

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2023-2026)**

SIXTY SEVENTH REPORT
(Presented on 8th October, 2024)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM

2024

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on

**Paragraphs relating to Transport Department contained
in the Report of the Comptroller and Auditor General
of India (Revenue Sector) for the years ended
31st March 2013, 2014, 2015, 2016 and 2017.**

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COMMITTEE ON PUBLIC ACCOUNTS

(2023-2026)

COMPOSITION

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Shri Thomas K. Thomas

Shri K. N. Unnikrishnan

Shri M. Vincent.

Legislature Secretariat:

DR. N. Krishna Kumar, Secretary

Shri Selvarajan P. S., Joint Secretary

Shri Jomy K. Joseph, Deputy Secretary

Smt. Beena O. M., Under Secretary.

INTRODUCTION

I, the Chairperson, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Sixty Seventh Report on Paragraphs relating to Transport Department contained in the Report of the Comptroller and Auditor General of India for the years ended 31st March 2013, 2014, 2015, 2016 and 2017 (Revenue Sector).

The Report of the Comptroller and Auditor General of India for the years ended 31st March 2013, 2014, 2015, 2016 and 2017 were laid on the Table of the House on 10th June 2014, 11th March 2015, 24th February 2016, 6th March 2017 and 12th June 2018 respectively.

The Committee considered and finalised this Report at the meeting held on 4th September, 2024.

The Committee place on records our appreciation of the assistance rendered to us by the Accountant General in the examination of the Audit Report.

SUNNY JOSEPH,

Thiruvananthapuram,
8th October, 2024.

*Chairperson,
Committee on Public Accounts.*

REPORT

TRANSPORT DEPARTMENT

4.1 Tax administration

The Transport Department is under the control of Principal Secretary (Transport) at Government level and the Transport Commissioner is the head of the Department. The levy and collection of tax in the State are governed by the Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989 and the Kerala Motor Vehicles Taxation (KMVT) Act, 1976. The activities of the Department include registration of motor vehicles, levy and collection of motor vehicle tax, grant of driving licence and road permits.

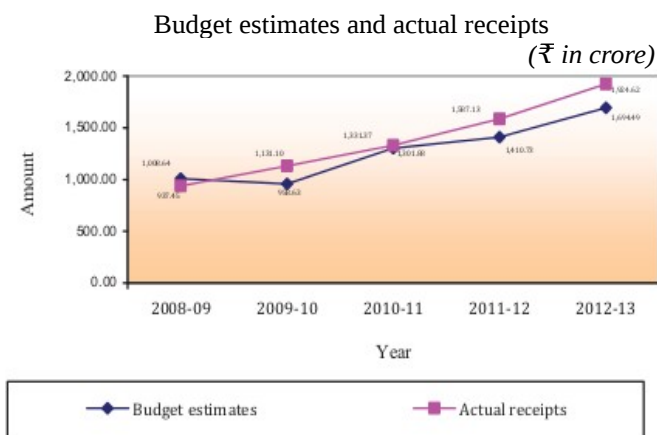
4.2 Trend of receipts

Actual Receipts from taxes on motor vehicles during the years. 2008-09 to 2012-13 along with the budget estimates during the same period are exhibited in the following table and graph.

(₹ in crore)

Year	Budget Estimates	Actual Receipts	Variation	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts to total tax receipts	Percentage of growth over previous year
2008-09	1,008.64	937.45	(-) 71.19	(-) 7.06	15,990.18	5.86	9.88
2009-10	958.63	1,131.10	(+) 172.47	(+)18.00	17,625.02	6.42	20.65
2010-11	1,301.88	1,331.37	(+) 29.49	(+)2.26	21,721.69	6.13	17.70
2011-12	1,410.73	1,587.13	(+)176.40	(+)12.50	25,718.60	6.17	19.21
2012-13	1,694.49	1,924.62	(+)230.13	(+)13.58	30,076.61	6.40	21.26

Source: Finance Accounts of the relevant years.



Actual receipts showed a growth rate of 21.26 per cent for the year 2012-13, which was the highest during the last five years. Audit noticed variation of 13.58 per cent between the budget estimates and actual receipts during the year. The Department stated that the variation was due to collection of arrear amount.

4.3 Cost of collection

The gross collection of revenue receipts under the head Taxes on vehicles, expenditure incurred on collection and the percentage of expenditure to gross collection from 2008-09 to 2012-13 alongwith the All India average percentage of expenditure on collection to gross collection for relevant preceding years are mentioned below:

Year	Collection	Expenditure on collection of revenue*	Percentage of expenditure to gross collection	All India average percentage of the preceding year
2008-09	937.45	30.05	3.21	2.58
2009-10	1,131.10	33.96	3.00	2.93
2010-11	1,331.37	35.55	2.67	3.07
2011-12	1,587.13	53.26	3.36	3.71
2012-13	1,924.62	58.30	3.03	2.96

*Source: Finance Accounts for the relevant years and departmental figures.

From the table above it is seen that though the revenue collection showed an increasing trend, the expenditure on collection of revenue has also increased consistently from 2008-09 onwards. Percentage of expenditure to gross collection for the year 2012-13 was higher than All India average percentage for the preceding year.

[Audit paragraphs 4.1 to 4.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2013 (Revenue Sector)].

Excerpts from the discussion of Committee with the officials concerned

1. When the Committee enquired about the audit observation, that 'the percentage of expenditure to gross collection for the year 2012-13 was higher than All India average percentage for the preceding year', the Transport Commissioner informed that tax collection had increased in the Financial Year 2012-13.

Conclusion/Recommendation

2. No Comments.

4.4 Impact of audit

During the last four years, non/short levy of tax, incorrect classification, irregular exemption etc. with revenue implication of ₹ 396.74 crore were pointed out in 1,680 paragraphs. Of these, the Department/Government accepted 872 audit observations involving ₹19.40 crore and had since recovered ₹ 7.02 crore. The details are shown in the following table: (₹ in lakh)

Year	Paragraphs included in the IRs		Paragraphs accepted during the year		Recovery during the year	
	No.	Amount	No.	Amount	No.	Amount
2008-09	404	398.00	138	604.64	131	77.66
2009-10	453	37,149.00	369	454.78	432	113.00
2010-11	414	698.00	98	227.20	125	59.04
2011-12	409	1,429.00	267	653.00	110	452.00
Total	1,680	39,674.00	872	1,939.62	798	701.70

Though the Department accepted 872 cases involving ₹19.40 crore against 1,680 cases featured in the Local Audit Reports, it could recover ₹7.02 crore which was only 36.18 per cent of the accepted amount.

4.5 Working of Internal Audit Wing

Finance Officer attached to the office of the Transport Commissioner (TC) conducts annual audit of offices of the Deputy Transport Commissioners and Regional Transport Officers (RTOs). The Senior Superintendents attached to the office of the Deputy TC conduct internal audit of Sub RTOs. Two Accounts Officers, one Senior Superintendent, one Junior Superintendent and three Clerks comprise the Internal Audit team in the office of the Transport Commissioner. The internal audit function of the Deputy TC's offices in four zones is looked after by eight Senior Superintendents and eight clerks (two each in each zones). No special training has been imparted to the personnel of the Internal Audit Wing (IAW). The periodicity of audit of all offices is 'annual' but the Department could not achieve the target due to shortage of staff. Against the target of 86 units, 72 units were audited during 2012-13. The Department has not prepared a separate Internal Audit Manual. 1,347 paragraphs involving ₹ 96.38 lakh relating to 265 IRs remained outstanding at the end of March 2013. The IAW could clear only 6.65 per cent of the outstanding paras during the year. Audit recommends that the IAW may be strengthened so that the planned audit target is achieved. Besides, a mechanism needs to be installed for timely settlement of the audit observations raised by the IAW.

[Audit paragraphs 4.4 and 4.5 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2013 (Revenue Sector)].

[Notes received from the Government on the above audit paragraphs are included as Appendix- II]

Excerpts from the discussion of Committee with the officials concerned.

3. When the Committee enquired whether the department had a separate Internal Audit Wing, the Senior Finance Officer(in-charge) informed that there was an Internal Audit Wing functioning in Transport Commissionerate and Deputy Transport Commissionerate and is administered by the Senior Finance Officer.

4. The Committee enquired whether there was enough staff for the effective functioning of the Internal Audit Wing. The Senior Finance Officer (in-charge) in the Transport Commissionerate replied that although a letter had been forwarded to the Government requesting additional posts to address that issue, the Government turned down the proposal citing financial constraints. The Committee opined that the Internal Audit Wing could oversee certain matters which the C&AG or the PAC would not normally pursue. Moreover, revenue collection could be enhanced by strengthening the Internal Audit Wing. The Committee recommended the department that necessary steps should be taken to strengthen the Internal Audit Wing. The Secretary, Transport Department informed that further steps would be taken in consultation with the Finance Department, to create additional posts.

Conclusion/Recommendation

5. The Committee views that shortage of staff is the main reason for the non achievement of audit target and proper training must be imparted for enhancing the quality impact and performance of Internal Audit Wing. The Committee recommends that the department should take effective steps to strengthen the Internal Audit Wing, so that it can achieve its planned audit target.

4.6 Results of audit

In 2012-13 records of 68 units relating to the Motor Vehicles Department were test checked. Non/short levy of tax and other irregularities involving ₹ 9.55 crore were detected in 370 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Short/non-levy of tax	161	3.49
2.	Incorrect classification	16	0.22
3.	Irregular exemption	11	0.06
4.	Other lapses	182	5.78
Total		370	9.55

The Department accepted under assessment and other deficiencies of ₹ 11.58 crore in 470 cases, of which 240 cases involving ₹ 5.81 crore were pointed out in audit during the year 2012-13 and the others in earlier years. An amount of ₹ 1.76 crore was realised in 197 cases during the year 2012-13.

A few illustrative audit observations involving ₹ 1.69 crore are discussed in the following paragraphs.

4.7 Non-compliance of provisions of Acts/Rules

The provisions of the MV Act and KMVT Act and Rules made thereunder provide for:

- (i) collection of revenue on transport vehicles/stage carriages;
- (ii) levy of tax at the prescribed rates within the due dates; and
- (iii) levy of penalty for various offences.

It was noticed that the RTOs/SRTOs did not observe some of the above provisions which resulted in non/short levy of tax/fine of ₹1.69 crore as mentioned in paragraphs 4.7.1 to 4.7.5.

4.7.1 Short levy of one time tax

One time tax on vehicles realised was less than those prescribed as per the statutes

(12 RTOs/17SRTOs)¹

Section 3(1) of the KMVT Act, 1976 as amended by the Finance Act 2010, prescribes levy of one time tax at the time of registration of new vehicles at the rates prescribed in Annexure I of the Finance Act. With effect from 1 April 2010 tax prescribed was eight per cent of the purchase value of the vehicle for motorcars and omnibuses used for personal purpose having 1,500 cc or more engine capacity and in respect of motorcycles, motor cars, omnibuses with engine capacity less than 1,500 cc and construction equipment vehicles at the rate of six per cent.

A scrutiny of the Registration table and Tax table in the data base of 29 RTOs/SRTOs for the years 2010-11 and 2011-12, during the period from May 2011 to November 2012 revealed short collection of one time tax

1 **RTOs:** Alappuzha, Ernakulam, Idukki, Kannur, Kasargode, Kottayam, Kozhikode, Malappuram, Muvattupuzha, Thiruvananthapuram, Thrissur and Vadakara

SRTOs: Alathur, Chengannur, Cherthala, Irinjalakkuda, Kanjirappally, Kayamkulam, Koduvally, Kothamangalam, Kottarakkara, Ottappalam, Pattambi, Punalur, Thalassery, Thaliparamba, Thiruvalla, Tirur and Vaikom

amounting to ₹35.84 lakh in 617 cases due to application of incorrect rate of tax or due to depiction of incorrect value of the vehicle.

