

## CHAPTER V

### TAXES ON VEHICLES

#### 5.1 Tax administration

Levy and collection of taxes and other receipts under the Motor Vehicles sector are regulated by the Central Motor Vehicles Act, 1988, the Maharashtra Motor Vehicle Tax Act, 1958, the Maharashtra Motor Vehicles Transportation of Passengers Act, 1958, and the Rules made there under. These Acts and Rules are implemented by the Transport Commissioner under the overall control of the Principal Secretary (Transport) to the Government in Home Department, assisted by an Additional Commissioner, a Joint Commissioner, Deputy Commissioners and Regional and Deputy Transport Officers. The motor vehicles receipts mainly comprise taxes on motor vehicles and taxes on goods and passengers.

#### 5.2 Internal Audit

Each Regional Transport Office is having an internal audit wing headed by an Accounts Officer. Information regarding position of units planned to be taken up for audit and actually audited is given in **Table 5.2**.

**Table 5.2**

| Year         | No. of units planned | No. of units audited | Audit observations raised | Audit observations settled till 31/03/2018 | Pending observations as on 31/03/2018 |
|--------------|----------------------|----------------------|---------------------------|--|---------------------------------------|
| 2013-14      | 112                  | 150                  | 507                       | 265  | 242                                   |
| 2014-15      | 184                  | 196                  | 762                       | 240  | 522                                   |
| 2015-16      | 170                  | 389                  | 565                       | 252  | 313                                   |
| 2016-17      | 118                  | 474                  | 720                       | 278  | 442                                   |
| 2017-18      | 124                  | 121                  | 231                       | 85   | 146                                   |
| <b>Total</b> | <b>708</b>           | <b>1,330</b>         | <b>2,783</b>              | <b>1,120</b>                               | <b>1,665</b>                          |

**Source: Information furnished by the Department**

During the last five years, the number of units actually audited have exceeded the number of units planned to be audited. The Department has settled 40 *per cent* of the observations raised by the internal audit wing.

### 5.3 Results of audit

There are 50 Transport Districts in the State of Maharashtra headed by RTOs/DRTOs and 3,02,17,111 vehicles are registered therewith. There are 51 auditable units including 50 implementing units in the Transport Department. Out of these, 30 units were selected where approximately 2,33,34,697 vehicles were registered. Out of these, 14,54,115 vehicles (approx. six *per cent*) were selected for test check. Audit noticed 1,593 cases (approx. 0.11 *per cent* of the sampled cases) in 216 observations involving ₹ 3.07 crore of non/short payment of tax, penalty, interest and compounding fees, and other miscellaneous irregularities. These cases are illustrative and are based on a test check by us. Audit has pointed out some of the similar omissions in earlier years, but not only these irregularities persist, they also remain undetected till next audit is conducted. There is a need for the Government to improve the internal control system including strengthening the internal audit so that recurrence of such cases can be avoided. Irregularities noticed during the year can be broadly categorized as follows.

**Table 5.3**

| (₹ in crore) |   |                     |              |
|--------------|---|---------------------|--------------|
| Sr. No.      | Category  | No. of observations | Amount       |
| 1            | Audit on “Verification of loading restrictions of vehicles at Border Check Posts” | 1                   | 81.00        |
| 2            | Non/short levy of tax   | 140                 | 3.01         |
| 3            | Miscellaneous   | 75                  | 0.06         |
| <b>Total</b> |   | <b>216</b>          | <b>84.07</b> |

The Department accepted underassessment and other irregularities of ₹ 2.16 crore in 336 observations (1,115 cases) out of which 26 observations (95 cases) involving ₹ 10.03 lakh were pointed out in audit during 2017-18 and the rest in earlier years. The Department intimated recovery of the entire amount.

In addition to this, the Department also intimated recovery of ₹ 4.18 lakh by way of explanatory memoranda during the year in respect of one paragraph pertaining to Audit Report 2011-12.

A few illustrative cases involving ₹ 81.96 crore including a paragraph on “Verification of loading restrictions of vehicles at Border Check Posts” are discussed in the succeeding paragraphs.

