

***CHAPTER V***  
***TAXES ON VEHICLES***



## CHAPTER V TAXES ON VEHICLES

### 5.1 Tax Administration

The Transport Department of Government of Andhra Pradesh is governed by Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989, Andhra Pradesh Motor Vehicles Taxation (APMVT) Act, 1963, Andhra Pradesh Motor Vehicles Taxation Rules, 1963 and Andhra Pradesh Motor Vehicles Rules, 1989. The Transport Department is primarily responsible for enforcement of provisions of Acts and Rules framed thereunder. These Acts/Rules include provisions for collection of taxes, fees, issue of driving licences, certificates of fitness, registration of motor vehicles, grant of permits to vehicles. The Department is headed by Principal Secretary (Transport, Roads and Buildings Department) at Government level. Transport Commissioner (TC) is incharge of the Department. At District level, there are Deputy Transport Commissioners (DTCs) and Regional Transport Officers (RTOs) who in turn are assisted by Motor Vehicle Inspectors (MVIs) and other staff.

### 5.2 Internal Audit

Internal audit provides a reasonable assurance of proper enforcement of laws, rules and departmental instructions, and this is a vital component of the internal control frame work. There was no system of internal audit in the Department to ascertain compliance with Rules / Government Orders by the Department.

### 5.3 Results of Audit

Test check of records of 13 offices of Transport Department conducted during 2016-17 revealed under-assessments and other observations. These irregularities involved monetary impact of ₹ 88.93 crore in 43 cases. The audit observations broadly fall under the categories as given in **Table 5.1**.

**Table 5.1: Results of Audit**

| (₹ in crore) |   |              |              |
|--------------|---|--------------|--------------|
| Sl. No.      | Category  | No. of cases | Amount       |
| 1.           | Performance Audit on 'Enforcement activities of Transport Department including implementation of High Security Registration Plates Project' | 01           | 70.88        |
| 2.           | Non-levy of tax on non-transport vehicles   | 14           | 10.37        |
| 3.           | Non-levy of quarterly tax and penalty   | 15           | 6.57         |
| 4.           | Non-levy of green tax   | 13           | 1.11         |
| <b>Total</b> |   | <b>43</b>    | <b>88.93</b> |

During the year 2016-17, the Department accepted under-assessment and other deficiencies of ₹ 17.48 crore in 11 cases. A few illustrative cases, involving ₹ 73.92 crore, are discussed in the succeeding paragraphs.

## 5.4 Performance Audit on “Enforcement activities of Transport Department including implementation of High Security Registration Plates Project”

### Introduction

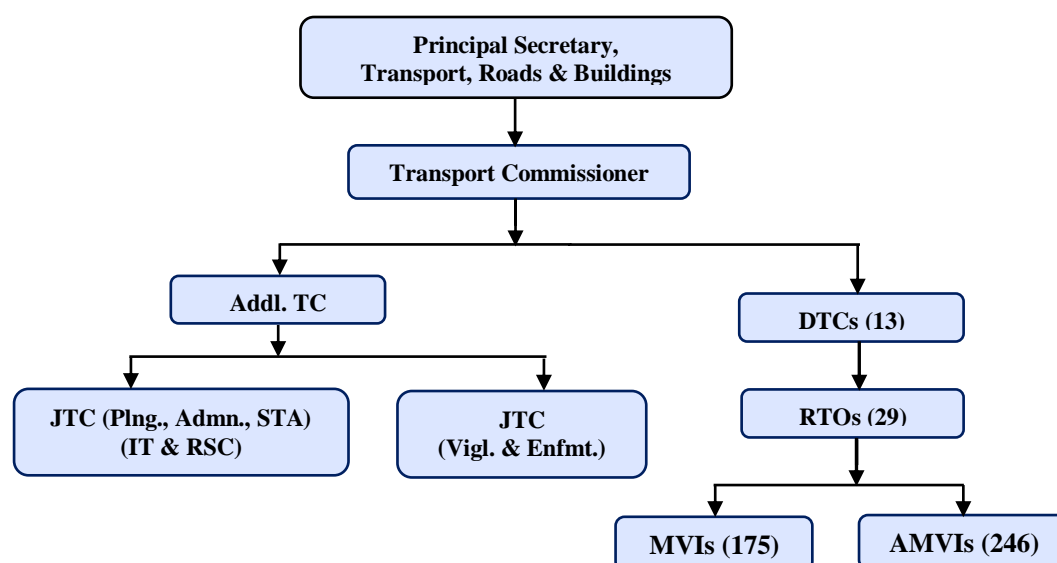
The Andhra Pradesh Transport Department (Department) was established for enforcement of the provisions of Motor Vehicles Act (MV Act), 1988; Andhra Pradesh Motor Vehicles Taxation Act (APMVT Act), 1963 and the rules framed thereunder. The Department primarily functions under the provisions of Section 213 of the MV Act, 1988. This includes collection of taxes and fees, issue of driving licences and certificates of fitness. Registration of motor vehicles and granting permits to vehicles is also being undertaken by the department.

#### 5.4.1 Organisational setup

Principal Secretary, Transport, Roads and Buildings, is overall in charge of administration of the Department. The Transport Department is headed by the Transport Commissioner (TC). He is assisted by one Additional Transport Commissioner, two Joint Transport Commissioners (JTC).

In the field, the TC is assisted by 13 Deputy Transport Commissioners (DTC) and 29<sup>183</sup> Regional Transport Officers (RTOs). The RTOs are assisted by 175 Motor Vehicles Inspectors (MVI). The MVIs are assisted by 246 Assistant Motor Vehicle Inspectors (AMVI). There are 56 Administrative Officers in addition to other ministerial staff working in support of the functionaries.

#### Organogram



<sup>183</sup> 14 Functional and 15 administrative.

JTC (Vigilance and Enforcement) is responsible for ensuring the enforcement of the provisions of the Acts and Rules<sup>184</sup>. At the field level, enforcement staff consisting of MVIs and AMVIs perform the duties of enforcement. They report to DTC/RTO concerned. Apart from this, the JTC (Vigilance and Enforcement) would

- suggest measures to plug leakages in revenue;
- organise check of Motor Vehicles anywhere in the State as per the requirements;
- co-ordinate the activities of the check-post and flying squads in the State.

#### **5.4.2 Functions of enforcement wing**

Functions of the enforcement wing in the department are to

- ensure that vehicles that are plying on road have valid certificate of registration;
- verify fitness certificate, certificate of insurance, certificate of life tax/annual tax etc.,
- ensure valid permit, pollution under control certificate, emissions do not exceed the norms etc. Similarly they seek to ensure that drivers have valid driving licence, wear seat-belt/helmet while driving etc.

#### **5.4.3 Audit Objectives**

The Performance Audit was conducted with a view to assess whether

- the existing system of enforcement was adequate and effective to ensure prescribed checks on vehicles plying on the road;
- the method of disposal of cases and collection of revenue on compounding the offences was effective;
- the internal control mechanism of enforcement activities was adequate;
- the implementation of High Security Registration Plates (HSRP) Project was effective.

The three objectives deal with methods and procedures in place for fulfilling the effective enforcement mechanism of the department. The fourth objective was included to assess the status of implementation of the HSRP Project.

<sup>184</sup> Motor Vehicles Act, 1988, Andhra Pradesh Motor Vehicles Taxation Act, 1963, Central and State Rules made there under and related notifications etc.