After these cases were pointed out to the Department (between May 2011 and November 2012) and to the Government (February 2013), the Department stated (between June and December 2012) that ₹1.82 lakh had been collected against 24 cases. Further report has not been received (February 2014).

[Audit paragraphs 4.6, 4.7 and 4.7.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2013 (Revenue Sector)].

[Notes received from the Government on the above audit paragraphs are included as Appendix- II]

Excerpts from the discussion of Committee with the officials concerned.

6. While considering the audit paragraph 'short levy of one time tax', the Senior Finance Officer(in-charge) Stated that the Accountant General's observation was about the short collection of one-time tax on vehicles i.e., there was a short collection of ₹ 35.84 lakh in 617 cases due to application of incorrect rate of fare. He added that out of 35.84 lakh, ₹ 22.79 lakh had already been collected from 425 cases. In the event of the switch over to 'Vahan Sarathi' software, the Motor Vehicles Department had taken effective steps to initiate revenue recovery measures against the remaining 192 vehicle owners and blacklisting the vehicles as well.

7. When asked about the wrong computer entry of amounts in Idukki R.T.O., the Senior Finance Officer(in-charge) replied that it was due to a clerical mistake made by the officials of the department and the errors in entering the amounts had since been rectified. Now the dealers themselves could upload the details online along with invoice and pay the tax. The office would not collect the tax at present, he added. The Witness, Secretary Transport Department explained that there was no deliberate negligence on the part of the officers and no loss of revenue had occurred. The Transport Commissioner added that there would be no repetition of such mistakes in future as the tax collection was being done through online transactions at present.

8. The Committee recommended that stringent action should be taken to recover the balance amount at the earliest.

Conclusion/Recommendation

9. The Committee observes that the irregularities pointed out by the audit remain unaddressed in subsequent years. The Committee directs the department to take stringent measures to collect the balance amount at the earliest and to report to the Committee urgently.

4.7.2 Non-levy of fine on overloaded vehicles

Fine as prescribed in the Act, was not realised on overloaded vehicles.

(10 RTOs/18 SRTOs)²

Under Section 79 of the Act, while issuing goods carriage permit, the authority shall mention the maximum gross vehicle weight of the vehicles used in the permit. Under Section 113 of MV Act, 1988, no person shall drive any motor vehicle or trailer, the laden weight of which exceeds the gross vehicle weight specified in the certificate of registration. The power to have a vehicle weighed is entrusted with the officers of the Motor Vehicles Department under Section 114 of the Act. Under Section 194 of the Act, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention to the provisions of Section 113 shall be punishable with minimum fine of ₹2,000 and an additional amount of ₹ 1,000 per tonne of excess load together with liability to pay charges for off loading the excess load.

In 28 RTOs/SRTOs audit scrutiny (between January and December 2012) revealed that as per checkreports, vehicles were found carrying weight in excess of limit prescribed in the registration certificate issued under the Act. The officers who inspected the vehicles did not offload and allowed them to proceed without levying the fine prescribed in the Act. This

resulted in non-levy of fine of ₹ 27.97 lakh in 510 cases. On these being pointed out (between December 2011 and November 2012) the Department recovered (between May and December 2012) ₹2.34 lakh in 40 cases. Further report has not been received (February 2014).

The matter was reported (March 2013) to Government; their reply has not been received (February 2014).

2 **RTOs:** Alappuzha, Ernakulam, Kannur, Kasargode, Kottayam, Kozhikode, Malappuram, Muvattupuzha, Palakkad and Pathanamthitta.

SRTOs: Alathur, Aluva, Chalakkudy, Cherthala, Guruvayur, Irinjalakkuda, Koduvally, Koyilandy, Kothamangalam, Mattancherry, Mavelikkara, North paravur, Parassala, Pattambi, Perumbavoor, Punalur, Thalassery and Thaliparamba.

[Audit paragraph 4.7.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2013 (Revenue Sector)].

[Notes received from the Government on the above audit paragraph are included as Appendix- II]

Excerpts from the discussion of Committee with the officials concerned.

10. When the Committee enquired about the audit reference, the Senior Finance Officer (in-charge), Transport Commissionerate informed that the department had taken legal actions in cases where overload was detected. In addition to the initiation of Revenue Recovery actions, vehicles had also been blacklisted, he added.

11. The Transport Commissioner informed that although the law stipulated that goods should be unloaded at the place where the vehicles were found carrying weight in excess of prescribed limit, it was not practical. There was a contempt case on that subject and still it was pending with the Hon'ble High Court, he added.

12. The Committee conceded to the observations made by the Transport Commissioner. The Transport Commissioner explained that in case of overload detection, the place, where to offload the excess load and how to ensure the security of the goods remained unresolved. The Committee asked whether the department had given exemption to any overloaded vehicles. The Secretary, Transport Department replied that exemption could not be given to over loaded vehicles as it pose an increased safety risk on the road and deteriorate the road network. Lightweight materials such as straw that carry more volume could also pose a safety risk.

13. The Transport Commissioner informed that due to the high amount of fines, many people did not pay fine on time and that resulted in pendency. The Senior Finance Officer (in-charge), Transport Commissionerate informed that charge memos are being currently issued in such cases and efforts were also being made to settle all pending cases of this nature.

14. An officer from the office of the Accountant General informed the Committee that a Committee under the Hon'ble Supreme Court of India recommended for the cancellation of the driving licence in such cases.

15. The Transport Commissioner informed that the law provides for the cancellation of driving licences of those involved in criminal cases after a hearing conducted within a period of three months. Additionally, licence could be cancelled if private buses did not halt at bus stops, and they could also be revoked in cases of serious accidents. But now, the license could be revoked in cases of dangerous driving. He added that the Supreme Court Committee on Road Safety was seeking details of license cancellations. The Transport Commissioner also explained that action in such cases was being taken after examining the cases individually. The Committee recommended that the department should take effective measures to recover fines imposed on overloaded vehicles promptly and the Transport Commissioner agreed to do so.

Conclusion/Recommendation

16. The Committee recommends that there should be an effective mechanism to promptly recover fines imposed on overloaded vehicles. The Committee also directs the department to take urgent measures to recover the balance amount due in all such cases and to report to the Committee within two months

4.7.3 Short collection of tax due to misclassification of vehicles

(RTO, Kozhikode)

Under Section 3 of the KMT Act, 1976, tax payable on Educational Institution Bus (EIB) is ₹1,000 per quarter whereas contract carriages having seating capacity of more than 20 which are registered as EIBs are liable to pay tax at the rate of ₹ 750 per passenger per quarter. EIB means an omnibus which is owned by a college, school or other educational institution and used solely for the purpose of transporting students or staff of the educational institution in connection with any of its activities as defined under Section 2(11) of the MV Act, 1988.

In RTO, Kozhikode, contract carriages registered in the name of a person was misclassified as EIB and tax realised at the rate of ₹1,000 per quarter instead of at ₹ 750 per person per quarter. The misclassification of contract carriage as EIB resulted in short collection of

tax of ₹ 4.57 lakh for 2007-2012.

After this being pointed out to Department (November 2012) and to Government in March 2013, the Government accepted (November 2013) the audit observation and issued demand notice for ₹ 4.15 lakh instead of ₹ 4.57 lakh. Variation in the amount has not been explained. Further report has not been received (February 2014).

[Audit paragraphs 4.7.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2013 (Revenue Sector)].

[Notes received from the Government on the above audit paragraph are included as Appendix- II]

Excerpts from the discussion of Committee with the officials concerned.

17. While considering the above audit paragraph, the Senior Finance Officer (in-charge), Transport Commissionerate informed that instead of registering a school bus as Educational Institution Bus (EIB) within the authority of Kozhikode Regional Transport Office, it was registered in the name of a person and remitted tax at the rate of EIB. Actually the tax should have been levied at the rate of contract carriages. However, Revenue Recovery proceedings for ₹ 6.22 lakh had been initiated in that case, he added. To a query of the Committee, the Senior Finance Officer (in charge) added that during the inspection, it was found that the owner of the bus was a private party, and it was not clear that whether he was the Manager of the school or not.

18. The Committee recommended that action should be expedited to address the short collection of tax due to misclassification of vehicles and the final report regarding the matter should be furnished to the Committee urgently. The Committee opined that in the modern world there were various means for communication instead of correspondence, but the department did not properly utilise those possibilities, which led to delays in procedures.

19. The Transport Commissioner informed that the system was being switched over to online and steps were being taken to make the communication via e-mail.

Conclusion/Recommendation

20. The Committee directs the department to expedite the measures to recover the shortfall in the collection of tax due to the misclassification of vehicles and also to recover the dues as one time settlement. The Committee urges the department to submit the final report regarding the matter within two months.

4.7.4 Short levy of tax on stage carriages with mofussil³ permits

(2 RTOs, September 2012 and October 2012)

Tax shall be levied on stage carriages for use in the State at the rates prescribed in the Schedule which is based on the seating capacity (Section 3 (1) of KMVT Act, 1976). Minimum seating capacity of a stage carriage shall be directly proportional to the wheel base of the vehicle (Rule 269 of Kerala Motor Vehicles Rules, 1989). Under the Rule, the minimum number of seats may be reduced by one fifth in respect of stage carriages operating as city/town service.

¹Audit observed that RTOs Kottayam and Kannur collected tax on the reduced seating capacity from nine stage carriages with mofussil permits. Those stage carriages with mofussil permits were allowed a reduction of one fifth of the total seats and tax was

worked out based on the seating capacity arrived at as if they were stage carriages operating as city/town service. This resulted in short levy of tax of ₹ 5.49 lakh for the period 2006-2012.

After we pointed out the cases (September and October 2012), both RTOs stated (September and October 2012) that in three cases demand notices were issued and in two cases steps were taken to enhance the seating capacity and collection particulars would be intimated later. In the remaining cases it was stated that details would be intimated later. Further report has not been received (February 2014).

The matter was reported to Government (March 2013); their reply has not been received (February 2014).

[Audit paragraph 4.7.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2013 (Revenue Sector)].

[Notes received from the Government on the above audit paragraph are included as Appendix II]

Excerpts from the discussion of Committee with the officials concerned.

21. While considering the above audit paragraph, the Committee asked when the pending cases would be settled. The Transport Commissioner informed that Revenue Recovery Proceedings had been suspended due to the outbreak of Covid-19 and further action would be taken once the exemption period expires.

3 Places beyond the town/city limits

The Secretary, Transport Department informed that the exemption period will expire on 31st December 2021.

22. The Senior Finance Officer(in-charge) informed that the Accountant General's findings were about the short collection of tax in city stage carriages based on its seating capacity. He added that in mofussil permits, seating capacity was determined according to the wheel base and permit was taken depending on operation of city/town services.

23. The Committee pointed out that such problems could be detected by the inspection of Regional Transport Officers and Vehicle Inspectors. To the query of the Committee the Senior Finance Officer(in-charge) informed that Accountant General had observed these alterations during data inspections by cross checking the permit, vehicle's registration details and the size of the wheelbase. The Committee recommended that vehicles with enhanced seating capacity disregarding the provisions stipulated in Rules, should be detected and fine should be imposed on such vehicles.

24. The Senior Finance officer (in - charge) informed the Committee that out of the nine cases pointed out in the Audit paragraph, fine had been imposed in one case, and no such issues were detected in the remaining cases. The Joint Transport Commissioner informed that when compared to remote areas, Thiruvananthapuram city permit would be less expensive. Change of ownership would not affect the rate of tax of a vehicle and such cases were usually detected in the audit inspections.

