the BMVT Act, if the tax or penalty or both has not been paid in accordance with the provisions of the Act, an officer not below the rank of Inspector of Motor Vehicles or any other officer specially authorised by the State Transport Commissioner, may seize the motor vehicles and detain it till the payment of tax.

We observed that the Government/Department did not install a mechanism for periodic review of the taxation registers/tax clearance table of VAHAN database by the DTOs and also did not prescribe a time frame within which notices of demand are to be issued to the defaulting vehicle owners.

We scrutinised the taxation register of transport vehicles and the VAHAN database/Tax clearance table of 29 district transport offices²⁶ for the period 2014-15 and found (between January and December 2015) in 17 district transport offices²⁷ that out of 3,662 transport vehicles test-checked (total number of registered transport vehicles: 51,010), the owners of 698 vehicles did not pay tax of ₹ 94.22 lakh pertaining to the period between March 2011 and July 2015 within the due dates and the concerned DTOs neither seized the defaulting vehicles nor issued notices of demand for realisation of the dues from the defaulting vehicle owners. In none of the cases, change of addresses of the owners or surrender of documents for securing exemption from payment of tax was found on record. Thus, tax of ₹ 94.22 lakh and penalty of

²⁶ Araria, Arwal, Aurangabad, Banka, Bhagalpur, Bhojpur (Ara), Darbhanga, East Champaran, Gaya, Gopalganj, Jamui, Jehanabad, Katihar, Khagaria, Kishanganj, Madhubani, Muzaffarpur, Nalanda, Patna, Purnea, Samastipur, Saran (Chapra), Sasaram, Sheikhpura, Sheohar, Sitamarhi, Siwan, West Champaran and Vaishali (Hajipur).

²⁷ Arwal, Aurangabad, Banka, Bhagalpur, Bhojpur (Ara), Buxar, Darbhanga, East Champaran, Gopalganj, Jamui, Jehanabad, Madhubani, Muzaffarpur, Saran (Chapra) Sheikhpura, Sitamarhi and Siwan.

₹ 1.88 crore was not realised as detailed in **Annexure-VI**. This shows the slackness of the DTOs towards the review of VAHAN database as well as weak monitoring mechanism by higher authorities, though we have pointed this out repeatedly in the previous years.

On this being pointed out, the Department intimated in May 2016 that in respect of district transport office, Siwan a sum of ₹ 5.75 lakh had since been recovered in 17 cases and notices of demand for ₹ 19.19 lakh to the remaining vehicle owners had been issued while DTOs concerned of the remaining districts stated between February and November 2015 that notices of demand would be issued against vehicle owners for recovery of dues and necessary action would be taken as per rules.

The matter was reported to the Government/Department between August 2015 and February 2016; we are yet to receive their reply (October 2016).

2.7 Short realisation of Trade Certificate Fee

The registering authorities did not ensure realisation of trade certificate fees in respect of all motor vehicles in the possession of the dealers which resulted in short realisation of Trade Certificate Fees of ₹ 1.30 crore.

Section 39 of the Motor Vehicle (MV) Act, 1988 provides that no person shall drive any motor vehicle in any public place unless the vehicle is registered. Further, Rule 33 of the Central Motor Vehicles (CMV) Rules, 1989 provides that for the purpose of the proviso to Section 39, a motor vehicle in the possession of a dealer shall be exempted from the necessity of registration subject to the condition that he obtains a trade certificate from the Registering Authority having jurisdiction in the area in which the dealer has his place of business. Under Rule 34 of the Rules *ibid*, an application for the grant or renewal of a trade certificate shall be made in Form 16 and shall be accompanied by the appropriate fee (Motor Cycle/Invalid carriage: ₹ 50 for each vehicle; Others: ₹ 200 for each vehicle) as specified in Rule 81 of the CMV Rules.

Further, under Rule 37 of the CMV Rules, a trade certificate shall be in force for a period of 12 months from the date of issue or renewal thereof and shall be effective throughout India for the purposes specified under Rule 41 of the Rules *ibid*.