#### **5.4.4 Audit scope and methodology**

The Performance Audit for the period of five years i.e., 2011-12 to 2015-16 was taken up during November 2016 to July 2017. Nine out of 13 DTCs and four out of 14 RTOs were covered during the audit. The sample was selected based on the geographical location, existence of check posts. The vehicular strength was also kept in view for selection of sample. Besides, the Citizen Friendly Services of Transport Department (CFST) software data of vehicles, provided by the TC was also analysed.

#### **5.4.5 Audit criteria**

The Audit criteria were sourced from Motor Vehicles Act (MV Act), 1988; Central Motor Vehicles Rules (CMV Rules), 1989; Andhra Pradesh Motor Vehicles Rules (APMV Rules), 1989; Andhra Pradesh Motor Vehicles Taxation Act (APMVT Act), 1963; Andhra Pradesh Motor Vehicles Taxation Rules (APMVT Rules), 1963; Andhra Pradesh Value Added Tax Act 2005 (AP VAT Act) etc.

#### **5.4.6 Acknowledgement**

The entry conference was held with the Joint Secretary to Government (Transport), Andhra Pradesh on 9 January 2017 wherein Audit objectives, criteria, scope and methodology were explained. The Exit conference was held with Department (Transport), Andhra Pradesh on 06 December 2017, wherein Audit observations and recommendations were discussed and response of the Department obtained and incorporated in the relevant paragraphs. Audit acknowledges co-operation extended by the Department in providing server data and other records.

#### **Audit findings**

During the Performance Audit, the following deficiencies relating to enforcement wing were noticed as discussed in subsequent paragraphs:

##### **5.4.7.1 Non-detection of vehicles without valid Fitness Certificates (FCs)**

Section 56 of Motor Vehicles Act 1988 prescribes that a transport vehicle shall not be deemed to be validly registered unless it carries a Fitness Certificate (FC) issued by a prescribed authority. Such FC shall be renewed every year duly conducting tests on the vehicle for a prescribed fee, in terms of Rules 62 and 81 of the CMV Rules.

An analysis of computerised data and records relevant to grant of FCs at 13 selected offices revealed that 98,006 vehicles did not possess valid FCs. Out of these, the department collected road/registration tax from the owners of 28,150 vehicles without testing the fitness of the vehicles and without realisation of prescribed fitness fee. Not observing the provisions had led to non-realisation of fitness fee of ₹ 1.76 crore, besides jeopardising the safety of the public.

The Government stated (December 2017) that FC issued under MV Act 1988 is not a pre-requisite for collection of quarterly tax prescribed under APMVT Act. However, there exists a provision in the CFST software to send SMS alerts when FC gets expired.

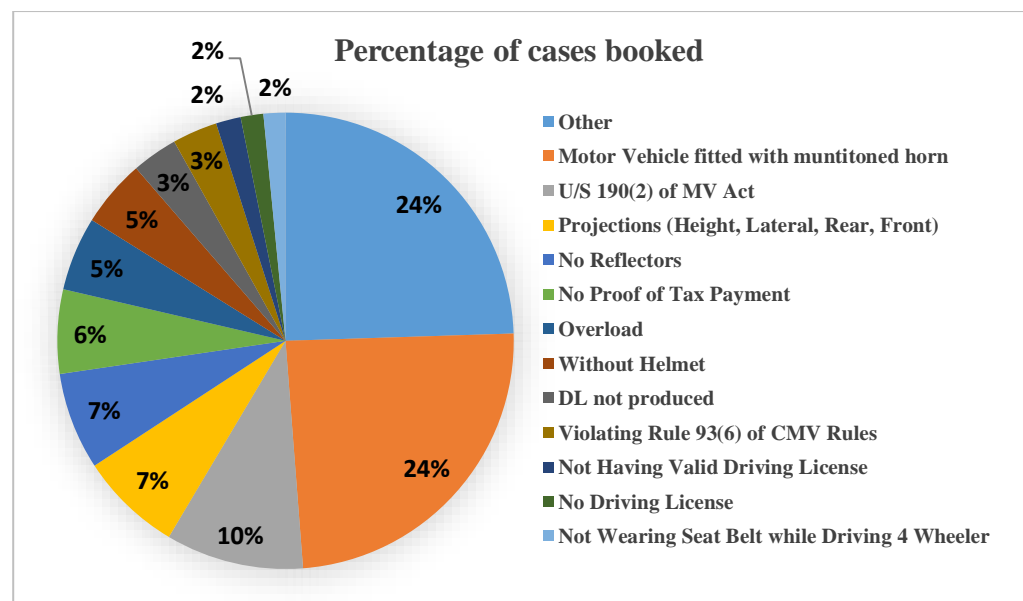
The reply is not acceptable as the authorities should have insisted upon fitness certificate in respect of the vehicles before collection of road/registration tax. Besides, plying of such vehicles on public roads may compromise Safety.

#### 5.4.7.2 Non-recording of all offences

According to Section 158 of Motor Vehicles Act, the duty of enforcement officials include checking the authenticity of valid documents like driving licence, registration certificate, insurance etc. Lapses if any, identified were to be recorded in the vehicle check reports.

Data analysis for the period from April 2011 to March 2016 revealed that the enforcement officials booked 20,64,606 offences during this period. It was seen that 5,05,352 offences fell under one category, i.e., 'Motor vehicle fitted with multi-toned horn'. This constituted 24 *per cent* of total offences detected/booked.

Chart-1



The data also indicates that the vehicles booked under the offence of multi-toned horn were also involved in other offences like non-possession of FCs (55,494 cases); valid insurance (65,705 cases) and non-payment of taxes (85,627 cases). These offences were not mentioned in vehicle check reports for appropriate action.

On this being pointed out, the Government replied (December 2017) that offence falling under the category of 'motor vehicles fitted with multi toned horn offence' were generally booked against other State vehicles entering into AP State. Further, added that these vehicles would have valid tax, insurance and fitness.

The reply on other State vehicles regarding the required documents is not acceptable. The analysis of above data revealed that other state vehicles as well as AP State vehicles (10,592) did not have the required documents. However, these deficiencies were not recorded during enforcement.

#### **5.4.7.3 Lack of assurance on checks conducted while issuing fitness certificates**

Rule 62 of Central Motor Vehicles Rules 1989 prescribed the checks to be conducted before granting of fitness of vehicles. In order to issue renewal certificate of Fitness of Transport vehicle, Motor Vehicle Inspector (MVI)/Assistant Motor Vehicle Inspector (AMVI) have to conduct 15 specified tests on various aspects of vehicles.

Audit noticed that 23,46,323 FCs were issued by 60 Motor Vehicle Inspectors/Asst. Motor Vehicle Inspectors during the period 2011-16. This worked out to 30 fitness certificates on an average per day per MVIs/AMVIs. These certificate were issued by MVIs/AMVIs in addition to performing their regular duties.

- Conducting 15 tests per vehicle on 30 vehicles per day, by one MVI/AMVI in addition to other duties was not practically possible. Thus, an assurance on the quality of tests conducted while issuing FC cannot be ensured.

This may also lead to compromising on the vehicle condition, impacting road safety and other environmental issues.

On this being pointed out, the Government replied that (December 2017) there was a plan to introduce computerised fitness testing centres in future.