25. The Committee enquired whether one time settlement was possible in Motor Vehicles Department for the collection of tax arrears. The Secretary, Transport Department replied that it was being planned and payment of tax had been exempted because of Covid-19 pandemic situation. The tax had also been allowed to be paid in installments. The one-time settlement scheme would be started from January 2022 onwards, he explained. The Senior Finance Officer(in-charge) informed that one such scheme was launched in 2015 for private as well as transport vehicles, which had not remitted the tax for more than 5 years, and the scheme expired on 31-3-2021.

26. The Committee recommended that the process of levying tax arrears on stage carriages with mofussil permits should be expedited. The Transport Commissioner agreed to do so.

Conclusion/Recommendation

27. The Committee recommends that vehicles with enhanced seating capacity, which disregard the provisions stipulated in the rules, shall be detected and fined suitably.

28. The Committee directs the department to take urgent measures to recover the short levy of tax on stage carriages with mofussil permits.

4.7.5 Non/short levy of one time tax on conversion of transport vehicle to non-transport vehicle on percentage basis

(14 RTOs/33 SRTOs)⁴

Section 3(1) of the KMVT Act, 1976 as amended by Finance Act 2007 and Finance Act 2010 stipulates that one time tax shall be levied on the purchase value of certain categories of vehicles at percentage basis depending on the age of vehicle from the month of original registration. The one time tax is leviable in the case of vehicles such as motor cycles, three wheelers, Private Service Vehicles (non transport), construction equipment vehicles and motor cars which are originally registered in other States on or after 1 April 2007 and migrated to Kerala State and vehicles registered on or after 1 April 2007 and reclassified from the category of transport vehicles. The revised rate of one time tax leviable in respect of vehicles having engine capacity above 1,500 cc is eight *per cent* of the purchase value of the vehicle and six *per cent* of purchase value in respect of vehicles having engine capacity below 1,500 cc.

One time tax as stipulated under the Act is levied on new vehicles registered in the State for the first time. It is also leviable on transport vehicles which are reclassified into non-transport vehicles and also on vehicles registered in other States but migrated to the State. For the vehicles registered in the State on or after 1 April 2007 and re-classified as non-transport vehicle from the category of

4 RTOs: Alappuzha, Ernakulam, Idukki, Kannur, Kasargode, Kollam, Kottayam, Kozhikode, Malappuram, Muvattupuzha, Palakkad, Thiruvananthapuram, Thrissur and Vadakara.

SRTOs: Alathur, Aluva, Changanassery, Cherthala, Irinjalakuda, Kanhangad, Kanjirappally, Kayamkulam, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Kunnathoor, Mallappally, Mannarkkad, Mattancherry, Mavelikkara, North Paravur, Neyyattinkara, Ottapalam, Pala, Pattambi, Perumbavoor, Punalur, Ranny, Thalassery, Thaliparamba, Thiruvalla, Thodupuzha, Thripunithura, Tirur, Vaikom and Wadakkanchery.

transport vehicle, the rate of one time tax payable shall be determined on percentage basis with respect to the age of vehicle from the month of original registration. The details of the vehicles produced for registration and tax levied on them are entered in the registration table and tax table of the data base of RTOs/SRTOs.

[Audit paragraph 4.7.5 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2013 (Revenue Sector)].

[Notes received from the Government on the above audit paragraphs are included as Appendix II]

Excerpts from the discussion of Committee with the officials concerned.

29. When the Committee enquired about the audit observation, the Senior Finance Officer(in-charge) informed that a vehicle registered as transport vehicle used to be reclassified as Private vehicle after 3 to 4 years, and one-time tax had been imposed on private vehicles from 1-4-2017. The short fall in the collection of such tax was the audit objection, he added. To a query of the Committee, the Senior Finance Officer(in-charge) replied that about ₹ 12 lakh remained to be collected from 67 cases. The Committee directed the department to take necessary steps to realise the tax due and furnish a report regarding the latest position of pending cases. The Senior Finance Officer(in-charge) agreed to do so.

30. The Committee asked whether the amount would be collected prior to the registration of a vehicle. The Senior Finance (Officer in-charge) informed that previously the tax was collected annually and it was from 1-4-2014 that one time tax was imposed for Taxis and permit would be issued to a vehicle by paying ₹ 1040. Request for re-classification of vehicle would be entertained after collecting tax on the basis of depreciation till the date of expiry of classification. The audit pointed out the adoption of incorrect values of reclassified vehicles and the non-remittance of tax due to the Government.

31. The Committee commented that payment should be made mandatory for the issuance of certificate and pointed out that it could be sorted out through online facilities.

32. The Secretary, Transport Department informed that payments were being made promptly after computerisation. The Committee accepted the explanation.

Conclusion/Recommendation

33. The Committee directs the Department to realise the amounts due in the cases of the non/short levy of one-time tax on the conversion of transport vehicle to non-transport vehicle, on percentage basis. The Committee also urges the Department to submit a report regarding the latest position of pending cases.

4.1 Tax Administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicle Acts and rules made thereunder. The Transport Department functions under the administrative control of the Transport Commissioner. The levy and collection of tax in the State are governed by the Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989 and the Kerala Motor Vehicles Taxation (KMVT) Act, 1976.

4.2 Internal Audit

Finance Officer attached to the office of the Transport Commissioner (TC) conducts annual audit of offices of the Deputy Transport Commissioners and Regional Transport Offices (RTOs). The Senior Superintendents attached to the office of the Deputy TC conduct internal audit of Sub Regional Transport Offices (SRTOs). Internal Audit team in the office of the Transport Commissioner is comprised of two Accounts Officers and two Senior Superintendents. The internal audit function of the Deputy TC's offices in four zones is looked after by eight Senior Superintendents and eight clerks (two each in each zones). No special training has been imparted to the personnel of the Internal Audit Wing (IAW). An annual inspection programme schedule is prepared well in advance and the internal Audit is being conducted as per the schedule and when an inspection is scheduled, a team is constituted by deploying officials from other sections of the office due to shortage of staff in the Inspection Wing. The periodicity of audit of all offices is 'annual' but the Department could not achieve the target due to lack of proper training. Against the target of 86 units, 52 units were audited during 2013-14. The Department has not prepared a separate

Internal Audit Manual. At the end of March 2014, 1,397 paragraphs involving ₹ 125.32 lakh relating to 271 IRs were outstanding. The IAW could clear only 5.80 *per cent* of the outstanding paras during the year.

During 2012-13, against the target of 86 units, 72 units was audited, whereas during 2013-14, only 52 units was audited against the target of 86 units.

[Audit paragraph 4.1 and 4.2 contained in the Report of the Comptroller & Auditor General of India for the year ended 31st March 2014 (Revenue Sector)].

[Notes received from the Government on the above audit paragraphs are included as Appendix II]

Excerpts from the discussion of Committee with the officials concerned.

34. When the Committee enquired about the audit observation, the Senior Finance Officer (in-charge), Transport Commissionerate replied that the office procedures of the department were shifted to 'Vahan Sarathi' Software which has made it difficult to retrieve the old data. Following the request of the Accountant General, it was requested to the NIC, but the department has not yet received it back. He added that it would be possible only if NIC gave access and MORTH and NIC had been asked to provide necessary training in that regard.

35. The Committee wanted to know whether the vehicle Registration was linked with Aadhar Card. The Transport Commissioner replied that although it was specified that vehicle registration should be linked with Aadhar but currently it has not been done and the process of linking with the Aadhar Card was stopped due to certain practical difficulties. But now the process of linking vehicle registration with Aadhar is going on.

36. To a query of the Committee, the Senior Finance Officer (in-charge) informed that Internal Audit Manual needs to be updated. The proforma of the internal Audit and the audit report were being prepared in accordance with the guidelines currently available from the Finance Department.

37. The Committee recommended that steps should be taken to empower the Internal Audit Wing and had directed the department to take measures to update the Internal Audit Manual. The department agreed to do so.

Conclusion/Recommendation

38. The Committee observes that the Internal Audit Wing of the department is not functioning properly and no special training was imparted to the personnel of the Internal Audit Wing. Hence, the Committee recommends that the Internal Audit Wing of the department should be strengthened, and adequate training should be imparted to the officials of the Internal Audit Wing. The Committee also urges to take appropriate steps to prepare a separate Internal Audit Manual for the smooth functioning of the department.

4.3 Results of Audit

Test check of records of 70 units in 2013-14, relating to token tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under National Permit Scheme showed under-assessment of tax and other irregularities involving ₹ 22.51 crore in 392 cases which fall under the following categories as given in **Table- 4.1**.

Table- 4.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1.	Non/short levy of tax	157	2.28
2.	Non/short levy of tax due to irregular exemption	3	0.02
3.	Other lapses	232	20.21
	Total	392	22.51

During the course of the year, the Department accepted under-assessment and other deficiencies amounting to ₹ 19.42 crore in 309 cases which were pointed out by Audit. An amount of ₹ 3.03 crore was realised in 152 cases during the year 2013-14. A few illustrative cases involving ₹ 10.69 crore are discussed in the following paragraphs.

Compliance Audit observations

4.4 Loss of revenue due to non-collection of advertisement fee

Advertisement fee as prescribed in the statutes was not collected

[RTO (NS), Thiruvananthapuram]

As per Rule 191 of the Kerala Motor Vehicles Rules, 1989, advertisements shall be exhibited on transport vehicles only with the sanction of the State Government or the Regional Transport Authority and on payment of fee⁵ of ₹ 10 per 100 sq.cm for a period of one year or part thereof for each vehicle. The advertisement fee due for a year is payable in advance.

Scrutiny of the details of advertisements sanctioned by the Regional Transport Office (Nationalised Sector), Thiruvananthapuram, revealed that the Kerala State Road Transport Corporation (KSRTC) had not collected the advertisement fees for 2011-13 for advertisements exhibited on 4800 vehicles by the licensee M/s Koushik Group, Hyderabad (a private firm) on a total area of 4434.76 lakh sq.cm. Though, the licensee violated the agreement conditions that the licensee shall be liable for the payment of advertisement tax or other taxes/rates, if any that may be levied by the Government, KSRTC did not take any action to realise the amount. As the licence period has expired (March 2013) and the licensee left the field, the non-collection of advertisement fee has resulted in loss of revenue of ₹8.87 crore.

The KSRTC/Department has not taken any action to realise the fees from the private firm, instead it has appealed (November 2012) to the Government to exempt the firm from payment of advertisement fees, which was not in order.

When this was pointed out (June 2013), the Department stated (June 2013) that the Managing Director, KSRTC had been asked to remit the advertisement fees. Further report about the action taken against the defaulters for the loss of ₹ 8.87 crore has not been received (October 2014).

In the exit meeting (November 2014) Secretary to Government, Transport Department accepted the contention of Audit and assured that the decision on the points highlighted in the audit observation would be taken at the earliest. Final reply has not been received.

[Audit paragraphs 4.3 and 4.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2014 (Revenue Sector)].

[Notes received from the Government on the above audit paragraphs are included as Appendix II]

Excerpts from the discussion of Committee with the officials concerned.

39. When the Committee enquired about the Audit Observation, the Senior Finance Officer (in-charge) informed that there was a fixed charge for exhibiting advertisements on KSRTC buses and the audit query was about the non-collection of ₹ 8.87 crore in advertisement fee from 4800 vehicles. The Secretary, Transport Department informed that KSRTC had collected that amount but had not remitted it to the Motor Vehicles Department at the rate fixed.

40. To the queries of the Committee, the Secretary, Transport Department explained that KSRTC would charge a fee and file cases against those companies which did not pay the fee and also take recovery measures. The Secretary, Transport Department also informed that until last year, advances had been levied from advertising agencies after deducting 20% commission at PRD rates. However, owing to the Covid-19 Pandemic, exemptions from paying the fee were sought and a case in that regard had been filed, department began to collect the fees directly at PRD rates.

41. When asked about the non payment of department's share at the initial stage, the Secretary, Transport Department replied that it was an internal act on the part of KSRTC.