We scrutinised the trade tax registers and files/registration records in VAHAN database and statement submitted by the dealers regarding receipt of vehicles of 29 district transport offices for the period 2014-15 and found (between February and December 2015) in 12 district transport offices²⁸ that 180 trade certificates were granted to test-checked 109 dealers of vehicles (out of 236 dealers) during the period between April 2012 and July 2015, though, these dealers had received 2,04,759 vehicles during the period as evident from the declarations filed by dealers in Form B2. Though the information regarding number of vehicles in their possession was available to the Registering Authority, they did not initiate action to raise demand for trade certificate fees

²⁸ Aurangabad, Bhagalpur, Bhojpur (Ara), Darbhanga, East Champaran (Motihari), Gopalganj, Jamui, Madhubani, Muzaffarpur, Saran (Chapra), Sitamarhi and Siwan.

against the defaulting dealers for the remaining 2,04,579 vehicles under their possession as required under Rules *ibid*. Due to this omission there was short realisation of trade certificate fee of ₹ 1.30 crore.

The matters were reported to the Government/Department between September 2015 and February 2016; we are yet to receive their reply (October 2016).

2.8 One Time Tax

2.8.1 One Time Tax and penalty not levied/short levied

In 15 district transport offices, the owners of 5,150 vehicles either did not pay One Time Tax or paid it short. The taxing officer did not impose the leviable One Time Tax/penalty amounting to ₹ 4.41 crore.

Section 5 read with section 7 of the BMVT Act as amended by Finance Acts (2010, 2011, 2012, 2013 and 2014) provides different rates of One Time Tax (OTT) for levy on personalised vehicles, tractors, maxi/cabs, three-wheelers and light goods vehicles. Delay in payment of tax beyond 15 days attracts penalty from 25 *per cent* to twice the amount of tax due as per the provisions of Section 23 of the Act *ibid* read with Rule 4 (2) of BMVT Rules.

Further, as per Section 8 of the BMVT Act, when a motor vehicle, in respect of which tax of any period has been paid, is revised during such period, the owner of the vehicle shall pay to the taxing officer a differential tax of a sum which is equal to the difference between the tax already paid and the tax which becomes payable in respect of such vehicle for the period for which the higher rate of tax is payable in consequence of the alteration.

We scrutinised the Tax Clearance Table of the VAHAN database of 29 district transport offices between January and November 2015 and found that the tax officers of 15 district transport offices²⁹ did not realise OTT of ₹ 4.41 crore from the owners of 5,150 vehicles (tractor, three-wheelers, maxi/motor cabs and light goods vehicles) out of 34,939 registered vehicles (all test-checked), which were registered between May 2010 and July 2015, as shown in **Table-2.9** below:

²⁹ Arwal, Aurangabad, Bhagalpur, Buxar, Darbhanga, East Champaran, Gopalganj, Jamui, Jehanabad, Madhubani, Muzaffarpur, Saran, Sheikhpura, Sheohar and Sitamarhi.

Table-2.9
One time tax and penalty not levied/short levied

Type of vehicle	Number of office involved	Amount of OTT/ penalty (₹ in lakh)	Rate of OTT applicable	Audit observation
Tractor (commercial)	10 DTOs ³⁰	88.61	One <i>per cent</i> w.e.f. 9.4.2010; Two <i>per cent</i> w.e.f. 1.4.2013 and 4.5 <i>per cent</i> w.e.f. 19.9.2014.	Out of 17,650 tractors registered between May 2010 and July 2015, the owners of 147 tractors did not pay OTT and penalty of ₹ 87.75 lakh and in case of 16 tractors, OTT and penalty was paid short by ₹ 0.86 lakh.
	Nine DTOs ³¹	50.22	- do -	Out of 580 tractors registered between September 2014 and February 2015, OTT was realised from the owners of 410 tractors at pre-revised rate due to delay in mapping of the revised rate in the VAHAN. Thus, differential tax of ₹ 50.22 lakh was not realised.
Three wheeler	Five DTOs ³²	22.01	₹ 6,000 (for 10 years upto five seat), ₹ 9,000 (for 15 years upto five seat), ₹ 9,000 (for 10 years upto seven seat), ₹ 13,500 (for 15 years upto seven seat)	Out of 5,508 three-wheelers registered between September 2011 and July 2015, the owners of 74 three-wheelers did not pay OTT and penalty of ₹ 22.01 lakh.
	Four DTOs ³³	132.26		Out of 5,070 newly registered three-wheelers registered between April 2013 and March 2015, 4,233 vehicles were granted validity of registration for 10 years instead of 15 years, which resulted in short realisation of ₹ 1.32 crore.
Maxi/motor cabs	Eight DTOs ³⁴	121.96	Five <i>per cent</i> w.e.f. 1.4.2013 and seven <i>per cent</i> w.e.f. 19.9.2014	Out of 2,254 Maxi/motor cabs registered between January 2013 and June 2015, the owners of 171 Maxi/motor cabs did not pay OTT and penalty of ₹ 1.22 crore.
	Two DTOs (Bhagalpur and Darbhanga)	3.80		Out of 765 Maxi/motor cabs registered between September 2014 and May 2015, OTT was realised from the owners of 46 Maxi/motor cabs at pre-revised rate due to delay in mapping of the revised rate in the VAHAN. Thus, differential tax of ₹ 3.80 lakh was not realised.