#### **5.4.7.4 Seized vehicles plying on roads**

As per Section 207 of MV Act, 1988, vehicles shall be seized and detained, if the detecting officer has reason to believe that a motor vehicle has been or is being used in contravention of provisions of Sections 3, 4 or 39 or Section 66(1) of Motor Vehicles Act. These seized vehicles would be accounted for and kept under safe custody until the disposal of case.

Data of three offices<sup>185</sup> indicated that 268 vehicles were seized by the enforcement officials. Analysis of data revealed that subsequently MVIs/AMVIs had booked these vehicles under different cases. This indicates that these vehicles were not under safe custody and may cause loss of human life and property.

On this being pointed out, the Government replied (December 2017) that the details would be verified.

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<sup>185</sup> DTCs Guntur (13 cases), Kakinada (75 cases) and Nellore (180 cases).



#### 5.4.7.5 Non-detection of vehicles with expired registrations

As per Rule 52(3) of Central Motor Vehicle Rules, a motor vehicle other than a transport vehicle shall not be deemed to be validly registered, after expiry of the period of validity entered in the certificate of registration and no such vehicle shall be used in any public place until its certificate of registration is renewed.

As per Government orders<sup>186</sup> an additional tax called green tax shall be levied on transport vehicles and non-transport vehicles that have completed seven years and 15 years of age respectively from the date of registration.

Analysis of data in 13 offices<sup>187</sup> relating to validity of registration certificates, disclosed that registration of 10,20,089 non-transport vehicles had expired as on March, 2016. These vehicles need to be checked for their fitness to ply on the roads and renew their validity. Audit observed that, the department had neither issued any show cause notice, nor ensured the vehicles were off the roads. Non-transport vehicles plying without fitness would also result in non-collection of green tax amounting to ₹ 32.85 crore.

On this being pointed out, Government replied (December 2017) that as and when vehicle comes for any transaction green tax was levied. Reply is not acceptable, as the Department had not evolved a mechanism to ensure that vehicle owners approach the authorities for re-registration of vehicles and pay green tax. Hence, the Department needs to evolve such a mechanism.

#### 5.4.7.6 Non-detection of vehicles plying without High Security Registration (HSR) Plates

In test checked offices<sup>188</sup> audit noticed<sup>189</sup> that, 4,12,833 vehicles were registered during the period December 2013 and March 2017. These were required to be affixed with HSR plates. However, 49,634 vehicles (12 *per cent*) were not provided with HSR plates till July 2017. Moreover, not even a single case was booked by the enforcement officials for deficiency of HSR plates. This indicated the deficiency in monitoring by the Transport Department.

On this being pointed out, the Government had not furnished the relevant reply (December 2017).

#### 5.4.7.7 Lack of co-ordination with Commercial Taxes Department

Integrated Check posts are meant to keep an effective watch on interstate vehicular traffic in line with norms prescribed by Departments of Commercial Taxes, Transport, State Excise, Mines & Geology etc.

<sup>186</sup> G.O.Ms.No.238 TR& B (TR-1) Department, dated 23 November 2006.

<sup>187</sup> DTCs Chittoor, Eluru, Guntur, Kakinada, Kurnool, Nellore, Srikakulam, Vijayawada and Visakhapatnam and RTOs Gudur, Hindupur, Narasaraopet and Tirupati for the period April 2011 to March 2016.

<sup>188</sup> DTCs Guntur, Kakinada, Kurnool, Srikakulam and Vijayawada and RTOs Hindupur, Narasaraopet and Tirupati.

<sup>189</sup> Between January 2017 and July 2017.

Tax on Construction Equipment Vehicles (CEVs)<sup>190</sup> shall be levied at the rates prescribed in the fourth schedule to Section 3 of APMVT Act. Life tax is to be collected on the gross price of CEVs including other local taxes. Local taxes also include entry tax of Commercial Taxes Department (CT Department) on such new vehicles coming from other States. Enforcement officials of Transport Department are required to obtain clearance certificate from CT Department to ensure payment of entry tax, before collecting life tax.

Audit noticed (March 2016 and April 2017) that in RTO, Tirupati in three cases clearance certificates from CT Department were not obtained. The entry tax involved in these cases was ₹ 54.82 lakh which attract life tax at the rate of 7.5 per cent. It was noticed that the life tax of ₹ 4.11 lakh on the entry tax was not realised.

On this being pointed out, the Government replied (December 2017) that life tax would be realised when the vehicle owner approaches for permanent registration. Audit noted that though, more than three years had elapsed, these vehicles were not permanently registered and the amount was due (April 2017).

#### **5.4.7.8 Lapses on interstate vehicular movement**

Inter-State vehicular traffic of goods is regulated by bilateral agreements under the provisions of MV Act and Rules made thereunder. In terms of Section 88 of the MV Act, a permit granted by State Transport Authority (STA) / Regional Transport Authority (RTA) of any one State/Region shall not be valid in any other State/Region, unless the permit has been countersigned by the STA of that State or by the RTA concerned.

Every goods carriage which is normally kept in the neighbouring States<sup>191</sup> and operating routes lying partly in the respective state and partly in Andhra Pradesh are covered by countersignature permits granted by Government of Andhra Pradesh.

Government of Andhra Pradesh in its order<sup>192</sup>, directed to levy bilateral tax of ₹ 5,000 per annum per vehicle. Further, ordered to levy a penalty of ₹ 100 per month or part thereof on belated payment of bilateral tax.

Audit noticed<sup>193</sup> in two offices of DTCs<sup>194</sup> that the bilateral tax and penalty, amounting to ₹ 25.60 lakh was not collected from the owners of 326 vehicles<sup>195</sup>. The enforcement officials at check posts also did not insist upon the payment of bilateral tax and penalty.

On this being pointed out, the Government replied (December 2017) that the details would be verified.

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<sup>190</sup> Section 4a(a) read with Circular Memo No./31/15118/D2/96, dated 14 September 1996.

<sup>191</sup> Karnataka, Maharashtra, Odisha and Tamil Nadu.

<sup>192</sup> G.O.Ms.No.362, Transport (R&B) (Tr.I) Department, dated 16 December 2008.

<sup>193</sup> Between November 2016 and January 2017

<sup>194</sup> Chittoor and Srikakulam.

<sup>195</sup> These vehicles were registered in Karnataka, Odisha and Tamil Nadu.

#### 5.4.7.9 Lack of planning and documentation for enforcement activities

As per Para 3.6(b) (Chapter III) of Manual of the Transport department the MVIs/AMVIs are responsible for submitting diaries on time explaining in detail the work turned out. No such diaries were maintained/submitted by the MVIs/AMVIs. Tour plan of the enforcement activities and documentation thereof was necessary to keep a watch on enforcement activities.

Audit observed in four offices<sup>196</sup> that the enforcement officials checked vehicles without any planning.

Further analysis of data of cases booked in DTC Visakhapatnam revealed that enforcement officials booked 1,06,872 cases<sup>197</sup>. Among these cases, 25,321 were noticed in the city limits of Visakhapatnam. The enforcement officials did not mention the place of checking in Visakhapatnam city. They did not produce their tour note. Similarly, in DTC Vijayawada out of 1,37,013 cases booked, 22,736 cases pertained to Vijayawada city limits. The enforcement officials did not mention the place of checking.

In the absence of a tour plan it was difficult to make an assessment of the efficiency and effectiveness of the enforcement activity.

On this being pointed out, the Government replied (December 2017) that there was a growth of enforcement revenue collection during last three years and road safety scenario had improved due to enforcement activities. It was therefore concluded that enforcement was properly planned and executed.