42. The Committee asked whether the amount could be written off. The Secretary, Transport Department replied that the permission of the Government was necessary for it. The Committee pointed out that steps to dispose off the same should be considered and implemented at the Government level. The Secretary, Transport Department informed that the Government had sanctioned ₹4,000 crore to KSRTC and the department had proposed a plan to convert it into equity.

43. To the queries of the Committee, the Secretary, Transport Department informed that KSRTC would not receive the revenue related to road safety, whereas, the same would be received by the PWD. The Transport Commissioner informed that 50% share of the amount collected by Police & Motor Vehicle Department related to road safety would be received by KSRTC. The KSTP projects were being funded by the World Bank, he added.

44. The Changes made in the rules of Road Safety was brought to the notice of the Committee by the Secretary, Transport Department. Strict enforcement of overload regulations was made as a part of Road Safety activities, he added. He further informed that the Supreme Court has directed to remove the black spots on the roads and it should be ensured while the road is under construction. The Committee accepted the explanations of the Secretary, Transport department.

Conclusion/Recommendation

45 The Committee notes with concern that KSRTC had not collected the fees for advertisements exhibited on 4800 vehicles for the period 2011-13 and it has resulted in a revenue loss of ₹8.87 crore. Therefore, the Committee directs the department to furnish a detailed report regarding the steps taken to realise the revenue loss due to non-collection of advertisement fees.

4.5 Non-imposition of fine in cases of overloaded vehicles

Fine as prescribed in the Act was not realised on overloaded vehicles.

12 RTO's /20 SRTOs⁶

As per Section 79 of the Motor Vehicles (MV) Act, 1988 while issuing goods carriage permit, the authority shall mention the maximum gross vehicle weight of the vehicles used in the permit. As per Section 113 of the MV Act, 1988, no person shall drive any motor vehicle or trailer, the laden weight of which exceeds

6 RTOs: Alappuzha, Attingal, Ernakulam, Kannur, Kasargod, Kottayam, Kozhikode, Malappuram, Muvattupuzha, Palakkad, Thiruvananthapuram and Thrissur
SRTOs: Alathur, Changanassery, Cherthala, Guruvayur, Kanjirappally, Kayamkulam, Kazhakuttom, Kodungallur, Koduvally, Kothamangalam, Mannarkkad, Mavelikkara, Nedumangad, Pattambi, Perumbavoor, Ranni, Thiruvalla, Tirur, Vandiperiyar and Wadakkancherry.

the gross vehicle weight specified in the certificate of registration. The power to have a vehicle weighed is entrusted with the officers of the Motor Vehicles Department as per Section 114 of the Act. As per Section 194 of Act, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention to the provisions of Section 113 shall be punishable with minimum fine of ₹ 2,000 and an additional amount ₹1,000 per tonne of excess load together with liability to pay charges for off loading the excess load.

Audit scrutiny in 32 RTOs/SRTOs revealed that as per Check Reports, 475 vehicles were found carrying weight in excess of limit prescribed in the registration certificates issued under the MV Act, 1988. Audit found that the officers who inspected the above vehicles allowed them to proceed without levying the fine prescribed in the Act and without offloading the excess weight. This resulted in non-levy of fine of ₹ 27.66 lakh in 475 cases as shown in Appendix III(1).

Inaction on the part of the designated inspectors not only resulted in their failure to comply with the provisions of the Act and resultant non-realisation of penalty but possible damage of roads entailing extra expenditure on the repair, etc.

On these being pointed out (between December 2012 and November 2013), the Department stated (between July 2013 and October 2013) that ₹ 27,000 had since been realised in seven cases and action would be taken to realise the fine in remaining cases.

In the exit meeting (November 2014) Secretary to Government, Transport Department accepted and endorsed the views of Audit that Government may think about fixing responsibility in cases where such deficiencies were noticed. Final reply has not been received.

[Audit paragraph 4.5 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2014 (Revenue Sector)].

[Notes received from the Government on the above audit paragraphs are included as Appendix II]

Excerpts from the discussion of Committee with the officials concerned

46. Regarding the audit para, the witness, the Transport Commissioner informed that a small amount of fine had already been realised and steps were being taken to realise the balance amount.

Conclusion/Recommendation

47. The Committee directs the department to realise the fine imposed on overloaded vehicles due to the department and submit a report to the Committee on the matter within two months.

4.6 Short levy of one time tax on migrated reclassified vehicles.

One time tax realised on reclassified/migrated vehicles was less than those prescribed as per the statutes.

(15 RTOs/28 SRTOs)⁷

Section 3(1) of the Kerala Motor Vehicles Taxation Act, 1976 (KMVT Act, 1976) as amended by Finance Act 2007 and Finance Act 2010 stipulates that one time tax is leviable in the case of vehicles such as motor cycles, three wheelers, PSVs (non transport), construction equipment vehicles and motor cars which are originally registered in other States on or after 1 April 2007 and migrated to Kerala State and vehicles registered on or after 1 April 2007 and reclassified from the category of transport vehicles depending on the age of vehicle from the month of original registration.

⁷ RTOs: Alappuzha, Attingal, Ernakulam, Kannur, Kasargod, Kottayam, Kozhikode, Malappuram, Muvattupuzha, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur, Vadakara and Wayanad

SRTOs: Alathur, Aluva, Angamaly, Changanassery, Chengannur, Cherthala, Guruvayoor, Irinjalakuda, Kanhangad, Kanjirappally, Karunagappally, Kayamkulam, Kazhakuttom, Koduvally, Kothamangalam, Mannarkkad, Mattancherry, Mavelikkara, North Paravoor, Nedumangad, Neyyattinkara, Pattambi, Perinthalmanna, Perumbavoor, Tripunithura, Tirur, Vaikom and Wadakkanchery

During the audit of 43 RTOs/SRTOs, it was noticed that the registering authority short levied one time tax in 927 vehicles migrated from other States/reclassified during the period between April 2010 and May 2013 due to incorrect adoption of age of vehicles. This resulted in short levy of tax of ₹ 1.26 crore in 927 cases as shown in Appendix III(2)

On these being pointed out (between December 2012 and November 2013) the Department stated (between July 2013 and November 2013) that in 48 cases, ₹8.89 lakh has been collected and action would be taken to realise the short collection in the remaining cases. Further report has not been received (October 2014).

In the exit meeting (November 2014) Secretary to Government, Transport Department accepted and endorsed the views of Audit that Government may think about fixing responsibility in cases where such deficiencies were noticed. Final reply has not been received.

[Audit paragraph 4.6 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2014 (Revenue Sector)].

[Notes received from the Government on the above audit paragraph is included as Appendix II]

Excerpts from the discussion of Committee with the officials concerned.

48. Regarding the audit paragraph, the Senior Finance Officer(in-charge) informed that Accountant General's Observation was about the short levy of one time tax during reclassification/migration from other states due to incorrect adoption of the age of vehicles.

49. To a query of the Committee, the Senior Finance Officer (in-charge), Transport Commissionerate informed that the vehicles would be released only after the payment of tax at the time of reclassification. However, the practice followed by the department was that the remittance of tax needs to be made on demand after the book had been issued. It was only through the 'Vahan Sarathi' software NOC would be issued to the migrated vehicles. The date of issuance of NOC from

other States except three could be ascertained as it was channelised through 'Vahan Sarathi' software. Therefore, no such issues persist now.

50. When the Committee asked about the steps taken by the department to clear the pending cases, the Transport Commissioner informed that Revenue Recovery Proceedings are being initiated to clear the pending cases.

Conclusions/Recommendations

51. The Committee learns that lethargy on the part of registering authorities who short-levied one time tax on migrated/reclassified vehicles due to incorrect adoption of the age of vehicles, has resulted in short - collection of ₹1.26 crore. Therefore, the Committee directs the department to realise the amounts short collected in the remaining cases at the earliest and report to the Committee urgently.

52. The Committee recommends that necessary steps must be taken by the department to clear the pending cases related to revenue recovery proceedings for tax collection at the time of reclassification of vehicles without delay.

4.7 Short levy of one time tax on registration of new vehicles

One time tax realised on vehicles was less than that prescribed as per the statutes

(9 RTOs/10 SRTOs⁸)

Section 3(1) of the Kerala Motor Vehicles Taxation Act, 1976 as amended by Finance Act 2007 and Finance Act 2010 stipulates that one time tax shall be levied on the purchase value of certain categories of vehicles at percentage basis. The rate of one time tax leviable with effect from 1st April 2010 in respect of vehicles having engine capacity of and above 1,500 cc is eight *per cent* and in respect of vehicles having engine capacity below 1,500 cc is six *per cent* of their purchase values respectively. As per the Kerala Finance Act 2012, with effect from 1st April 2012, one time tax shall be levied at the rate of six *per cent*,

8 RTOS: Attingal, Ernakulam, Idukki, Kasargod, Kozhikode, Palakkad, Thiruvananthapuram, Vadakara and Wayanad.

SRTOS: Changanassery, Karunagappally, Kayamkulam, Kazhakuttam, Nedumangad, Neyyattinkara, Tripunithura, Tirur, Vandiperiyar and Wadakkancherry.

eight *per cent*, 10 *per cent* and 15 *per cent* respectively of value on vehicles having purchase value upto ₹ 5 lakh, more than ₹ 5 lakh and upto ₹ 10 lakh, more than ₹ 10 lakh and upto ₹15 lakh and more than ₹ 15 lakh respectively.

During the audit of 19 RTOs/SRTOs, it was noticed that one time tax amounting to ₹14.69 lakh was short levied in 308 cases due to application of incorrect rate of tax or due to depiction of incorrect value of the vehicle as shown in Appendix III(3).

On these being pointed out (between December 2012 and October 2013), the Department stated (September and November 2013) that ₹ 3.01 lakh had been realised in 64 cases and action would be taken to realise the short collection in the remaining cases.

In the exit meeting (November 2014) Secretary to Government, Transport Department accepted and endorsed the views of Audit that Government may think about fixing responsibility in cases where such deficiencies were noticed. Final reply has not been received.

[Audit paragraph 4.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2014 (Revenue Sector)].

[Notes received from the Government on the above audit paragraph are included as Appendix II]

Excerpts from the discussion of Committee with the officials concerned.

53. Regarding the audit para, the Committee noticed that the department had previously informed that out of the 308 cases, 225 cases were settled and 83 cases were pending. But reply furnished by the department during the meeting it was mentioned that there were 119 cases. The Senior Finance Officer (in-charge), Transport Commissionerate informed that it was an error on the part of the department, and would examine the matter in detail and revised reply would be furnished to the Committee at the earliest.

54. The Committee wanted the department to furnish the details regarding the number of pending cases and their current status at the earliest. The Department officials agreed to do so.

Conclusion/Recommendation

55. Regarding the short levy of one-time tax on the registration of new vehicles, the Committee urges the department to furnish a detailed report about the number of pending cases and their current status at the earliest.

4.8 Short-levy of tax on stage carriages with mofussil⁹ permits

Tax realised on stage carriages with mofussil permits was less than those prescribed as per the statutes

(RTO Ernakulam, Kasargod and Kozhikode)

As per Section 3(1) of Kerala Motor Vehicles Taxation Act, 1976 tax shall be levied at the rates prescribed in the Schedule. Rule 269 (1) of Kerala Motor Vehicles Rules, 1989 prescribes the minimum seating capacity of a stage carriage which shall be directly proportional to the wheel base of the vehicle. As per the Rule, the minimum number of seats may be reduced by one fifth in respect of stage carriages operating as city/town service.

Audit observed in Regional Transport Offices, Emakulam, Kasargode and Kozhikode, that tax was collected on the reduced seating capacity from nine stage carriages with mofussil permits. Those stage carriages with mofussil permits were allowed a reduction of one fifth of the total seats and tax was worked out based on the seating capacity arrived at as if they were stage carriages operating as city/town service. This resulted in short levy of tax of ₹ 13.26 lakh for the period 2003-2013 as shown in Appendix II(4)

The case was pointed out between July 2013 and November 2013; the Department stated that in two cases demand notices were issued and in four cases, vehicles were issued with city permits. In the remaining cases, it was stated that details would be intimated later.