## **5.4 Audit on “Verification of loading restrictions of vehicles at Border Check Posts”**

### **Introduction**

As per Section 113(3) of the Motor Vehicles Act, 1988 no person shall drive or cause or allow to be driven in any public place any motor vehicle or trailer:(a) the unladen weight of which exceeds the unladen weight specified in the certificate of registration of the vehicle, or (b) the laden weight of which exceeds the gross vehicle weight specified in the certificate of registration. Further, as per the amended notification dated 7 January 2016, tolerance up to five *per cent* in the Gross Vehicle Weight and safe axle weight as specified was permitted to be allowed for the purpose of driving the vehicles for the compliance to Section 113(3) of the MVT Act.

The Government of Maharashtra (March 2009) entered into an agreement with a company named Maharashtra Border Check Posts Network Limited (MBCPNL) to construct and operate modernised/computerised 22<sup>1</sup> Border Check Posts (BCP), and transfer the same to the Government after completion of concession period of 24 years and six months. The Government of Maharashtra appointed Maharashtra State Road Development Corporation Limited (MSRDC) as the Project Implementing Agency (PIA) for the project. All goods vehicles entering the BCP are required to pass through the weighbridge for determining the Gross Vehicle Weight (GVW) of the vehicles. The vehicles weighing within permissible limits were permitted to exit the BCP. If any vehicle was found to be overloaded, the same was handed over to the staff of the Transport Department, who in turn levied and recovered the compounding fee at the prescribed rate for contravention of provision of the Motor Vehicle Act, 1988. Thereafter, an “Offloading note” was issued in respect of the vehicle which was then handed over along with the vehicle to the agency operating the BCP. The agency offloads the excess weight, recovers the offloading charges and then permits the vehicle to exit the BCP.

Further, Section 194 of the Act stipulates that whosoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention of provision of Section 113 shall be punishable with minimum fine of two thousand rupees and an additional amount as notified by Government of Maharashtra from time to time in exercise of power conferred under Section 200 of the Act, either before or after the institution of the prosecution, be compounded by the competent authority.

**Receipts from BCPs:-**The details of revenue collected on account of various taxes, permit fees, Environment tax, penalty, etc. and the number of vehicles checked at the 22 BCPs during the period 2014-15 to 2017-18 are shown in the following table:

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<sup>1</sup> Originally 22 BCPs were to be computerised. Two more BCPs were added in March 2016.

**Table - Vehicles checked and overloaded vehicles detected**

| Year    | Number of motor vehicles checked at BCP | Number of overloaded motor vehicles detected and fined | Percentage of overloaded vehicles against the total motor vehicles checked | Revenue collected at BCPs on account of tax, fees, penalty, etc. (₹ in crore) |
|---------|---|--|--|---|
| 2014-15 | 1,24,35,450                             | 16,99,314  | 13.67  | 226.68  |
| 2015-16 | 1,16,66,835                             | 14,84,951  | 12.73  | 273.13  |
| 2016-17 | 82,76,494                               | 14,19,335  | 17.15  | 255.97  |
| 2017-18 | 1,04,85,579                             | 11,69,197  | 11.15  | 283.47  |

Source: Motor Vehicle Department website and information furnished by the Transport Department.  
Note: Taxes on temporary permits on goods vehicles were also recovered at the BCPs.

We test checked the records of five<sup>2</sup> out of 22 BCPs and noticed a few deficiencies including non-compliance of provisions of Section 113(3) and the notifications issued thereunder as detailed in following paragraphs.

### 5.4.1 Vehicles carrying goods exceeding permissible carrying capacity

**5.4.1.1** A data centre and IT infrastructure was maintained by Maharashtra Border Check Posts Network Limited (MBCPNL) for online checking, verification and detection of the overloaded vehicles. However, there was no mechanism for sharing the same with the Transport Department. The Transport Department maintained the records of border check posts manually.