However, Audit observation related to lack of planning for coverage of areas before hand and not documenting the results of enforcement regarding persons deployed etc.

#### 5.4.7.10 Inflated performance of enforcement staff

Transport Department fixed monthly revenue target to enforcement staff. Audit noticed that the achievements of revenue collection targets by the enforcement officials were inclusive of taxes paid voluntarily by the vehicle owners. As voluntary tax was collected without any efforts of the enforcement, its inclusion in the target achievement leads to inflating the performance of the enforcement staff.

When the observation was brought to notice, Government replied (December 2017) that the authorities at Check Posts were authorised to collect taxes paid voluntarily by the person in charge of the vehicle plying from other States.

The reply is not relevant as the Audit observation pertains to enforcement staff working in places other than check posts.

<sup>196</sup> DTCs Nellore and Vijayawada and RTOs Hindupur and Tirupati.

<sup>197</sup> Between April 2011 and March 2016

#### **5.4.7.11 Inconsistency in booking the cases**

##### **(i) 'Without helmet' cases booked on vehicles other than motor cycles**

As per Section 129 of Motor Vehicles Act, read with Rule 437 of APMV Rules 'every person driving or riding (otherwise than in a side car, on a motor cycle of any class or description) shall, while in a public place, wear protective ISI headgear'.

From the analysis of Citizen Friendly Services of Transport Department (CFST) data of 74,328 cases (for the period April 2011 to March 2016) on helmet related offences, Audit noticed that 1,242 relate to vehicles other than two wheelers<sup>198</sup>.

##### **(ii) 'Without seat belt' cases on motor cycles**

As per Rule 125 and 125 (I-A) of Central Motor Vehicles Rules, the manufacturer of every motor vehicle of M-1 category<sup>199</sup> shall equip every motor vehicle other than motor cycle and three wheelers with a seat belt for a person, occupying the front facing the rear seat.

During the analysis of CFST data Audit noticed that of 19,941 cases booked (during April 2011 to March 2016), without wearing seat belt relate to 314 motor cycles.

Above mentioned lapses indicated the lackadaisical approach of the enforcement staff in identifying the nature of offences vis-a-vis class of vehicles.

On this being pointed out, the Government replied (December 2017) that the registration number would not have been entered properly and the same would be got corrected. Audit noticed that the VCR also reflected the same error. It can be inferred that due to lack of system validations, class of vehicles and offence booked against vehicle were not correlated.

#### **5.4.7.12 Lack of infrastructure**

As per the provisions<sup>200</sup> of MV Act, the duty of enforcement officials also includes the task of identifying offences relating to driving by a person under the influence of drugs/alcohol. This offence was not included in the list of compoundable offence<sup>201</sup> by the State Government. Hence, the offenders are being prosecuted.

In three offices<sup>202</sup> Audit noticed (between January 2017 and May 2017) that the breath analysers were not provided to the enforcement officials for conducting the checks independently. Enforcement officials were wholly

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<sup>198</sup> Autorickshaws, goods carriages etc.

<sup>199</sup> Vehicles used for carriage of passengers, comprising not more than eight seats in addition to the drivers = 9.

<sup>200</sup> Sections 184, 185 and 203 of MV Act.

<sup>201</sup> Fee collected by enforcement staff for violation of Motor Vehicles Rules.

<sup>202</sup> DTCs Nellore and Srikakulam and RTO Tirupati.

dependent on Home Department for joint operations. The Department identified 3,175 cases during joint operations with Home Department (between April 2011 and March 2016) which constitute less than 0.2 per cent of total 16,07,397 cases booked.

Drunk driving impacts public safety and leads to increase in road accidents. This leads to deaths, disabilities, hospitalisations with socio economic costs across the State. However, there was no focus on identifying such cases.

The Government replied (December 2017) that booking of drunk driving cases was time consuming and difficult; hence it was decided that these cases would be booked in co-ordination with Home Department. Reply is not acceptable as it is primary responsibility of Transport Department to detect drivers under the influence of alcohol. Department should have the required infrastructure and manpower to detect the cases of drunk driving so that there is increased compliance in this regard to ensure road safety.

#### **5.4.7.13 Overloaded goods vehicles**

As per Section 113(3) of the Act, no motor vehicle should be allowed to be driven in any public place, the unladen weight of which exceeds the limit specified in the RC of the vehicle or the laden weight of which exceeds the gross vehicle weight specified in the RC. Section 114(1) prescribed that the authorities shall direct the driver to offload the excess weight at his own risk. Further, the vehicle shall not be removed from the place until the laden weight had been reduced.

Analysis of CFST data (out of 79,837 cases detected<sup>203</sup>), disclosed that 72,964 cases<sup>204</sup> were compounded. However, the drivers were not instructed to offload the excess weight before allowing to ply further. Remaining cases of 6,873 were not-compounded and were prosecuted. Inconsistency in disposing of the offences resulted in increase in number of such offences.

The Department failed to curb the overloaded vehicles on the road which were in violation of the Rules and had adverse effect on public safety, roads and emission of green house gases.

On this being pointed out, the Government replied (December 2017) that provisions of Section 113(3) of MV Act do not state that authorities should direct the driver of any vehicle found with excess load to offload the excess weight at his own risk and not remove the vehicle from the place until laden weight had been reduced.

Reply of the Government was not relevant, as Section 113 of the MV Act prescribes maximum load to be allowed. Section 114(1) specified that excess weight was required to be off-loaded before letting the vehicle to proceed. Audit noted that overloaded vehicles were allowed to ply thus compromising with safety on the roads.

<sup>203</sup> Between April 2011 and March 2016.

<sup>204</sup> Includes 6244 cases analysed in audit at DTC, Vijayawada.

#### **5.4.7.14 Incorrect fixation of sale price and delay in auction of seized vehicles**

As per Section 7 of APMVT Act 1963 the motor vehicles in respect of which the tax, penalty or fine is due, its accessories may be seized and sold whether or not such motor vehicle or accessories are in the possession or control of the person liable to pay the tax, penalty or fine.

As per para 3.6 b (15) of the Manual of Transport Department, the enforcement functionaries are required to fix the upset price of a vehicle to be auctioned, basing on its conditions mentioned (Form 2 of AP RR Act, 1864).

In RTO Hindupur, Audit observed that 13 vehicles were not valued before the auction. Of them, 2 new vehicles<sup>205</sup> with temporary registration were disposed of as scrap at meagre price of ₹ 22,100 as against the invoice price of ₹ 5,98,300.

Audit observed in 11 offices<sup>206</sup> that 1,551 vehicles were available under seizure since 2010 without being put to auction.

On this being pointed out, the Government replied (December 2017) that the district officers would be directed to conduct auctions every three months. The reply was silent on other issues.

#### **5.4.8 Lapses in disposal of offences**

##### **5.4.8.1 Application of incorrect rate of fine**

According to Section 190(2) of the MV (Central) Act ‘any person who drives or causes or allows to be driven, in public place, a motor vehicle which violates the standards prescribed in relation to road safety, control noise and air pollution shall be punishable for the first offence with a fine of ₹ 1,000 and for any second and subsequent offence with a fine of ₹ 2,000.

Government of Andhra Pradesh issued order<sup>207</sup>, prescribing schedule of rates for penalties for different offences. However, Government did not prescribe the rate applicable for second and subsequent offences.