In the exit meeting (November 2014) Secretary to Government, Transport Department accepted and endorsed the views of Audit that Government may think about fixing responsibility in cases where such deficiencies were noticed. Final reply has not been received.

⁹ Places beyond the town/city limits

[Audit paragraph 4.8 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2014 (Revenue Sector)].

[Notes received from the Government on the above audit paragraph are included as Appendix II]

Excerpts from the discussion of Committee with the officials concerned.

56. The Committee observed that the topic had already been discussed and directed the department to collect the balance amount due if any at the earliest.

Conclusion/Recommendation

57. The Committee observes that short levy of tax has been realised on stage carriages with mofussil permits. Hence, the Committee directs the department to collect the balance amount due if any at the earliest and to submit a report regarding the same to the Committee urgently.

4.1 Tax administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicle Acts and rules made thereunder. The Transport Department functions under the administrative control of the Transport Commissioner. The levy and collection of tax in the State are governed by the Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989 and the Kerala Motor Vehicles Taxation (KMVT) Act, 1976.

4.2 Internal Audit

Finance Officer attached to the office of the Transport Commissioner (TC) conducts annual audit of offices of the Deputy Transport Commissioners and Regional Transport Officers (RTOs). The Senior Superintendents attached to the office of the Deputy TC conduct internal audit of Sub RTOs. Two Accounts Officers and two Senior Superintendents comprise the Internal Audit team in the office of the Transport Commissioner. The internal audit function of the Deputy TC's offices in four zones is looked after by eight Senior Superintendents and eight clerks (two each in

each zones). No special training has been imparted to the personnel of the Internal Audit Wing (IAW). An annual inspection programme schedule is prepared well in advance and the internal audit is being conducted as per the schedule and when an inspection is scheduled a team is constituted by deploying officials from other sections of the office due to shortage of staff in the Inspection Wing. Against the target of 86 units, 69 units were audited during 2014-15. The periodicity of audit of all offices is 'annual' but the Department could not achieve the target due to lack of proper training, lack of software, increase in number of vehicles registered and the increase in number of defaulters. The Department has not prepared a separate Internal Audit Manual. During 2014-15 the Department could clear 392 paras which was only 14.45 *per cent* of the outstanding 2,713 paras during the year. The Department attributed the reason for low clearance of audit observations to delay in getting final rectification reports from the sub offices audited.

[Audit paragraphs 4.1 & 4.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (Revenue Sector)].

[Notes received from the Government on the above audit paragraphs are included as Appendix-II]

Excerpts from the discussion of Committee with the officials concerned.

58. The Committee stated that the topic was discussed earlier.

Conclusion/Recommendation

59. No Comments

4.3 Results of audit

Test check of records of all the 78 offices of Motor Vehicles Department in 2014-15 relating to token tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under National Permit Scheme showed non/short levy of tax and other irregularities involving ₹15.23 crore in 426 cases which fall under the following categories as given in **Table - 4.1**.

Table - 4.1.*(₹ in crore)*

Sl. No	Categories	Number of Cases	Amount
1.	Non/short levy of tax	160	2.81
2.	Non/short levy of tax due to irregular exemption	11	0.12
3.	Other lapses	255	12.30
	Total	426	15.23

During the course of the year, the Department accepted non/short levy of tax and other deficiencies amounting to ₹9.71 crore in 259 cases which were pointed out by Audit. An amount of ₹ 5.10 crore was realised in 246 cases during the year 2014-15, of which ₹4.59 crore in 160 cases were pointed out in earlier years.

The reasons for short collection of tax in accepted cases were called for from the Department in August 2015. The Department stated (December 2015) that it has taken all possible measures to realise the short collection pointed out in the local audit reports. It was also stated that notices had been issued to the defaulters and that in the case of compounding, neither revenue recovery steps nor prosecution steps could be initiated. Regarding short collection pointed out in the case of driving license, it was stated that the same occurred due to the delay in communication of Government orders for enhancement of fees. The reply furnished was not acceptable when advanced communication facilities were available.

A few illustrative audit observations involving ₹2.09 crore are mentioned in the following paragraphs.

4.4 Short levy of one time tax on reclassified vehicles

One time tax realised on reclassified vehicles was less than that prescribed as per the status
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- 12 RTOs/25 SRTOs¹⁰

Section 3(1) of the KMVT Act, 1976 as amended vide Finance Act, 2007 stipulates that one time tax shall be levied in the case of vehicles registered on or after 1 April 2007 and reclassified from the category of transport vehicles depending on the age of vehicle from the month of original registration at the rates prescribed in the Schedule.

During the audit of 37 RTOs/SRTOs, the Regional Transport Officers/Joint Regional Transport Officers short levied one time tax in 1,182 vehicles reclassified from the category of transport vehicles during the period 2010-2014. The mistake was due to incorrect calculation of the age of vehicle and application of incorrect percentage of tax. This resulted in short levy of tax of ₹ 1.39 crore in 1,182 cases.

Audit found that maximum cases was from RTO, Malappuram involving ₹24.65 lakh. The irregularity persisted even after being pointed out repeatedly the same by Audit. It is, thus recommended that a system may be put in place to generate the age of the vehicles and calculate percentage of tax automatically instead of capturing the data manually.

The Government stated (September 2015) that ₹46.21 lakh had been realised in 376 cases and action was being expedited by Transport Commissioner to collect the dues in remaining cases.

In the exit meeting held in November 2014, the Secretary to Government, Transport Department assured to fix responsibility in cases where such deficiencies were noticed. Audit found that no progress had been made in this regard.

[Audit paragraph 4.3 & 4.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st march 2015 (Revenue Sector)].

10 RTOs: Attingal, Kannur, Kollam, Kozhikode, Malappuram, Muvattupuzha, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur, Vadakara and Wayanad

SRTOs: Alathur, Chalakkudy, Changanassery, Chengannur, Guruvayur, Irinjalakuda, Kayamkulam, Kazhakuttom, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Mallappally, Mannarkkad, Ottappalam, Pattambi, Perumbavoor, Punalur, Thaliparamba, Thalassery, Thiruvalla, Tirur, Uzhavoor, Vandiperiyar and Wadakkancherry

[Notes received from the government on the above audit paragraphs are included as Appendix-II]

Excerpts from the discussion of Committee with the officials concerned.

60. The Committee stated that the subject similar to the Audit observation was discussed earlier. The Senior Finance Officer(in-charge), Transport Commissionerate informed that short levy of one time tax had to be realised from 336 cases and assured that necessary steps would be taken to realise the balance amount at the earliest.

Conclusion/Recommendation

61. The Committee directs the department to realise the short collection of one time tax on reclassified vehicles in the remaining cases at the earliest and to submit a report regarding the same to the Committee within two months.

4.5 Non-Imposition of fine in cases of overloaded vehicles.

Fine as prescribed in the Act was not realised on overloaded vehicles

- 11 RTOs/21 SRTOs¹¹

Under Section 79 of the MV Act, 1988 while issuing goods carriage permit, the authority shall mention the maximum gross vehicle weight of the vehicles used in the permit. Under Section 113 of the MV Act, 1988, no person shall drive any motor vehicle or trailer, the laden weight of which exceeds the gross vehicle weight specified in the certificate of registration. Under Section 114 of the MV Act, 1988, if on weighment, the vehicle is found to contravene any provisions of the above Section regarding weight, the authorized officers of the Motor Vehicle Department, may by order in writing

¹¹ RTOs: Attingal, Kannur, Kollam, Kozhikode, Muvattupuzha, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur, Vadakara, Wayanad

SRTOs: Chalakudy, Changanassery, Chengannur, Guruvayoor, Irinjalakuda, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Mallappally, Ottapalam, Parassala, Pattambi, Perumbavoor, Punalur, Thalassery, Thaliparamba, Thiruvalla, Thodupuzha, Tirur, Vandiperiyar

direct the driver to off load the excess weight at his own risk and not to remove the vehicle from that place until the laden weight has been reduced so that it complies with Section 113. Under Section 194 of MV Act, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention to the provisions of Section 113 shall be punishable with minimum fine of ₹2,000 and an additional amount of ₹1,000 per tonne of excess load together with liability to pay charges for off loading the excess load. As per Section 86 of MV Act the transport authority which granted a permit may cancel the permit or may suspend it for such period as it thinks fit on the breach of any conditions specified in Section 84, which *inter-alia* checks the driving of vehicles to which the permit relates in contravention of the provision of Section 113. Under notification¹² issued (April 2010) by Government the offence can be compounded at the prescribed rates which is equivalent to the rate of fine mentioned above. The Committee on Public Accounts (2014-16) in its 89th Report had recommended that transport department should chalk out effective measures to ensure that overloaded vehicles are levied with compounding fee at higher rate and excess weight is off loaded.

Audit scrutiny (between November 2013 and November 2014) in 32 RTOs/SRTOs revealed that the Motor Vehicle Inspectors/Assistant Motor Vehicle Inspectors who inspected the vehicles allowed them to proceed without following the procedure prescribed in the Act, after recording the offence in the check reports. The fine prescribed in the Act was not collected. This resulted in non-levy of fine of ₹ 45.26 lakh in 737 cases.

Maximum cases of non imposition of fine were noticed in SRTO Perumbavur, involving ₹4.86 lakh.

Government stated (October 2015) that ₹17.89 lakh had been collected from 297 cases and action was being expedited by the Transport Commissioner to collect the dues in the remaining cases. Further report had not been received.

12 SRO No. 221/2010 with effect from 1 April 2010

While considering similar paras in previous Audit Reports, the PAC (2011-14) in its 34th Report had recommended that the Department should strictly adhere to the law and should levy the fine as specified in the Act. It also recommended to cancel the permit of those vehicles found overloaded. However, Audit found that Department/Government had not taken appropriate action in this regard.

The Secretary to Government, Transport Department stated in the exit conference held in November 2014 that the Government was thinking about fixing responsibility in cases where such deficiencies were noticed. Progress about action taken was awaited (January 2016) from the Government.

[Audit paragraph 4.5 contained in the Report of the Comptroller & Auditor General of India for the year ended 31st march 2015 (Revenue Sector)].

[Notes received from the government on the above audit paragraphs are included as Appendix-II]

Excerpts from the discussion of Committee with the officials concerned.

62. The Committee recommended that the pending cases regarding the audit para would be settled expeditiously. The Accounts Office agreed to do so.

Conclusion/Recommendation

63. The Committee directs the department to realise the short collection in the remaining cases of non imposition of fine on overloaded vehicles expeditiously and to submit a report there on to the Committee within two months.

4.6 Short levy of one time tax on registration of new vehicles

One Time tax realised on vehicles was less than that prescribed as per the statutes.

- 4 RTOs/3 SRTOs ¹³

¹³ RTOs: Kannur, Kozhikode, Palakkad and Thiruvananthapuram.
SRTOs : Koduvally, Punalur and Vandiperiyar.

Section 3(1) of the KMVT Act, 1976 stipulates that in respect of new motor vehicles, onetime tax shall be levied at the rate specified in Schedule to the Act at the time of first registration of the vehicle. With effect from 1 April 2012, the rates of onetime tax leviable were six *per cent*, eight *per cent*, 10 *per cent* and 15 *per cent* of the value of vehicles having purchase value upto ₹5 lakh, more than ₹ 5 lakh and upto ₹10 lakh, more than ₹10 lakh and upto ₹15 lakh and more than ₹15 lakh respectively.

During the audit of seven RTOs/SRTOs, it was noticed that during the period 2012-2014, onetime tax was short levied in 29 cases amounting to ₹ 17.09 lakh.