Audit collected the data of the vehicles carrying goods in excess of the permissible gross vehicle weight (GVW) limit fixed by the Government from the four<sup>3</sup> test checked BCPs from the Transport Department. This data was compared with the data maintained by MBCPNL (called by audit through the Transport Department). It was found that that MBCPNL had detected 3,67,641 overloaded vehicles against the department levied penalty and compounding fee only on 99,408 vehicles. Year wise break is as follows-

**Table 5.4.1.1**

| Name of BCP   | 2014-15                       |                             | 2015-16       |                             | 2016-17       |                             | 2017-18       |                             |
|---|-------------------------------|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|
|   | Number of overloaded vehicles |                             |               |                             |               |                             |               |                             |
|   | As per BCP                    | As per Transport Department | As per BCP    | As per Transport Department | As per BCP    | As per Transport Department | As per BCP    | As per Transport Department |
| Achhad  | 80,307                        | 8,820                       | 59,116        | 4,647                       | 54,425        | 15,724                      | 22,757        | 10,338                      |
| Hadakhed  | 26,966                        | 5,459                       | 14,664        | 2,495                       | 16,247        | 4,416                       | 12,135        | 2,708                       |
| Navapur   | 17,250                        | 7,874                       | 11,223        | NA                          | 10,964        | 5,045                       | 6,580         | 3,075                       |
| Omerga  | 10,764                        | 8,982                       | 11,097        | 7,273                       | 7,008         | 7,049                       | 6,138         | 5,503                       |
| <b>Total</b>  | <b>1,35,287</b>               | <b>31,135</b>               | <b>96,100</b> | <b>14,415</b>               | <b>88,644</b> | <b>32,234</b>               | <b>47,610</b> | <b>21,624</b>               |
| <b>Total no. of overloaded vehicles detected as per BCP</b>             |                               |                             |               |                             |               |                             |               | <b>3,67,641</b>             |
| <b>No. of overloaded vehicles on which action was taken by the RTOs</b> |                               |                             |               |                             |               |                             |               | <b>99,408</b>               |
| <b>No. of overloaded vehicles on which action not taken by RTO</b>      |                               |                             |               |                             |               |                             |               | <b>2,68,633</b>             |

Source: - Figures at BCPs are provided by MBCPNL and at Transport Department by respective RTOs.

<sup>2</sup> Achhad, Hadakhed, Kagal, Navapur and Omerga.

<sup>3</sup> Achhad (up to December 2017), Hadakhed, Navapur and Omerga.

Thus, it would be seen from the above that there was huge difference (2,68,633) in the number of vehicles (carrying goods beyond the permissible gross laden weight) between the figures furnished by the Department and those furnished by the MBCPNL (through the Transport Commissioner). No system for reconciliation of the figures and monitoring mechanism existed for ensuring correctness of the data maintained either by the MBCPNL or maintained manually by the Transport Department. Thus, compounding fees/fines were not recovered in respect of 73 per cent of the overloaded vehicles carrying goods beyond the permissible limit of gross laden weight.

These vehicles were allowed to ply on the roads in contravention of the provisions of the Motor Vehicle Act, thereby endangering road and public safety. In this process Government had foregone revenue involving a money value of ₹ 81 crore (based on minimum applicable rates) due to non-levy of penalty and compounding fees.

The issue regarding the huge difference was discussed (May 2018) with the Transport Commissioner, with reference to a few selected months viz. September 2016, December 2016 and March 2017. He stated that the issue would be examined in detail. However, further progress in the matter has not been received (October 2019).

#### **5.4.1.2 Variation in the data of offloaded overloaded vehicles**

During the course of local audit of RTO Dhule in January 2018, the information regarding number of vehicles offloaded during 2016-17 in Hadakhed and Navapur BCPs was furnished to audit. Audit noticed variation between two set of figures furnished by MBCPNL and the Transport Department as mentioned in the following Table 5.4.1.2 below-

**Table 5.4.1.2- Information regarding number of vehicles offloaded in Hadakhed and Navapur BCPs in 2016-17**

| <b>Name of the BCP</b> | <b>Number of overloaded vehicles detected as per MBCPNL</b> | <b>No of overloaded vehicles offloaded as per Transport Department</b> | <b>Number of overloaded vehicles offloaded as per MBCPNL</b> |
|------------------------|---|--|--|
| Hadakhed               | 16,247  | 4,416  | 5,023  |
| Navapur                | 10,964  | 5,045  | 4,071  |

**Source: Information furnished by RTO, Dhule**

In respect of the remaining BCPs, the MBCPNL stated that the data cannot be furnished as the bifurcation of the data was not available with them.