Analysis of Citizen Friendly Services of Transport Department (CFST) data<sup>208</sup> revealed that 74,725 cases out of total 1,26,606 cases booked, related to repetition of the same offence. The re-occurrence of offences ranged from 2 to 19 times. Enforcement officials levied ₹ 1,000 on each offence instead of ₹ 2,000 on second and subsequent offences as prescribed in the Act. Thus, the application of lower rates resulted in short collection of fine of ₹ 7.47 crore.

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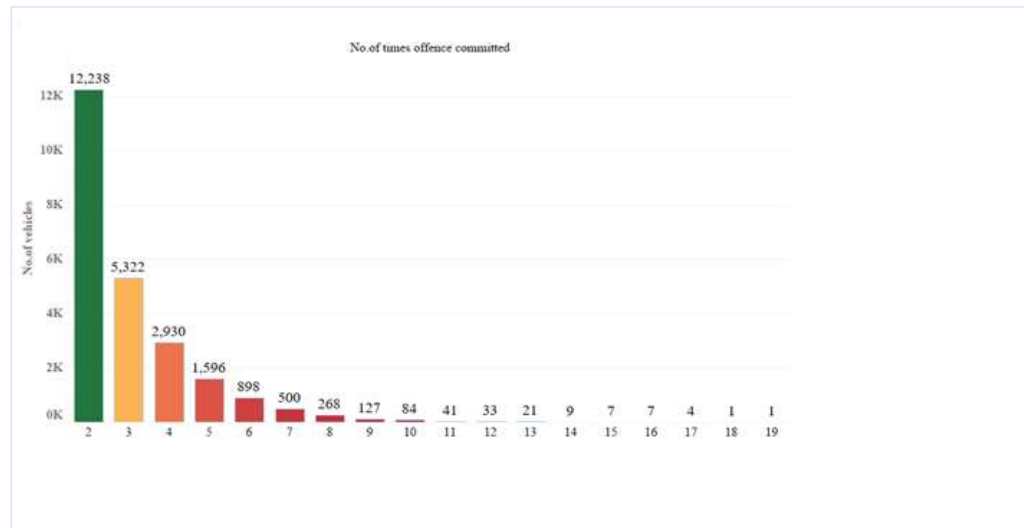
<sup>205</sup> Manufactured in April 2012 and July 2013 respectively.

<sup>206</sup> DTCs Chittoor, Eluru, Guntur, Kakinada, Srikakulam, Vijayawada and Visakhapatnam and RTOs Gudur, Hindupur, Narasaraopet and Tirupati.

<sup>207</sup> G.O.Ms.No.108, Transport, Roads and Buildings(Tr.1) Department, dated 18 August 2011.

<sup>208</sup> For the period 2011-16.

Chart - 2



Frequency of offences committed Vs. No. of vehicles

On this being pointed out, the Government replied (December 2017) that the enforcement officials were not empowered to collect compounding fee at higher rate than the fee prescribed by Government.

Reply was not tenable, as Government order<sup>209</sup> did not prescribe any fee for second and subsequent offences which was in violation of the provisions of the Central Act. There is a need to evolve a system which prompts adoption of changes in rates in accordance with the provisions of Central Act.

#### 5.4.8.2 Short collection of compounding fee

Analysis of State data of 1,26,328 cases, revealed that in 1,090 cases, the enforcement officials did not collect compounding fee at minimum prescribed rate. This resulted in short realisation of compounding fee amounting to ₹ 10.18 lakh.

Lack of system validations on prompting minimum fee collectable, enabled officials collecting the fee use discretionary powers to the disadvantage of revenue.

On this being pointed out, the Government replied (December 2017) that the details would be verified. Hence, the Government needs to provide for validation controls to levy minimum compounding fee.

#### 5.4.8.3 Releasing other State vehicles without collecting compounding fee

According to Section 158 of the Motor Vehicles Act, any person driving a motor vehicle in any public place shall produce on demand, the certificate of insurance, certificate of registration, driving licence; in case of a transport vehicle, also the certificate of fitness and the permit, relating to the use of the vehicle.

<sup>209</sup> G.O.Ms.No.108, Transport, Roads and Buildings (Tr.1) Department, dated 18 August 2011.



The checks prescribed above had to be verified by the enforcement officials and for violations either compounding fee is to be collected or vehicle seized.

Scrutiny of Vehicle Check Reports in five offices<sup>210</sup> disclosed that 1,256 vehicles relating to other State had to pay compounding fee of ₹ 35.56 lakh. The vehicles were released without impounding the documents. Thus, vehicle owners did not return to clear the dues to get the original documents released.

On this being pointed out, Government replied (December 2017) that the details would be verified and necessary action taken by the DTCs for collection.

#### **5.4.8.4 Absence of prescribed time limit for disposal of Vehicle Check Reports (VCRs)**

Section 200 of Motor Vehicle Act, read with Government order<sup>211</sup> provides for collection of Compounding Fee (CF), at specified rates, at the time of checking vehicles for the offences committed. In cases, where Compounding Fee was not collected Vehicle Check Reports (VCRs) are to be sent to RTA<sup>212</sup> concerned, duly specifying the offence committed. However, no time limit was prescribed for disposal of the cases.

Analysis of CFST<sup>213</sup> data revealed that out of 16,07,397 cases booked (between April 2011 and March 2016), 20,250 cases were pending for disposal since April 2011. The compounding fee involved in these cases was ₹ 6.71 crore.

In 12 offices<sup>214</sup> Audit observed that 1,043 such cases were pending from April 2014 onwards. The compounding fee involved in these cases was ₹ 35.61 lakh. Absence of prescribed time limit for disposal of Vehicle Check Reports resulted in increasing pendency of cases of offences, leading to non-realisation of compounding fee.

On this being pointed out, Government replied (December 2017) that the details would be verified. However, the Government should prescribe time limit for finalisation of Vehicle Check Reports.

#### **5.4.8.5 Inordinate delay in finalisation of enforcement cases**

As per the Fourth Schedule to Section 3 of APMVT Act, life tax on Construction Equipment Vehicles (CEVs) shall be levied at the rates prescribed in the Schedule.

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<sup>210</sup> DTCs Eluru, Kakinada, Srikakulam, Vijayawada and RTO Hindupur.

<sup>211</sup> G.O.Ms.No.108 Tr. R&B (TR-1) Department, dt.18 August 2011.

<sup>212</sup> Please see glossary

<sup>213</sup> Please see glossary

<sup>214</sup> DTCs Chittoor, Eluru, Guntur, Kakinada, Kurnool, Nellore, Srikakulam, Vijayawada and Visakhapatnam and RTOs Gudur, Hindupur and Tirupati.



It was observed (January 2017) in DTC, Visakhapatnam that 17 VCRs<sup>215</sup> (booked between 2010 and 2013), relating to CEVs, involving life tax amounting to ₹ 10.13 crore were not finalised till January 2017.

It was stated by DTC that these cases were pending, as vehicle owners were disputing the liability of tax. Further, audit noticed that the Hon'ble High Court instructed<sup>216</sup> the Transport Commissioner to finalise the issue within two months from the date of pronouncement (March 2011) of the judgement. However, the Transport Commissioner had not finalised the issue so far (December 2017), though more than six years elapsed.

On this being pointed out, the Government replied (December 2017) that the details would be verified and necessary action taken for collection of the same.