Maximum short levy of tax on vehicles were noticed in RTOs Kannur and Kozhikode and SRTOs Punalur and Koduvally involving ₹ 9.13 lakh.

Government stated (August 2015) that ₹ 2.21 lakh had been collected in six cases and action was being expedited by the Transport Commissioner to collect the dues in remaining cases. Further report had not been received (January 2016).

Audit found that the irregularity persisted even after repeatedly pointing out the same in audit. As such, necessary system may be put in place to calculate percentage of tax automatically instead of capturing the data manually.

[Audit paragraph 4.6 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st march 2015 (Revenue Sector)]

[Notes received from the government on the above audit paragraph are included as Appendix-II]

Excerpts from the discussion of Committee with the officials concerned.

64. While pointing out the discrepancy between the figures shown in Audit Report and in the reply furnished by the department, the Committee enquired about the delay in settling the revenue recovery proceedings.

65. The Senior Finance Officer (in-charge) informed that a report would be made available to the Committee after examining the discrepancies between the figures. He further explained that Revenue Recovery measures could only be initiated only against cases involving tax remittance. However, no such action would be taken against the defaulters in other cases. Revenue recovery proceedings would be expedited only through reconciliation with the District Collectors and Tahsildars. Currently everything is stagnant, he added.

66. The Committee urged the department to furnish the current status of the above matter. The Senior Finance Officer(in-charge), Transport Commissionerate agreed to do so.

Conclusion/Recommendation

67. The Committee directs the department to forward the current status of collection of dues in the remaining cases of short levy of one time tax on registration of new vehicles at the earliest.

4.7 Short levy of tax due to incorrect fixation of seating capacity.

Tax realised on stage carriage was less than those prescribed as per the statutes.

- 4 RTOs¹⁴

Under Section 3(1) of the KMVT Act, 1976, tax shall be levied, based on the seating capacity on stage carriages for use in the State at the rates prescribed in the Schedule. Rule 269 of KMV Rules, 1989 prescribes the minimum seating capacity of a stage carriage which shall be directly proportional to the wheel base of the vehicle. Further, the minimum number of seats may be reduced by one fifth in respect of stage carriages operating as city/town service.

Audit observed (between December 2013 and October 2014) that in four Regional Transport Offices, the seating capacity computed by the Regional Transport Officers were not as per the wheel base of the vehicles as prescribed in the KMV Rules. The tax on the vehicles was levied based on the incorrectly computed seating capacity. This resulted in short levy of tax of ₹ 7.72 lakh in 13 cases for the period 2001-2013.

14 Kollam, Kozhikode, Palakkad and Pathanamthitta.

Short levy of tax was noticed maximum in RTO Pathanamthitta involving of ₹ 4.76 lakh.

Government stated (October 2015) that ₹ 1.20 lakh had been collected in six cases, there was no short collection of tax in seven cases as the wheel base had since been corrected in the registration certificate after inspection of the vehicles by MVIs/JRTOs, one case was pending with Hon'ble H.C. of Kerala and revenue recovery action for ₹64,200 was being taken in another case.

The Government had not furnished the reason for non-levy of tax for the seating capacity proportional to the wheel base which was originally recorded in the certificate of registration. It had also not been explained as to how the mistake had occurred while recording the wheel base. The details of action taken in the remaining cases had also not been furnished by the Government.

[Audit paragraph 4.7 contained in the Report of the Comptroller and auditor General of India for the year ended 31st March 2015 (Revenue Sector)]

[Notes received from the government on the above audit paragraph are included as Appendix-II]

Excerpts from the discussion of Committee with the officials concerned.

68. When asked about the repetition of the same mistakes, the Senior Finance Officer (in-charge) informed that many mistakes had been rectified by the advent of 'Vahan Sarathi' software. Out of 60 services from RT offices around 32 had been made online. He added that computerisation was the only solution to all those problems.

Conclusion/Recommendation

69. **The Committee urges the department to realise the balance amount of short levy of tax due to incorrect fixation of seating capacity at the earliest and report it to the Committee within two months.**

3.1 Tax administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicle Acts and Rules made thereunder. The Transport Department functions under the administrative control of the Transport Commissioner. The levy and collection of tax in the State are governed by the Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989 and the Kerala Motor Vehicles Taxation (KMVT) Act, 1976.

3.2 Internal audit

Finance Officer attached to the office of the Transport Commissioner (T.C.) conducts annual audit of offices of the Deputy Transport Commissioners and Regional Transport Officers (RTOs). The Senior Superintendents attached to the office of the Deputy TC conduct internal audit of Sub RTOs and Check posts of the Department. The Internal Audit team in the office of the Transport Commissioner is comprised of two Accounts Officers and two Senior Superintendents. The internal audit function of the Deputy TC's offices in four zones is looked after by eight Senior Superintendents and eight clerks (two each in each zones). No special training has been imparted to the personnel of the Internal Audit Wing (IAW). An annual inspection programme schedule is prepared well in advance and the internal audit is being conducted as per the schedule and when an inspection is scheduled a team is constituted by deploying officials from other sections of the office due to shortage of staff in the Inspection Wing. Against the target of 71 units, 50 units were audited during 2015-16. The Department stated that the periodicity of audit of all offices is 'annual' but could not achieve the target due to lack of proper training. The Department has not prepared a separate Internal Audit Manual. During 2015-16, the Department could clear 436 paras which was only 9.83 *per cent* of the outstanding 4,436 paras during the year as against 14.45 *per cent* of clearance in 2014-15. The Department attributed the reason for low clearance of audit observations to delay in getting final rectification reports from the sub offices audited.

3.3 Results of audit

Test check of records of all the 78 offices of Motor Vehicles Department in 2015-16 relating to token tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under National Permit Scheme

showed non/short levy of tax and other irregularities involving ₹137.32 crore in 777 cases which fall under the following categories as given in **Table –3.1**.

Table 3.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1	Non/short levy of tax	647	124.08
2	Other lapses	130	13.24
	Total	777	137.32

During the course of the year, the Department accepted non/short levy of tax and other deficiencies amounting to ₹ 84.17 crore in 171 cases which were pointed out by Audit. An amount of ₹ 5.19 crore was realised in 560 cases during the year 2015-16, of which ₹ 4.86 crore in 518 cases were pointed out in earlier years.

A few illustrative audit observations involving ₹ 8.70 crore are mentioned in the following paragraphs.

[Audit paragraphs 3.1, 3.2 & 3.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Revenue sector)]

[Notes received from the government on the above audit paragraphs are included as Appendix-II]

Excerpts from the discussion of Committee with the officials concerned.

70. The Committee noted with grave concern that there was a delay in submitting the RMT notes to the Committee within the time limit and expressed its strong displeasure over the attitude of the department in not furnishing the remedial measure taken statements (RMT) and enquired about the reason for the delay.

71. The witness, Transport Commissioner replied that there was a shortage of officers due to Covid-19 outbreak. The Senior Finance Officer (in-charge) informed that action had been taken in the cases pointed out in the Audit Report for the year 2016.

72. Senior Deputy Accountant General pointed out that if recovery had been made, it could have been disposed off when it was reported. The Senior Finance Officer (in-charge) informed that a good percentage of cases were disposed by the Adalat held in the Motor Vehicles Department. There after, cases except those mentioned in C&AG Reports, were closed and cases included in the draft audit paragraph, needed to be carefully followed up. Cases, wherein 85-90% remittance had been made, would be considered as settled and set aside.

73. The Committee urged that the department should ensure that actions are completed in all cases and that the audit queries were answered on time by the department. The Senior Finance Officer (in-charge) agreed to do so.

Conclusions/Recommendations

74. The Committee is dissatisfied with the irresponsible attitude of the department in failing to submit the remedial measures taken statement even at the time of considering the audit para. The Committee strictly warns that no such instances should be repeated in future.

75. The Committee directs the department to ensure that the remedial measures should cover all observations and all cases in a time-bound manner. The Committee also suggests that utmost care should be taken in responding to the audit query on-time.

3.4 Short levy of one time tax due to incorrect adoption of purchase value

- **59 RTOs/SRTOs¹⁵**

Section 3(1) of the KMVT Act, 1976 stipulates that in respect of new motor vehicles, onetime tax shall be levied at the rate specified in Schedule to the Act at

15 RTOs: Alappuzha, Attingal, Ernakulam, Kannur, Kasargod, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad, Thiruvananthapuram, Thrissur, Wayanad

SRTOs: Alathur, Aluva, Angamaly, Chalakkudy, Changanassery, Chengannur, Cherthala, Chittur, Guruvayoor, Irinjalakkuda, Kanhangad, Kanjirappally, Karunagappally, Kayamkulam, Kazhakoottam, Kodungalloor, Koduvally, Kottarakkara, Koyilandy, Kunnathur, Kuttanad, Mallappally, Mannarkkad, Mattancherry, Mavelikkara, Nedumangad, Neyyattinkara, Nilambur, North Paravoor, Ottapalam, Pala, Parassala, Pattambi, Perinthalmanna, Perumbavoor, Ponnani, Punalur, Ranni, Sulthan Bathery, Thalassery, Thaliparamba, Tripunithura, Tirur, Uzhavoor, Vaikom, Wadakkancherry

the time of first registration of the vehicle. With effect from 1 April 2012, the rates of one time tax leviable were 6 *per cent*, 8 *per cent*, 10 *per cent* and 15 *per cent* of the value of vehicles having purchase value upto ₹ 5 lakh, more than ₹ 5 lakh and upto ₹ 10 lakh, more than ₹ 10 lakh and upto ₹15 lakh and more than ₹ 15 lakh respectively. Government enhanced¹⁶ the rate of one time tax for vehicles having purchase value of ₹ 20 lakh and more from 15 *per cent* to 20 *per cent* of the purchase value with effect from 13 November 2014. Section 2(e) of KMVT Act, 1976 defines purchase value of the vehicle as shown in the purchase invoice. Under Finance Act, 2014, Government of Kerala clarified¹⁷ that with effect from 1 April 2007 purchase value includes value added tax, cess and customs/excise duty chargeable on vehicles provided that the discount or rebate given by the dealer to the registered owner shall not be deducted from the bill amount for computing the purchase value.

Scrutiny (between December 2014 and January 2016) of data in the purchase invoice of the vehicles newly registered and the details of tax levied in 59 RTOs/SRTOs, revealed that during the period 2013-14 and 2014-15, onetime tax was levied short in the case of 4,724 vehicles newly registered. Audit found that while registering the vehicles, the Regional Transport Officers/Joint Regional Transport officers adopted the purchase value of the vehicles in the purchase invoices but did not include VAT, cess and the rebate received. In the case of vehicles with purchase value of more than ₹ 20 lakh, the registering officers levied one time tax on these vehicles at 15 *per cent* on the purchase value instead of at the prescribed rate of 20 *per cent*. The incorrect reckoning of purchase value and application of incorrect rate of tax resulted in consequent short levy of onetime tax of ₹ 4.96 crore in 4,724 cases as given in the Appendix III(5).

Maximum short levy of tax on vehicles were noticed in SRTO Thalassery (292 cases; ₹25.58 lakh), RTO Kannur (270 cases; ₹ 23.57 lakh) and RTO Kottayam (264 cases; ₹ 35.36 lakh).

The matter was pointed out to the Regional Transport Officers/Joint Regional Transport Officers between December 2014 and January 2016 and referred to

16 Notification No. 23704/Leg D2/2014/Law dated 13 November 2014

17 Circular No. 7/14 of Transport Commissioner.
1268/2024.

Government (May 2016). The Government stated (July 2016) that ₹ 44.87 lakh has been realised in 454 cases.