The mismatch in the data regarding overloaded vehicles as per the BCPs and those found overloaded as per the RTO records indicate that the Department needs to strengthen its internal control mechanism to ensure correctness of the data.

#### **5.4.2 Delays in operationalisation of BCPs**

As per provision of Article 9.2 of the Concession Agreement “A project shall be deemed to be complete and open to traffic only when the completion certificate is issued by the Engineer-in-charge in accordance with the provision of Article 9.3”. Further, as per provision of Article 4.1(b) of the

agreement, the Government of Maharashtra has to publish the service fee Notification (indicating the charges leviable for services such as weighing, unloading, loading, parking etc. of vehicles) after issue of Provisional Completion Certificate (PCC) by Engineer in Charge, approved/nominated by MSRDC.

As per the information made available to audit in respect of 18 BCPs out of 24 operational BCPs, there were delays ranging from seven months to 19 months after the issue of PCC by the Engineer-in-charge in the operationalisation of 14 BCPs. The details are shown in the **Table 5.4.2** below-

**Table 5.4.2- Delays in operationalisation of BCPs**

| Sr. No. | Name of BCP | PCC date   | Date of sending the case to GoM. | Service fee notification date | User fee collection date | Delays in operationalisation of BCP (in months) |
|---------|-------------|------------|----------------------------------|-------------------------------|--------------------------|---|
| 1       | Mandrup     | 14/12/2012 | NA                               | 01/06/2013                    | 01/08/2013               | 8   |
| 2       | Saoner      | 14/12/2012 | 17/08/2013                       | 22/10/2013                    | 28/10/2013               | 10  |
| 3       | Bori        | 31/05/2013 | NA                               | 02/01/2014                    | 04/01/2014               | 7   |
| 4       | Warud       | 27/09/2013 | 04/03/2014                       | 25/04/2014                    | 30/04/2014               | 7   |
| 5       | Omerga      | 27/09/2013 | 04/03/2014                       | 25/04/2014                    | 27/04/2014               | 7   |
| 6       | Kharpi      | 27/12/2013 | 20/08/2014                       | 01/08/2015                    | 05/08/2015               | 19  |
| 7       | Biloli      | 28/02/2014 | NA                               | 01/08/2015                    | 05/08/2015               | 17  |
| 8       | Purnad      | 20/08/2014 | NA                               | 01/08/2015                    | 07/08/2015               | 11  |
| 9       | Deori       | 20/08/2014 | 25/08/2014                       | 01/08/2015                    | 07/08/2015               | 11  |
| 10      | Borgaon     | 30/08/2015 | 29/01/2016                       | 25/01/2017                    | 27/01/2017               | 17  |
| 11      | Akkalkuwa   | 09/11/2015 | 08/02/2016                       | 25/01/2017                    | 27/01/2017               | 15  |
| 12      | Shinoli     | 10/11/2015 | 08/02/2016                       | 25/01/2017                    | 30/01/2017               | 15  |
| 13      | Rajura      | 18/10/2016 | 18/01/2017                       | 01/03/2018                    | 04/03/2018               | 16  |
| 14      | Kelwad      | 18/10/2016 | 18/01/2017                       | 01/03/2018                    | 12/03/2018               | 16  |

**Source: Information furnished by the MSRDC**

Thus, it would be seen from above that there has been a delay of seven to 19 months in issue of service fee notification. The BCPs have remained idle till the date of issue of notification. The MSRDC had, brought (between September 2013 and February 2017) to the notice of the GoM that “there was vast gap between date of issuing of Provisional Completion Certificate and the date of issuing of notification”. Thus, the facility of using the modern tools of the check post got delayed. During this period the checking was done manually and the possibility of leakage of revenue could not be ruled out.

The matter was brought to the notice of the Government (June 2018). No reply has been received.