#### 5.4.8.6 Compounding of offences relating to live stock

Rule 253 of APMV Rules prescribes norms to carry livestock in goods vehicles. Government issued orders<sup>217</sup> on compounding the offence of overloading based on the big or small size of the animal which has been prescribed in the schedule.

Audit observed<sup>218</sup> that in eight offices<sup>219</sup>, enforcement officials booked 1,119 cases of 'overloading of animals'. The cases were compounded by collecting fee of ₹ 2,000 for the offence in each case. However, the details of excess animals overloaded and size of the animals were not recorded. Hence it could not be ensured whether compounding fee was collected correctly.

**Fig.1**



**Fig.2**



Vehicles carrying overloaded animals

On this being pointed out, the Government replied (December 2017) that the offence relating to overload of animals was treated as permit violation; hence levied fee of ₹ 2,000. The offence of overload had no relevance to number of excess animals in the vehicle or size of the animals.

<sup>215</sup> Please see glossary

<sup>216</sup> Writ petition No.5049 of 2011 dated 1 March 2011.

<sup>217</sup> No. 332 dated 13 November 2008 Transport, Roads & Buildings (Tr.1) Department.

<sup>218</sup> Data for the period 2011-16.

<sup>219</sup> DTCs Guntur, Kakinada, Kurnool, Srikakulam, Vijayawada and Visakhapatnam and RTOs Hindupur and Tirupati.

Reply is not tenable, as the offence, as per the Government orders shall be compounded by arriving at excess animals being carried.

#### **5.4.9 Internal controls**

Internal control is essential for assuring achievement of an organisation's objectives in operational effectiveness and efficiency and compliance with laws and regulations. It involves everything that controls risks during the enforcement activities.

##### **5.4.9.1 Non-submission / belated submission of Vehicle Check Reports (VCRs)**

As per the instructions<sup>220</sup>, the VCRs prepared by the checking officers had to be handed over in the jurisdictional office on the same day or next day in case of seizure of vehicle. In other cases, VCRs may be sent within 15 days from the date of check to the office for further action.

i) Audit noticed<sup>221</sup> that out of 28,57,075 cases, the enforcement officials had submitted 4,76,525 VCRs (16.68 *per cent*) to the jurisdictional DTC / RTO belatedly. The delay ranged from 5 to 1,992 days.

As a result there was a delay in taking action on the cases involved in offences. It also delayed collection of compounding fee of ₹ 3.82 crore.

In eight selected offices<sup>222</sup>, it was found that 14,913 cases were belatedly submitted by the enforcement officials. The delay ranged from 30 days to 960 days in cases of seizure and 30 to 1,630 days in other cases.

On this being pointed out, the Government replied (December 2017) that the details would be verified and reply furnished in due course.

ii) During enforcement, officials check the correctness<sup>223</sup> of the documents and other lapses, collect the compounding fee if found guilty. In case of non-collection of compounding fee, the documents are to be impounded and forwarded to the jurisdictional registering authority for further action.

Audit observed in eight offices<sup>224</sup> that 1,456 vehicles pertaining to other RTAs were impounded on various offences like invalid RC, licence, permit etc. However, documents impounded were not forwarded to jurisdictional authorities for collection of compounding fee. This resulted in non-realisation of compounding fee amounting to ₹ 14.56 lakh during the period 2011-12 to 2015-16.

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<sup>220</sup> Circular Memo of Transport Commissioner, No.44/13907/R2/2002, dated 13 September 2002.

<sup>221</sup> Data relating to April 2011 to March 2016.

<sup>222</sup> DTCs Chittoor, Guntur, Kakinada, Kurnool, Nellore and Vijayawada and RTOs Hindupur and Tirupati.

<sup>223</sup> As prescribed under Section 158.

<sup>224</sup> DTCs Chittoor, Eluru, Guntur, Kurnool, Srikakulam and Visakhapatnam and RTOs Hindupur and Tirupati.

On this being pointed out, the Government replied (December 2017) that the details would be verified.

#### **5.4.9.2 Lack of monitoring of Pollution under Control Units**

Rule 486(9) of the Andhra Pradesh Motor Vehicles Rules, prescribes that the holder of a licence of Pollution under control certificate (PuC) unit granted under sub-rule (5) shall maintain on an annual basis, a register indicating the vehicles tested for emission levels with the following details:

(i) Pollution under control certificate number (ii) the registration number, make, model and year of registration of the vehicle tested (iii) gas / smoke levels at the time of inspection.

License holder should submit monthly returns in duplicate by fifth of succeeding month to the licensing authority concerned. The information shall contain the number of vehicles inspected, results of inspections, and number of PuCs issued.

Audit noticed (June 2017) in the office of the DTC Vijayawada that the 30 PuC units out of 40 units had not furnished monthly returns.

Further, Audit noticed that no field inspections were conducted by the enforcement officials on PuCs units.

On this being pointed out, the Government replied (December 2017) that the detailed instructions were issued to district officers for checking vehicles plying without PuC certificates. The reply furnished was not specific to the audit observation.

#### **5.4.10 Implementation of High Security Registration Plates (HSRP) Project**

Rule 50 of Central Motor Vehicles Rules, 1989, prescribed the form and manner of display of registration mark on Motor Vehicles. Government of India notified<sup>225</sup> the rules on High Security Registration Plates. As per clause 4(x) of these Rules, the State Transport Authority is empowered to select the vendor or the manufacturer. Government of Andhra Pradesh entrusted the work of implementation of HSRP to APSRTC<sup>226</sup>.

<sup>225</sup> Motor Vehicles (New High Security Registration Plates) Order, 2001 (HSRP Rules) on 22 August 2001.

<sup>226</sup> Andhra Pradesh State Road Transport Corporation.

#### 5.4.10.1 Irregularities in tendering process and award of contract

##### (i) Award of contract at higher rate

APSRTC issued (between 2011 and 2012) tender notice, invited bids for manufacturing and affixing of HSR plates. A consortium of M/s. Utsav Safety Systems Private Limited (M/s. USSL) (which had TAC<sup>227</sup>) and M/s. Link Point Infrastructure Private Limited (M/s. LIPL) quoted weighted average price of ₹ 281.017 per registration plate and was the lowest bidder. After negotiations with the lowest bidder, the contract was awarded (October 2012) at a rate of ₹ 220.34 per plate.

The successful consortium bidder formed SPV<sup>228</sup> with M/s. Link Autotech Pvt. Ltd., and entered into agreement with APSRTC (February 2013) for implementation of the project.

The successful bidder had entered into similar agreement in December 2011 and March 2012 with the Governments of Madhya Pradesh and Delhi. The weighted average price was ₹ 146 and ₹ 119 respectively. Government of Andhra Pradesh awarded the contract to the same firm at a weighted average price of ₹ 220.34 which was much higher as compared to the rates in above two States. Awarding contract at a higher price in Andhra Pradesh rendered undue benefit to the firm to an extent of ₹ 15.88 crore<sup>229</sup> as on March 2017 and put additional burden to that extent on vehicle owners.

On this being pointed out, Government replied (December 2017) that there was dire need to implement the project at the earliest as per directive of Hon'ble Supreme Court of India, necessitating captive power production with higher capital out lay and energy costs.

Reply is not acceptable, as the Hon'ble Supreme Court of India had directed (October 2011) all the States across the country to implement the project immediately. However, Government of Andhra Pradesh implemented after passing of two years of judgement. Similarly, applicability of higher energy costs was not unique for Andhra Pradesh alone. It was equally applicable to the States of Madhya Pradesh and Delhi as well.