While considering similar para in previous Audit Reports, the Committee on Public Accounts (2011-14) in its 34th Report recommended the Department to take stringent action against those officials who failed to initiate revenue recovery action. However, Audit found that no action has been taken by Department/Government in this regard. The reason for not taking revenue recovery action against the defaulters in compliance with PAC recommendation had been called for from Government (August 2016) by Deputy Accountant General with Secretary, Transport Department.

[Audit paragraph 3.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Revenue sector)]

[Notes received from the government on the above audit paragraphs are included as Appendix-II]

Excerpts from the discussion of Committee with the officials concerned.

76. Pointing out the recommendation of PAC (2011-2014) in its 34th Report, regarding the similar audit paras in previous Audit Reports, the Committee enquired about the follow up action.

77. The Transport Commissioner informed that the department had fixed liability against those officials who had failed to initiate revenue recovery action and the amount had been realised from their salaries. The Accounts officer explained that, every Wednesday had previously been set apart for tax collection but it was discontinued due to the inconveniences caused to the public visiting the office on the said day.

78. To a query of the Committee, the Accounts Officer replied that the paucity of staff strength was affecting service delivery and workload. The Transport Commissioner revealed that RT Office Payyannur had only two clerical staff and he explained that computerisation was progressing in the department. Committee recommended that the department should take initiative to increase the staff strength in RT offices and also speed up the process of computerisation.

79. The Committee commented that similar subject had already been discussed with officials.

Conclusions/Recommendations

80. The Committee observes that the staff strength in the department is not adequate enough to initiate revenue recovery proceedings regularly and the shortage of staff adversely affects the office procedures. So, the Committee recommends to take necessary steps to increase staff strength and to speed up the process of implementation of computerisation in the department.

81. The Committee also urges the department to realise the short collection of one time tax due to incorrect adoption of purchase value at the earliest and to report the same to the Committee within two months.

3.5 Non- imposition of fine in cases of overloaded vehicles

- 56 RTOs/SRTOs¹⁸

Under Section 79 of the MV Act, 1988 while issuing goods carriage permit, the authority shall mention the maximum gross vehicle weight of the vehicles used in the permit. Under Section 113 of the MV Act, 1988, no person shall drive any motor vehicle or trailer, the laden weight of which exceeds the gross vehicle weight specified in the certificate of registration. Under Section 114 of the MV Act, 1988, if on weighment, the vehicle is found to contravene any provisions of the above Section regarding weight, the authorized officers of the Motor Vehicle Department, may by order in writing, direct the driver to offload the excess weight at his own risk and not to remove the vehicle from that place until the laden weight has been reduced so that it complies with Section 113. Under Section 194 of MV Act, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention to the provisions of Section 113 shall be punishable

18 RTOs: Attingal, Ernakulam, Kannur, Kasargod, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad, Thiruvananthapuram, Thrissur, Vadakara, Wayanad.

SRTOs: Adoor, Alathur, Aluva, Angamaly, Chalakkudy, Changanassery, Cherthala, Chittur, Guruvayoor, Irinjalakkuda, Kanhangad, Karunagappally, Kayamkulam, Kazhakkuttam, Kodungallur, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Kunnathur, Mannarkkad, Mattanchery, Mavelikkara, Muvattupuzha, Nedumangad, Neyyattinkara, Nilambur, North Paravoor, Ottappalam, Parassala, Perumbavoor, Ponnani, Punalur, Ranni, Taliparamba, Thalassery, Thiruvalla, Thodupuzha, Tripunithura, Tirur, Uzhavoor, Vandiperiyar, Wadakkancherry

with minimum fine of ₹ 2,000 and an additional amount of ₹ 1,000 per tonne of excess load together with liability to pay charges for offloading the excess load. Under notification¹⁹ issued (April 2010) by the Government of Kerala, the offence can be compounded at the prescribed rates which is equivalent to the rate of fine mentioned above. PAC (2011-14) in its 34th Report had recommended that the Department should strictly adhere to the law and should levy the fine as specified in the Act. It also recommended to cancel the permit of those vehicles found overloaded. The Committee on Public Accounts (2014-16) in its 89th Report had recommended that Transport Department should chalk out effective measures to ensure that overloaded vehicles are levied with compounding fee at higher rate and excess weight is offloaded.

Audit scrutiny (between December 2014 and December 2015) in 56 RTOs/SRTOs revealed that, as per check reports, vehicles were found carrying weight in excess of the limit prescribed in the certificate of registration. The Motor Vehicle Inspectors/Assistant Motor Vehicle Inspectors who inspected the overloaded vehicles during 2013-2015, did not offload the excess weight and allowed them to proceed after recording the offence in check reports, but without levying fine prescribed. This resulted in non-levy of fine of ₹1.01 crore in 1,302 cases as shown in the Appendix III(6).

Despite being pointed out repeatedly in Audit, the irregularity still persists. Audit found that the Department/Government had not taken appropriate action in this regard. The recommendations of PAC had also not been complied with.

Non imposition of fine was noticed maximum in RTO, Thrissur with 143 cases involving ₹ 11.48 lakh.

The audit finding was referred to Government in May 2016. The Government stated (July 2016) that in 294 cases, ₹ 22.10 lakh has been realised.

[Audit paragraph 3.5 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Revenue sector)]

[Note received from the government on the above audit paragraph is included as Appendix-II]

Excerpts from the discussion of Committee with the officials concerned

82. The Committee commented that similar subject had already been discussed with officials.

Conclusion/Recommendation

83. The Committee directs the department to take urgent measures to realise the amounts short levied in the remaining cases of overloaded vehicles at the earliest and to furnish a detailed report thereon to the Committee urgently.

3.6 Short collection of tax on contract carriages with pushback seats

- Five RTOs/SRTOs²⁰

Section 3(1) of the Kerala Motor Vehicles Taxation (KMVT) Act, 1976 stipulates that in respect of new motor vehicles, one-time tax shall be levied at the rate specified in Schedule to the Act at the time of first registration of the vehicle. Tax at the rates specified in the Schedule to the Act shall be levied for contract carriages with push back seats with effect from 1st April 2014. Section 52 of the Motor Vehicles Act, 1988 stipulates that no owner of a motor vehicle shall so alter the vehicle that the particulars contained in the certificate of registration are at variance with those originally specified by the manufacturer. The Transport Commissioner directed²¹ that an alteration which involves change in the structure of a vehicle which results in change in its basic features cannot be effected without approval from Government of India. When a vehicle with pushback seats is to be altered with ordinary seats, it may be permitted to fit more seats according to the space available, if the alteration complies with the provisions of the act and rules and there is no revenue loss. While permitting altering in seats, Rules 267, 268, 269 and 270 of the Kerala Motor Vehicles Rules, 1989 shall be complied.

Audit of five Regional/Sub Regional Transport Offices between July 2015 and August 2015 revealed that permits were issued to 148 contract carriages with pushback seats but tax was realised at the rates prescribed for contract carriages with ordinary seats. Audit found that neither any permits for altering the seat type was issued to these contract carriages nor any physical verification of these vehicles to verify the number of pushback seats was conducted by RTOs/JRTOs

20 RTO Ernakulam, SRTOs, Aluva, Angamaly, Mattancherry, North Paravur.

21 Circular No. 5/2014 dated 26-6-2014.

resulting in the application of incorrect rate of tax and consequent short collection of tax of ₹ 10.42 lakh as detailed in the Appendix III (7).

Maximum number of cases were found in RTO, Ernakulam (55 cases; ₹ 4.30 lakh).

When the audit finding was referred to the Government in May 2016, the Government stated (July 2016) that in 10 cases ₹ 51,140 has been realised.

[Audit paragraph 3.6 contained in the Report of Comptroller and Auditor General of India for the year ended 31st March 2016 (Revenue sector)]

[Notes received from the government on the above audit paragraph are included as Appendix-II]

Excerpts from the discussion of Committee with the officials concerned.

84. When the Committee enquired about the audit observation, the Senior Finance Officer (in-charge) informed that the collection of taxes on the basis of ordinary, push back and sleeper seats of contract carriages were introduced in the Finance Act of 1-4-2014. The tax was calculated based on the 'ordinary seat' category for all contact carriages before the amendment was made in the Act. The ambiguity in the classification of seats had existed over a period of time and now it is rectified, he added.

Conclusion/Recommendation

85. **The Committee urges the department to realise the short collection of tax in cases pointed out by the audit and to submit a report to the Committee within two months.**

3.7 Non remittance of tax for the operated period of stage carriages

- Four RTOs²²

Section 3(1) of the Kerala Motor Vehicles Taxation (KMVT) Act, 1976 stipulates that a tax shall be levied on every motor vehicle used or kept for use in

22 RTOs : Alappuzha, Ernakulam, Kozhikode and Malappuram

the State at the rate specified for such vehicle in the Schedule to the Act. Section 4 of the Act stipulates that the tax levied shall be paid in advance within such period and in such manner as may be prescribed by the registered owner for a quarter or year at his choice upon a quarterly or annual license to be taken out by him. As per Section 5 (1) of the Kerala Motor Vehicles Taxation Act, 1976 in the case of motor vehicle which is not intended to be used or kept for use during the first month or the first and second months of a quarter, or the whole of a quarter or year, as the case may be, the registered owner or the person having possession of such vehicle shall give previous intimation in writing²³ to the Regional Transport Officer that such vehicle would not be used for such period and no tax shall be payable in respect of such vehicle for such period. As per Rule 10 (2) of the Kerala Motor Vehicles Taxation Rules, 1975 on receipt of the intimation, the Regional Transport Officer shall certify, after such verification, the non-use of the vehicle for the period for which tax is not payable, by making necessary endorsements in the certificate of registration of the vehicle. Section 12 of the KMVT Act, 1976 read with Section 13 stipulates that if the registered owner has not paid the tax within the prescribed period, he shall pay, in addition to the tax, an additional tax of such amount as specified by the Government and any amount due shall be recoverable in the same manner as an arrear of public revenue due on land. Further, the arrears of tax shall attract interest at six per cent per annum from the date of default.

During Audit (between November 2014 and November 2015) of four Regional Transport Offices, scrutiny of tax collection particulars and Form G filed revealed that though periods of non-use of the stage carriages were mentioned in the Form G filed, tax was not remitted by the registered owners in respect of those periods which were not shown as non-use in the Form G. Non remittance of tax for the operated period in respect of 15 contract carriages worked out to ₹ 6.93 lakh including additional tax and interest. Maximum number of cases were noticed in RTO, Ernakulam (6 cases; ₹3.63 lakh).

Audit also found that Form G filed by the registered owners were pending for want of verification prescribed in the Rules. Hence it cannot be ascertained whether the vehicles were not in use for the period claimed for exemption. Though

the vehicles have valid permits, the RTOs had not initiated revenue recovery proceedings against the defaulters to realise the tax. The audit finding was referred to Government in May 2016. The Government stated (July 2016) that in 21 cases ₹ 5.35 lakh has been realised. Further report has not been received (November 2016).

[Audit paragraph 3.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Revenue Sector)]

Excerpts from the discussion of Committee with the officials concerned.

86. When the Committee desired to know about the audit observation, the Senior Finance Officer (in-charge) informed that if a vehicle was not operating, an intimation in Form G should be given in advance to the RTO stating the non-use of the vehicle for such period and no tax should be payable for that period. He added that Accountant General's Observation was about the non-remittance of tax for the operated period of stage carriages without filing 'Form G' intimation. He explained that the tax could be levied through revenue recovery actions.

Conclusion/Recommendation

87. The Committee directs the department to take necessary steps to realise the tax due for the operating period of stage carriages pointed out by the audit at the earliest and to submit a report to the Committee as early as possible.

3.8 Incorrect levy of one time tax on percentage basis on reclassified vehicles

- 63 RTOs/SRTOs²⁴

Section 3(1) of the KMVT Act, 1976 as amended vide Finance Act, 2007 stipulates that in the case of vehicles registered on or after 1 April 2007 and

24 RTOs: Alappuzha, Ernakulam, Kannur, Kasargod, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur, Vadakara, Wayanad.