³⁰ Bhagalpur, Buxar, Darbhanga, East Champaran, Gopalganj, Jehanabad, Madhubani, Muzaffarpur, Sheikhpura and Sheohar.

³¹ Arwal, Aurangabad, Bhagalpur, Darbhanga, Gopalganj, Madhubani, Muzaffarpur, Saran and Sheikhpura.

³² Buxar, Darbhanga, East Champaran, Gopalganj and Muzaffarpur.

³³ Aurangabad, Jamui, Sheikhpura and Sitamarhi.

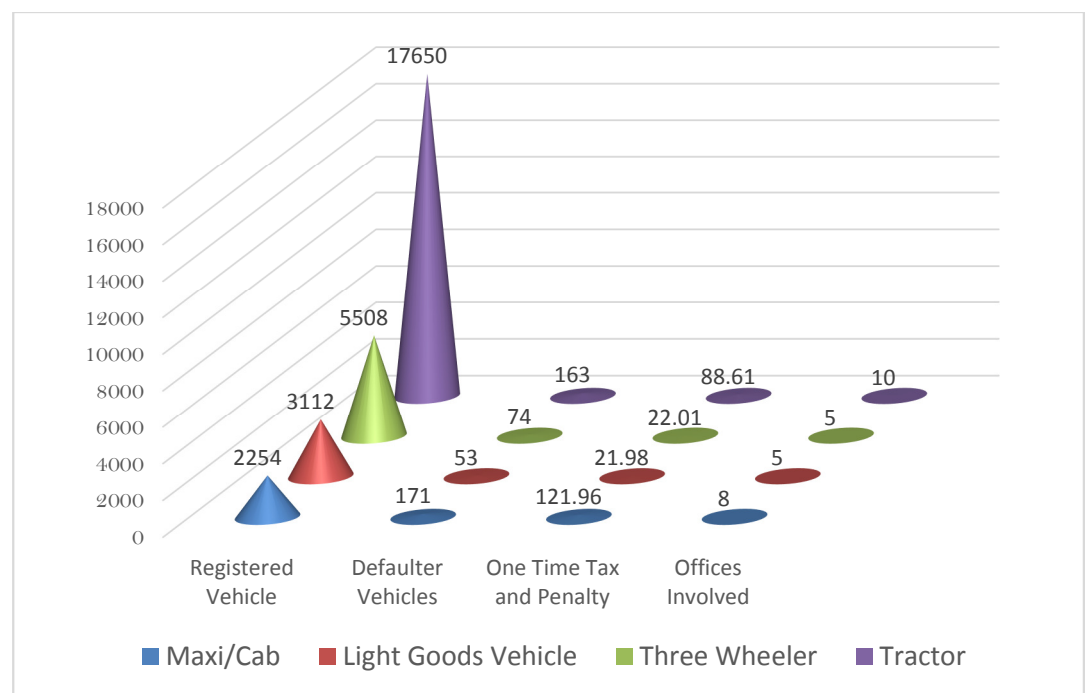
³⁴ Arwal, Bhagalpur, Darbhanga, East Champaran, Jamui, Muzaffarpur, Sheikhpura and Sheohar.