##### (ii) Antecedents of the firm

As per clause 4 (xa) of the HSRP Rules, the State Government or Union Territory administration shall ensure that *the vendor, if convicted of a cognizable offence, violation of FERA Act, detained under the National Security Act, 1980, adjudged guilty by Security Exchange Board of India (SEBI), found to be associated in any manner in organised crime syndicates and connected with activities prejudicial to the national security is not to be considered for selection as manufacturer or vendor for supply of HSR Plates.*

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<sup>227</sup> Type Approval Certificate.

<sup>228</sup> Special Purpose Vehicle.

<sup>229</sup> ₹ 74.34 per plate (₹ 220.34 - ₹ 146.00 = ₹ 74.34) X 21.36 lakh plates.

Audit noticed the following issues during award of contract;

- (i) APSRTC requested<sup>230</sup> the Central Bureau of Investigation (CBI) for verification of antecedents of bidders. In reply, CBI in their letter dated 10 May 2012 intimated that a case<sup>231</sup> was registered against contact person of M/s. LIPL. However, APSRTC did not verify the antecedents of firm. Audit noticed that the same contact person was the director of M/s. Link Autotech Pvt. Ltd., to whom the HSRP contract was awarded by APSRTC.
- (ii) The Ministry of Road Transport and Highways (MoRTH) in its letter<sup>232</sup> directed all Secretaries of Transport across the country that HSR plates with illegal security features and false propaganda were being marketed throughout the country by M/s. USSL. Further, MoRTH alerted all the States on the activities of the said firm. However, APSRTC did not consider these directions and awarded the contract to the consortium of M/s. Utsav Safety Pvt. Ltd.
- (iii) High Court of Himachal Pradesh found M/s. USSL guilty of violation of HSRP Rules in its order<sup>233</sup> of December 2012. The consortium involving the indicted firm was allowed to enter into contract against the legal opinion of APSRTC standing counsel.

APSRTC had not inquired into the credentials of the firm with any other agencies like State Police, Enforcement Directorate, SEBI etc., as prescribed under the notification despite knowing the facts.

### **(iii) Contract clauses in favour of the vendor**

#### **(a) Customers' feedback mechanism**

Rule 50(i) prescribed that the registration plate shall be guaranteed for imperishable nature for minimum period of five years. No mechanism was prescribed either in the agreement or citizen charter to obtain feedback of the customers on quality of plates. Thus, the authorities were not aware of the quality and effective life of the plates.

Results of periodic review: As per Article 2.4 of the contract, at the end of each period of five years, there shall be a comprehensive review on equipment installed, effectiveness of manufacturing base, infrastructural arrangements etc. However, there is no mention about penalty for lapses, if any, identified during periodical review. Hence, such feedback mechanism needs to be evolved.

Transport Commissioner accepted the audit observations.

<sup>230</sup> Dir.V&S/487(1)/2012 dated 8 May 2012.

<sup>231</sup> RC-2.1994/ Patna.

<sup>232</sup> 11028/2/09/MVI, dated 8 October 2009.

<sup>233</sup> WP(C) 5662/2012 dated 10 December 2012.

## **(b) Quality assurance**

As per Article 10.1(a) of the Contract, *the Authority<sup>234</sup> will have the liberty<sup>235</sup> to select a sample from the raw materials and/or the HSRPs send them for quality verification to an authorized test agency/laboratory so as to obtain assurance that the quality of the HSRP conforms to the standards notified by Government of India.*

However, since implementation of the HSRP project, no sample was selected by the APSRTC to verify the quality of plates. No periodical testing procedure was evolved. Thus there was no assurance on the quality of all HSR plates being affixed to the vehicles.

On this being pointed out, the Government replied (December 2017) that testing reports were sent to testing agency and all were in order. However, the details of samples picked up, sent and received by APSRTC were not furnished to audit.

## **(c) Operating without Type Approval Certificate**

As per clause 4.1<sup>236</sup> of the HSRP Rules read with notification dated 16 September 2001, the manufacturer shall have a certificate of TAC from CRRI<sup>237</sup> or any one of the testing agencies authorised by the Central Government.

ARAI<sup>238</sup>, a testing agency notified under HSRP Rules for granting TAC, issued notice<sup>239</sup> to M/s. USSL to suspend the Conformity of Production (CoP)<sup>240</sup> of HSRP.

Further, CSIR- Central Road Research Institute (CRRI) cancelled the TAC of M/s. LIPL in January 2014.

APSRTC did not verify these issues and no action was initiated against the firm.

### **5.4.10.2 Non-fixing of HSR Plates**

The task<sup>241</sup> of affixing HSRPs on vehicles registered prior to the implementation of HSRP project shall be completed by 10 December 2015. Audit observed that there were approximately 62.40 lakh in-use vehicles. However, in violation of orders of Government, no in-use vehicle was affixed

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<sup>234</sup> APSRTC.

<sup>235</sup> As per Article 10.1(a) of the agreement entered with the supplier.

<sup>236</sup> Clause (xix) of the Gazette Notification dated 16 September 2001.

<sup>237</sup> Central Road Research Institute.

<sup>238</sup> Automotive Research Association of India (ARAI).

<sup>239</sup> January 2014.

<sup>240</sup> Conformity of Production (COP) is meant for evidencing the ability to produce a series of products that exactly match the specification, performance and marking requirements outlined in the type approval certificate.

<sup>241</sup> Government Orders issued during December 2013.



HSRP till date<sup>242</sup>. Thus, the objective of fixing uniform pattern of number plates was not achieved.

No remarks from Government were received on the above lapses pointed out by audit.

#### **5.4.10.3 Operating without security features**

The technical partner of the consortium M/s. USSL informed (December 2013) the Government that they were not supplying security features to M/s. LIPL in Andhra Pradesh. However, the authorities<sup>243</sup> did not take this into account and allowed vendor to continue manufacturing and fixing HSR Plates.

M/s. USSL started supplying security features from April 2014 onwards. Thus, the contractor functioned without supply of security features from December 2013 to March 2014 and without technical support. However, no action was taken by the Authorities. This lackadaisical approach of authorities on security of the vehicles defeated the objective of ensuring security standards in fixing registration plates.

#### **5.4.10.4 Penalty charges**

As per the Article 10.2 (C) of the Contract, the contractor shall keep the HSRP fully embossed, hot stamped and ready for affixation at the respective affixing stations within four days from the date of receipt of authorisation from Registering Authority, i.e., RTA, failing which a rebate at the rate of ₹ 50 per day of delay per vehicle upto seven days and at the rate of ₹ 75 per day per vehicle thereafter shall be given by the contractor to vehicle owners.

Audit test check in the office of RTO Hindupur (March 2017) revealed that 8,678 vehicles were not fixed with HSR plates within prescribed time. The delay in fixation of HSR plates ranged between 5 to 629 days. However, in no case rebate was offered to the vehicle owners. Department had not prescribed any mechanism to provide rebate or create awareness among the vehicle owners on availability of this penalty clause.

On this being pointed out, the Government replied (December 2017) that a show cause notice was issued to the contractor so as to refund the rebate amount of ₹ 9.92 crore to vehicle owners. The case was referred to arbitration and was in process.

However, the reply was silent on observation made by the audit regarding prescription of mechanism for claiming the rebate was not mentioned in the contract. Hence, the Government needs to prescribe rebate mechanism.