### 5.4.3 Non-operationalisation of Border Check Post at Kagal

The modernisation work of BCP Kagal in Kolhapur district started in March 2015 and was incomplete till June 2018. During this period, the BCP was managed manually by the Transport Department officials. Audit noticed that there was steep fall in detection of overloaded vehicles passing through the check post during the years as shown in the following table:

**Table 5.4.3-Detection of vehicles with irregularities at Kagal BCP**

| <b>Year</b> | <b>No of MVs checked during the year by the Transport Department</b> | <b>No. of vehicles detected with irregularities</b> | <b>No. of vehicles found overloaded</b> |
|-------------|--|---|---|
| 2014-15     | 2,96,783   | 97,346  | 798                                     |
| 2015-16     | 2,98,751   | 91,312  | 203                                     |
| 2016-17     | 2,92,119   | 81,624  | 36                                      |
| 2017-18     | 2,34,718   | 62,152  | 18                                      |

Source: Information furnished by the RTO Kolhapur

The Department stated that the existing check post was away from the modernised check post. There was no weighing mechanism at the existing BCP to detect the overladen vehicles. The RTO Kolhapur stated that there was an alternative route (bypass) on both sides of the check post, therefore, overloaded vehicles avoided passing through BCP Kagal. Due to these factors the number of vehicles found overloaded came down drastically from 798 in 2014-15 to 18 in 2017-18.

RTO, Kolhapur further stated that the modernised check post was not made operational due to non-completion of work of approach roads. The service road from both side of the BCP (In and Out) were not completed by MBCPNL, resulting in the BCP remaining non-operational since 2017. The operation of Mobile Check Post (MCP) could have prevented the evasion of tax on the bypass routes. But MCP, as discussed in the succeeding paragraph, was not made operational.

The above facts indicate that there is a need for take necessary steps for making the modernised check post operational. The matter was brought to the notice of the Department (June 2018).

#### **5.4.4 Non utilisation of Mobile Check Post**

As per the provision of Article 14.2 of the Concession Agreement, MBCPNL will have to carry out the work of Mobile Check Point(s) near the check posts on any bypass road near the project site to check if there are any leakages to the commercial traffic brought to the notice by the GOM or the MBCPNL at any time during the concession period.

Test check of records revealed that, MBCPNL had conducted ( June 2017) “User Acceptance Test” (UAT) of the features and functions of the Mobile Check Post in the presence of the officials of the Transport Department and the RTO Thane. It was stated therein that the demonstrated Check Post was tested as per technical specifications and requirements. MBCPNL requested (July 2017) the Department to commence the operation of the Mobile Check Post to check the illegal movement on the bypass route. The same was not utilised by the Department. The Department stated that it was seeking clarification from the Government for levy of user charges for Mobile Check Post. The Transport Department had not taken any follow up action on the clarification sought. (June 2018).

Due to non-utilisation of Mobile Check Post, the basic purpose to plug the leakages of commercial traffic through bypass routes was not ensured by the Department.

Matter was brought to the notice of the Government (June 2018); their reply has not been received.

### Conclusion

Maharashtra Border Check Posts Network Limited (MBCPNL) had maintained a data centre and IT infrastructure for online checking, verification and detection of the vehicles carrying load beyond the permissible limits. However, this information was not electronically shared with the Transport Department. The Transport Department to whom the overloaded vehicles were handed over by the MBCPNL maintained the records of these vehicles manually and levied penalty and compounding fee. The number of overloaded vehicles as per data furnished MBCPNL was 3,67,641 but action for levy of penalty and compounding fee was taken only against 99,408 overloaded vehicles by the Transport Department. Thus, no action was taken on 73 per cent of the vehicles carrying goods beyond the permissible limits.

The plying of vehicles on the roads in contravention of the provisions of the Motor Vehicle Act, not only endangered the road and public safety but also deprived the Government of, what could have been earned by way of penalty and compounding fee.

- **It is recommended that the department may consider monitoring the levy and collection of fines from the overloaded vehicles by sharing and reconciling the data with MBCPNL at regular intervals.**

There were delays ranging from seven to 19 months in issue of service fee notification by the Government. During this period the checking was done manually and the possibility of leakage of revenue could not be ruled out.

The modernisation work of BCP Kagal in Kolhapur district started in March 2015 and was incomplete till June 2018. There was steep fall in detection of the overloaded vehicles (from 789 in 2014-15 to 18 in 2017-18) during this period. This was due to plying of vehicles through alternate routes, absence of weighing mechanism and mobile check posts.