Light Goods Vehicles (LGV)	Five DTOs ³⁵	21.98	₹ 7,700 (upto 1,000 kgs.GVW) ₹ 5,500 per 1,000 kgs for GVW above 1,000kgs and upto 3,000 kgs w.e.f. 1 April 2011.	Out of 3,112 LGV (GVW upto 3,000 kgs) registered between March 2011 and January 2015, the owners of 53 LGV did not pay OTT and penalty of ₹ 21.98 lakh.
		440.84		5,150 vehicles

One Time Tax and penalty not levied and short levied are depicted in the following Charts:

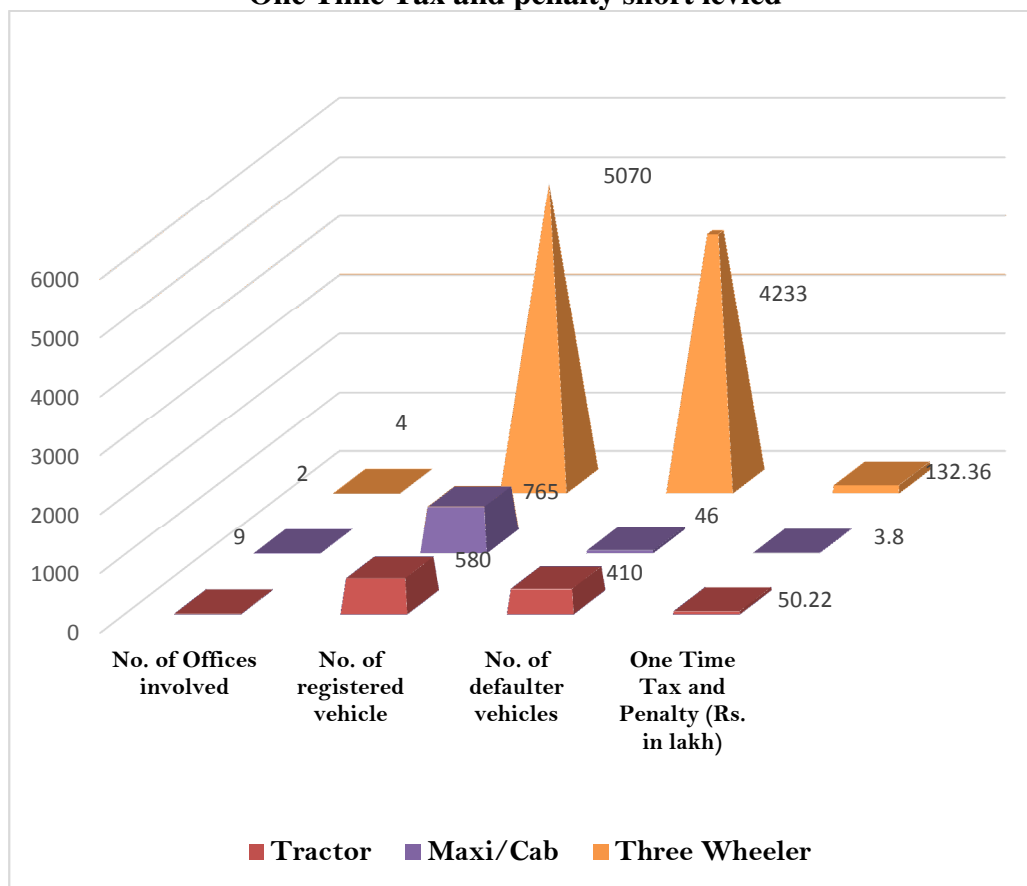
Chart-2.7

One Time Tax and penalty not levied



³⁵

Aurangabad, Darbhanga, East Champaran, Jehanabad and Sitamarhi.

Chart- 2.8**One Time Tax and penalty short levied**

On this being pointed out, the DTOs concerned stated between February and December 2015 that notices of demand would be issued.

The matter was reported to the Government/Department between September 2015 and February 2016; we are yet to receive their reply (October 2016).