<sup>242</sup> August 2017.

<sup>243</sup> APSRTC and Transport Department.

#### 5.4.11 Conclusion

The Department had not ensured the proper documentation of the activities of enforcement staff. The correct rate of fine on collection of compounding fee was not applied. Checks conducted for issuing fitness certificate were not ensured, impacting road safety and environmental issues. In absence of time limit for disposal on VCR cases, there was accumulation of the pendency and blockage of revenue. Safety related rules such as allowing transport vehicles with proper fitness certificates, prevention of drunken driving, checking excessive speed of vehicle etc., were not fully enforced. There was poor progress in fixing of High Security Registration Plates on used vehicles and new vehicles in the State.

#### 5.4.12 Recommendations

1. There is a need to have a comprehensive enforcement plan and document the enforcement activities by the field staff.
2. An inbuilt mechanism may be evolved in CFST software so that system prompts compounding fee for the offences at a prescribed rate and to avoid non/short realisation by human intervention.
3. A provision in the FC module in CFST software may be designed to capture the fitness test results to avoid manual intervention so as to assure the quality of FC tests.
4. Time limit may be prescribed for the finalisation of vehicle check reports to avoid pendency as well as blockage of revenue.
5. VCR module is to be re-designed with data validation controls to ensure consistency in identification of offences.
6. HSR agreement may be reviewed to ensure economy, effective implementation of the project.

#### 5.5 Non-realisation of quarterly tax and penalty

Section 3 of Andhra Pradesh Motor Vehicles Taxation (APMVT) Act, 1963 stipulates that every owner of a motor vehicle is liable to pay tax at rates specified by the Government from time to time. Section 4 of the Act read with Government order<sup>244</sup>, specifies that tax shall be paid in advance either quarterly, half yearly or annually within one month from the commencement of quarter. As per Section 6 of the Act read with Rule 13 of APMVT Rules, 1963, penalty for belated payment of tax beyond two months from the beginning of the quarter shall be leviable at twice the rate of quarterly tax in cases of detection and at 50 *per cent* in cases of voluntary payment.

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<sup>244</sup> G.O.Ms.No.96, Transport, Roads & Buildings (Tr.II) Department, dated 21 May 1993.



Analysis of the data<sup>245</sup> in the offices of nine DTCs<sup>246</sup> and four RTOs<sup>247</sup> revealed that quarterly tax of ₹ 1.71 crore<sup>248</sup> was not paid by the owners of 1,186 transport vehicles. The department had also not issued any demand notice to these defaulters. This resulted in non-realisation of tax of ₹ 1.71 crore and penalty of ₹ 0.86 crore (at 50 per cent of quarterly tax).

After Audit pointed out these cases, four DTCs / RTOs<sup>249</sup> replied (between January and March 2017) that the list of these vehicles would be communicated to enforcement staff for immediate action. Four DTCs<sup>250</sup>, replied (between April and July 2017) that tax and penalty would be collected under intimation to Audit. The remaining five officers replied (between November 2016 and April 2017) that details of vehicles would be verified and action taken.

The matter was referred to the Government in September 2017; replies have not been received (January 2018).

## 5.6 Non-levy of green tax

As per Government order<sup>251</sup> dated 23 November 2006, “green tax” shall be levied on the transport vehicles and non-transport vehicles completing 7 and 15 years of age, respectively, from the date of registration. The rate of tax is ₹ 200 per annum for transport vehicles, ₹ 250 per annum for motor cycles and ₹ 500 for other vehicles for every five years. As per provisions of CMV Rules, registration of a vehicle could be renewed 60 days before expiry of its validity.

Analysis<sup>252</sup> of data in the offices of nine DTCs<sup>253</sup> and three RTOs<sup>254</sup> disclosed that green tax was not levied on 17,411 transport vehicles and 1,744 non-transport vehicles<sup>255</sup>. These vehicles have already completed the prescribed age limit and are plying on the road. Green tax leviable on these vehicles amounting to ₹ 41.16 lakh was not realised.

After Audit pointed out, three DTCs/RTOs<sup>256</sup> replied<sup>257</sup> that green tax was demanded by the system as and when the owner approached office for any

<sup>245</sup> Between November 2016 and July 2017.

<sup>246</sup> Chittoor, Eluru, Guntur, Kakinada, Kurnool, Nellore, Srikakulam, Vijayawada and Visakhapatnam.

<sup>247</sup> Gudur, Hindupur, Narasaraopet and Tirupati.

<sup>248</sup> For the period 2014-15 to 2015-16.

<sup>249</sup> Eluru, Visakhapatnam, Gudur and Narasaraopet.

<sup>250</sup> Guntur, Kakinada, Nellore and Vijayawada.

<sup>251</sup> G.O.Ms.No.238, Transport, Roads & Buildings (Transport-I), Department, dated 23 November 2006.

<sup>252</sup> Between November 2016 and July 2017.

<sup>253</sup> Chittoor, Eluru, Guntur, Kakinada, Kurnool, Nellore, Srikakulam, Vijayawada and Visakhapatnam.

<sup>254</sup> Hindupur, Narasaraopet and Tirupati.

<sup>255</sup> For the period from April 2014 to March 2016.

<sup>256</sup> Chittoor, Vijayawada and Guntur.

<sup>257</sup> Between November 2016 and July 2017.

transaction. Five DTCs<sup>258</sup> replied<sup>259</sup> that in respect of non-transport vehicles, registration was renewed prior to expiry of validity and hence system could not demand green tax. Three DTCs/RTOs<sup>260</sup> replied<sup>261</sup> that collection of green tax was a continuous process during enforcement. DTC Kurnool replied (June 2017) that arrears of green tax would be collected when the owner approaches for future transactions.

The reply was not tenable, as department should have devised a suitable mechanism for collection of green tax in respect of non-transport vehicles in accordance with provisions of MV Act to safeguard the Government revenue and to control activities which affect the environment.

The matter was referred to the Government in September 2017; replies have not been received (January 2018).

### **5.7 Short levy of tax in respect of non-transport vehicles owned by individuals**

As per fifth proviso to Section 3(2) of APMVT Act, 1963, tax in respect of second and subsequent personalised vehicles upto a seating capacity of 10 in all, owned by an individual, shall be levied at 14 *per cent* of the cost of the vehicle as specified in the seventh schedule<sup>262</sup> to the Act.

Scrutiny (between January and June 2017) of vehicle registration data in the offices of four DTCs<sup>263</sup> disclosed that tax on 67 second and subsequent non-transport vehicles owned by individuals was short collected. Tax in these cases was collected at rates less than 14 *per cent*, resulting in short levy of tax amounting to ₹ 6.18 lakh.

After Audit pointed out these cases, DTC, Guntur replied (June 2017) that action would be taken for realisation of the differential tax by issuing show cause notices to the registered owners. The remaining DTCs replied (January and April 2017) that the list of vehicles would be verified and action taken intimated to Audit.

The matter was referred to the Government in September 2017; replies have not been received (January 2018).

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<sup>258</sup> Hindupur, Kakinada, Nellore, Srikakulam and Tirupati.

<sup>259</sup> Between January and May 2017.

<sup>260</sup> Eluru, Narasaraopet and Visakhapatnam.

<sup>261</sup> Between January and April 2017.

<sup>262</sup> Act No.11/2010, dated 31 July 2010.

<sup>263</sup> Guntur, Kakinada, Srikakulam and Visakhapatnam.