- **It is recommended that the department may consider early operation of the check posts and ensure availability of the tools necessary for weighing and detecting the vehicles carrying loads in excess of the permissible limit.**



### **Other audit observations**

Though the procedures for levy and collection, Maharashtra Motor Vehicle Tax Act and related Acts and Rules are well laid out, the departmental officers are required to exercise due diligence in their duties and there should be zero tolerance towards any errors/omissions on their part. Our scrutiny of records finalised in 30 offices of the Motor Vehicles Department revealed 1,593 cases of non-observance of provisions of Acts/Rules, short levy of tax, etc. A few interesting cases are mentioned in the succeeding paragraph in this Chapter. Cases similar to these have been pointed out in previous years also. However, not only do the irregularities persist but they also remain undetected till we conduct next audit. There is a need for the Government to improve the internal control system including strengthening of internal audit.

### **5.5 Non-recovery of Motor Vehicle Tax**

According to the provisions of the Maharashtra Motor Vehicle Tax Act, 1958, tax is leviable on vehicles used or kept for use in the State of Maharashtra, at prescribed rates in accordance with the weight, area or seating capacity of the vehicle. The tax is payable in advance for annual, quarterly and less than quarterly periods as specified in Section 4 of the Act. The Regional Transport Offices (RTOs) maintain the details of recoveries made from the vehicle owners, issue of demand notices, etc. in the VAHAN system. In case the tax is not paid in time, interest at the rate of two *per cent* per month on the unpaid amount is recoverable from the vehicle owners under Section 8A of the Act. Further, as per provisions of Section 12 of the Act, arrears of tax and interest are recoverable as arrears of land revenue.

The tax is payable through net banking gateways to the VAHAN system. Alternatively the tax can be paid by cash at the designated counters in the RTO offices which are reflected in the VAHAN system. However, in some instances tax is recovered in cash by enforcement authorities in remote areas, for which manual receipts are issued. These receipts are subsequently updated in the VAHAN system.

The earlier version of VAHAN was connected to the Government Receipt Accounting system and any payments made through GRAS were reflected in the VAHAN system. However, the current version of VAHAN namely, VAHAN 4.0 (implemented with effect from July 2016) does not have any connectivity with GRAS.

During test check of nine offices<sup>4</sup> between April 2017 and January 2018, we noticed from the VAHAN system that the tax in respect of various types of vehicles amounting to ₹ 96.46 lakh was not recovered from the owners of 159 vehicles for periods ranging from three months to 72 months between March 2011 and June 2018 as given in the following table.

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<sup>4</sup> Regional Transport Officers – Dhule, Kolhapur, Mumbai (East), Mumbai (West) and Nashik; Deputy Regional Transport Officers – Pen, Ratnagiri, Solapur and Vashi.

| (₹ in lakh)                       |                        |         |              |              |
|-----------------------------------|------------------------|---------|--------------|--------------|
| Type of Vehicle                   | Tax levied on basis of |         | No. of cases | Amount       |
| Equipment fitted vehicles         | Registered Weight      | Unladen | 62           | 16.06        |
| Camper Vans                       | Floor Area             |         | 8            | 14.38        |
| Transport Series Vehicles (Goods) | Registered Weight      | Laden   | 13           | 5.01         |
| Transport Series Vehicles (Buses) | Passenger Capacity     |         | 76           | 61.01        |
| <b>Total</b>                      |                        |         | <b>159</b>   | <b>96.46</b> |

It was seen that the VAHAN system had not been reviewed periodically and the demand notices had not been issued by the RTOs.

On this being brought to notice between May 2017 and February 2018, the Department accepted the observations and intimated (May 2018) recovery of ₹ 33.42 lakh in respect of 66 cases. Out of this, an amount of ₹ 8.54 lakh in 15 cases had been already been recovered before but the entries in this regard were not made in VAHAN. However, these entries have been updated after being pointed out by audit. Report on recovery in the remaining cases has not been received.

The matter was brought to the notice of the Department in June and September 2018; their reply has not been received (October 2019).