2.8.2 Penalty for belated payment of OTT not realised

The District Transport Officers did not realise penalty on belated payment of one time tax of ₹ 42.89 lakh.

We scrutinised the Tax Clearance Table of the VAHAN database of 29 district transport offices and found between March and December 2015 that the taxing officers of four district transport offices³⁶ did not realise penalty of ₹ 42.89 lakh for delayed payment of OTT from the owners of 428 vehicles (tractor and maxi/Motor cabs), out of 4,125 registered vehicles (all test-checked), which were registered between May 2010 and August 2015, as shown in **Table-2.10** below:

³⁶

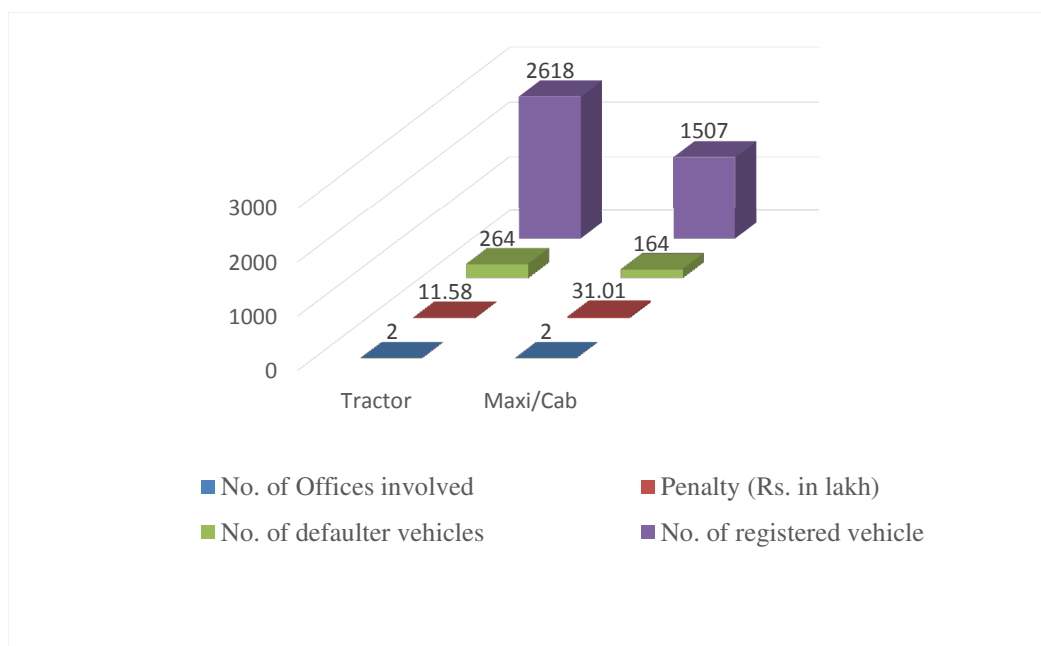
East Champaran, Muzaffarpur, Saran and Sheohar.

Table-2.10
Penalty for belated payment of OTT not levied

Type of vehicles	Number of defaulter Vehicles	Name of offices involved	Penalty (₹ in lakh)	Remarks
Tractor (commercial)	264	DTOs East Champaran and Sheohar	11.88	Out of 2,618 vehicles registered between May 2010 and January 2014, the owners of 264 vehicles had paid OTT with delays ranging between 17 and 437 days. But the DTOs did not impose penalty of ₹ 11.88 lakh for delayed payment of OTT.
Maxi/Motor Cabs	164	DTOs Muzaffarpur and Saran	31.01	Out of 1,507 vehicles registered between January 2014 and August 2015, the owners of 164 vehicles had paid OTT with delays ranging between 20 and 747 days. But the DTOs did not impose penalty of ₹ 31.01 lakh for delayed payment of OTT.
Total	428		42.89	

Penalty for belated payment of OTT not levied is shown in following **Chart-2.9**:

Chart-2.9
Penalty not levied on delayed deposit of One Time Tax



On this being pointed out, the DTOs concerned stated between September 2015 and February 2016 that notices of demand would be issued.

The matter was reported to the Government/Department between September 2015 and February 2016; we are yet to receive their reply (October 2016).

Government/Department should ensure departmental action against wilful negligent District Transport Officers in cases where One Time Tax were short levied.

2.9 Loss of revenue due to delivery of vehicles without temporary registration

Delivery of vehicles to the purchasers without allocating temporary registration mark resulted in loss of ₹ 33.70 lakh.

As per Rule 42 of CMV Rules, 1989, no holder of a trade certificate shall deliver a motor vehicle to a purchaser without registration, whether temporary or permanent. Further, Section 43 of the MV Act, 1988 provides that notwithstanding anything contained in Section 40, the owner of a motor vehicle may apply to any registering authority or other prescribed authority to have the vehicle temporary registered in the prescribed manner and for the issue in the prescribed manner of a temporary certificate of registration and a temporary registration mark. The Department vide office order no. 3415 dated 28 July 2009 also made it clear that in accordance with the provision of Section 43 of the MV Act, 1988, the registering authorities shall provide the blocks of the temporary registration numbers to the dealer agencies on their requisition.

We scrutinised the owner table/registration records of VAHAN database of 29 district transport offices for the period 2014-15 and found (between May and August 2015) in three district transport offices³⁷ that 36,983 vehicles (Light Motor Vehicles: 824 and two-wheelers: 36,159) were registered between April 2014 and March 2015 (all test checked) and the holders of trade certificates had delivered all the vehicles to the purchasers without allocating temporary registration mark during the period between April 2014 and March 2015. The registering authorities (DTOs) registered the vehicles permanently without ensuring the delivery of vehicles to the purchasers by the dealers with temporary registration as required under the aforesaid provision of the Act/Rules *ibid* and departmental order. This resulted in loss of ₹ 33.70 lakh.

On this being pointed out, DTOs concerned stated between June and August 2015 that necessary action would be taken as per Rules.

The matter was reported to the Government/Department between October and November 2015; we are yet to receive their reply (October 2016).

³⁷ Bhagalpur, Bhojpur (Ara) and Darbhanga.

2.10 Additional registration fee not realised

Due to allotment of registration numbers out of sequence to the purchasers without realising additional registration fees for preferred registration number, revenue of ₹ 11.40 lakh was not realised.

As per notification (June 2003) issued under the Bihar Motor Vehicles Taxation (BMVT) Rules 1992, if an owner of a vehicle applies for a preferred registration number out of sequence, an additional registration fee of ₹ 5,000 shall be chargeable. The Department also instructed (28 July 2009) to issue registration number from the allotted block of registration numbers according to the dealer's sale invoice in sequence.

During scrutiny of the Dealer Point Registration Register and VAHAN database of two district transport offices (Buxar and East Champaran, Motihari), we observed between January and March 2015 that seven dealers of motor vehicles to whom registration mark were allotted under dealer point registration had allotted 228 registration numbers out of sequence to the purchasers (out of 25,348 vehicles registered and test-checked) for which additional registration fees for preferred registration number were not realised. The concerned DTOs did not initiate any action to realise the fee from the dealer for issue of the preferred registration numbers. Thus, an additional fee of ₹ 11.40 lakh was not realised as mentioned in the **Table-2.11** below:

Table-2.11

Additional fee not realised

(Amount in ₹)

Sl. No.	Name of the DTOs	No of vehicles registered (all test-checked) No. of defaulter dealers	No. of vehicles where preferred registration numbers were allotted	Period of sale	Fee payable at the rate of ₹ 5000 per vehicle	Fee paid	Additional fee not realised
1.	Buxar	<u>7,856</u> 2	98	February 2012 to March 2014	4,90,000	0	4,90,000
2.	East Champaran	<u>17,492</u> 5	130	January 2012 to April 2014	6,50,000	0	6,50,000
Total		<u>25,348</u> 7	228		11,40,000	0	11,40,000

On this being pointed out, DTO East Champaran stated in March 2015 that notices of demand would be issued while DTO Buxar stated in February 2015 that necessary action would be taken as per rules.

The matter was reported to the Government/Department in October 2015; we are yet to receive their reply (October 2016).