SRTOs: Adoor, Aluva, Chalakkudy, Changanassery, Chengannur, Cherthala, Chittur, Guruvayoor, Irinjalakkuda, Kanhangad, Kanjirappally, Karunagappally, Kayamkulam, Kazhakkuttam, Kodungallur, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Kunnathur, Mallappally, Mananthavady, Mannarkkad, Mavelikkara, Muvattupuzha, Nedumangad, Neyyattinkara, Nilambur, North Paravur, Ottappalam, Pala, Parassala, Pattambi, Perinthalmanna, Ponnani, Punalur, Ranni, Sulthan Bathery, Thaliparamba, Thalassery, Thiruvalla, Thodupuzha, Trippunithura, Tirur, Tirurangadi, Udumbanchola, Uzhavoor, Vaikom, Wadakkancherry.

reclassified as non-transport vehicles from the category of transport vehicles, one time tax shall be levied depending on the age of vehicle from the month of original registration at the rates prescribed in the Schedule.

During the audit (between November 2014 and December 2015) of 63 RTOs/SRTOs, the Regional Transport Officers/Joint Regional Transport Officers short levied one time tax in 2,339 vehicles reclassified from the category of transport vehicles to the category of non-transport vehicles during the period 2013-14 and 2014-15. The vehicles included 269 three wheelers, 718 four wheelers and 1,352 multi axled vehicles, stage carriage, camper trailers etc. While registering these vehicles, the Regional Transport Officers/Joint Regional Transport Officers applied incorrect percentage of one time tax due to mistake in calculation of age of vehicles resulted in incorrect levy of tax of ₹ 2.56 crore in 2,339 cases.

Audit found that maximum cases were from RTO, Malappuram (₹19.32 lakh in 206 cases) and SRTO Tirur (₹12.43 lakh in 164 cases).

Audit found that tax was calculated by the officers concerned by manually calculating the age of vehicles and thereby applying incorrect rate of tax. There was no provision of automatically generating the age of the vehicles from the SMART MOVE system and calculating percentage of tax accordingly.

The matter was pointed out to the Department between November 2014 and December 2015. The audit findings were referred to Government in May 2016. The Government stated (July 2016) that ₹ 76.43 lakh was collected in 615 cases. Further report had not been received (November 2016).

Audit found that the Government was taking action only in those cases where defects/deficiencies were being pointed by Audit, which is only a sample, though the Committee on Public Accounts (2011-14) in its 34th Report recommended the Department to take stringent action against those officials who failed to initiate revenue recovery action. As such, Government needs to put in place measures to detect all such cases in a timely manner and to make good short levy of tax.

[Audit paragraph 3.8 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Revenue sector)]

Excerpts from the discussion of Committee with the officials concerned.

88. When the Committee enquired about the audit para, the Senior Finance Officer (in-charge) informed that the audit observation was about the short levy realised in one time tax for the reclassification of transport vehicles to non transport vehicles.

89. The Committee wanted to know about a solution for such irregularities which were repeated every year.

90. The Transport Commissioner replied that Revenue Recovery measures had been taken against the vehicle owners who did not pay the tax amount.

Conclusions/Recommendations

91. The Committee notes with concern that the government is taking action only in the cases where irregularities are being pointed out by the audit and opines that the government needs to put in place measures to prevent all such irregularities in a timely manner.

92. The Committee urges the department to realise the short collection in the remaining cases of reclassified vehicles at the earliest.

3.1 Tax administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicles Acts and Rules made thereunder. The Transport Department functions under the administrative control of the Secretary, Transport Department. The levy and collection of tax in the State are governed by the Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989, and the Kerala Motor Vehicles Taxation (KMVT) Act, 1976.

3.2 Internal audit

An annual inspection programme schedule is prepared well in advance and the internal audit is being conducted as per the schedule. When an inspection is scheduled a team is constituted by deploying officials from other sections of the office due to shortage of staff in the Inspection Wing. Against the target of 97 units, 44 units were audited during 2016-17. The Department stated that the periodicity

of audit of all offices is 'annual' but the Department could not achieve the target due to lack of proper training and software. The Department did not prepare a separate Internal Audit Manual. During 2016-17, the Department could clear 853 paras, which was 18.50 *per cent* of the outstanding 4,611 paras. The Department attributed the reason for low clearance of audit observations to delay in getting final rectification reports from the offices concerned.

3.3 Results of audit

Test check of records of 47 offices of Motor Vehicles Department in 2016-17 relating to tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under National Permit Scheme showed non/short-levy of tax and other irregularities involving ₹194.69 crore in 436 cases, which fall under the following categories as given in **Table – 3.1**.

Table – 3.1
Results of audit

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1	Compliance Audit on Permits, Taxes on Transport Vehicles and Enforcement under Motor Vehicles Act	1	152.79
2	Non/short-levy of tax	320	30.60
3	Other lapses	115	11.30
	Total	436	194.69

During the course of the year, the Department accepted non/short-levy of tax and other deficiencies amounting to ₹195.90 crore in 574 cases, which were pointed out by Audit. An amount of ₹14.41 crore pointed out was realised in 376 cases during the year.

A few illustrative audit observations involving ₹155.17 crore are mentioned in the succeeding paragraphs.

3.4 Compliance Audit on Permits, Taxes on Transport Vehicles and Enforcement under Motor Vehicles Act

3.4.1 Introduction

The Motor Vehicles Department (MVD) was established under the provisions of Section 213 of the Motor Vehicles (MV) Act, 1988 (Central Act 59 of 1988). Motor Vehicles Department is one of the major revenue earning departments in the State with seven *per cent*²⁵ of the total tax revenue collection of the State.

Major functions of the Department include registration of vehicles, conduct of tests for issue of driving licenses and conductor's licenses, grant of permits to vehicles, conduct of tests for issue of fitness certificates to vehicles, enforcement of traffic rules and regulations, collection of road tax and collection of fees for various services etc. The Transport Department is under the control of the Secretary (Transport) at Government level. Transport Commissioner (TC) is the head of the Department under whom four zonal offices, 18 Regional Transport Offices (RTO), 55 Sub Regional Transport Offices (SRTO) and 19 check posts are functioning.

The Department fully automated its functions by implementing application software 'SMARTMOVE', which was developed by National Informatics Centre in January 2007.

Data of services rendered such as collection of fees and taxes, issue of licenses, permits, certificate of fitness etc., were stored in local 'SMARTMOVE' database of respective RTOs and SRTOs. A central server with a database containing consolidated SMARTMOVE database of all RTOs/SRTOs was maintained at the State data centre. The central database is updated in every 10 minutes through a web service. The Department provides facility for remitting road tax and submitting online applications for services such as driving license, registration, permit, certificate of fitness etc., along with prescribed fees through the MVD portal to the respective RTOs/SRTOs. These data also move to local SMARTMOVE database from a central database server through a web service.

25 During the year 2016-17, total tax collection under the Head 'taxes on vehicles' was ₹ 3,107.23 crore and the total tax revenue collection of the State was ₹ 42,176.37 crore.

Audit was conducted to check whether (1) permits in respect of transport vehicles were granted in accordance with the MV Act, 1988 and Rules, (2) tax in respect of transport vehicles were levied as per the Kerala Motor Vehicles Taxation (KMVT) Act, 1976 and the Rules and (3) enforcement system in the Motor Vehicles Department is adequate to ensure compliance with the existing laws, regulation and norms having a bearing on public safety.

The Audit was conducted between May 2017 and July 2017 covering the period from 2014-15 to 2016-17.

The scope of Audit was confined to the Office of the Transport Commissioner, 11²⁶ out of 18 RTOs, 18²⁷ out of 55 SRTOs and 12²⁸ out of 19 motor vehicles check posts. The units were selected by stratified random sampling method using IDEA. Motor vehicles check posts functioning under the jurisdiction of selected RTOs were also selected for audit. An entry conference was held on 2nd May 2017 with the Transport Commissioner. On conclusion of the audit, an exit conference was held on 8 November 2017 with the Additional Secretary (Transport Department) and the Senior Deputy Transport Commissioner. Their views and replies are incorporated in the relevant paras. Cases pointed out during 2015-16 and 2016-17 in the local audit reports are also included in this report.

Audit findings

The audit findings are based on the analysis of data extracted from central databases and SMARTMOVE local databases maintained at selected RTOs and SRTOs and check posts with reference to prescribed procedures, Act and Rules.

[Audit paragraphs 3.1, 3.2, 3.3, 3.4 and 3.4.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 (Revenue sector)]

26 Alappuzha, Ernakulam, Idukki, Kannur, Malappuram, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur, Vadakara and Wayanad.

27 Adoor, Alathur, Aluva, Cherthala, Kayamkulam, Mananthavady, Mavelikkara, Neyyattinkara, North Paravur, Ottapalam, Parassala, Sulthan Bathery, Thalassery, Thaliparamba, Thiruvalla, Thodupuzha, Trippunithura and Vandiperiyar.

28 Amaravila, Gopalapuram, Govindapuram, Iritty, Kattikulam, Kumali, Meenakshipuram, Muthanga, Nadupunni, Velanthalalam, Vazhikadavu and Walayar.

Excerpts from the discussion of Committee with the officials concerned.

93. While considering the audit paragraphs, the Committee enquired about the present status of implementation of 'Vahan Sarathi' software. The Transport Commissioner replied that 'Vahan Sarathi' software was fully functional.

Conclusion/Recommendation

94. No comments.

3.4.2 Grant or renewal of permits.

Under Section 66(1) of MV Act, 1988, 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 passenger or goods save in accordance with the conditions of a permit granted or countersigned by a Regional Transport Authority (RTA) or State Transport Authority (STA) or any prescribed authority authorising him the use of the vehicle in that place. Under Section 81 of the MV Act, 1988, the validity of a regular permit issued is for five years and may be renewed on an application made not less than 15 days before the expiry of permit. The Regional Transport Authority may entertain a belated application for renewal of a permit if it is satisfied that the applicant was prevented by good and sufficient cause from making an application within the time specified. Under Section 192 A of the MV Act, 1988, vehicles plying without a valid permit attract penalty which may extend to five thousand rupees but shall not be less than two thousand rupees.

Audit observed certain instances of irregular grant/renewal of permits as described in the succeeding paragraphs:

3.4.2.1 Non-renewal of permits

As per Section 5 (1) of the KMVT Act 1976, in the case of a motor vehicle which is not intended to be used or kept for use for such period, the registered owner shall give previous non-use intimation in writing to the registering authority and that every vehicle possessed by a person is deemed to have been used except in cases where exemption is claimed under this section.

Analysis of database revealed that validity of permit in respect of 14,127 vehicles, which were not older than 10 years, expired during the period 2014-15 to

2016-17. The registered owners or permit holders neither renewed the permits nor filed non-use intimation with the respective RTOs or reclassified the vehicles from category of transport vehicles. The class-wise details of vehicles are given in **Table-3.2.**

Table – 3.2
Class-wise details of permit expired vehicles

(₹ in crore)

Sl. No.	Class of vehicles	Number of permit expired vehicles between 1 April 2014 to 31 March 2017	Penalty collectable
1	Auto rickshaws	11,014	2.20
2	Contract carriages other than auto rickshaws	1,281	0.39
3	Goods carriages	1,385	0.52
4	Other carriages	447	0.21
	Total	14,127	3.32

Source : SMARTMOVE database.

Inaction on the part of the RTOs and JRTOs in vehicle checking and locate vehicles plying without valid permit resulted in non-imposition of penalty of ₹3.32 crore in 14,127 cases as shown in Appendix III(8).

Government stated (December 2017) that the Department demanded the tax for defaulted period if the applicant failed to file non-use intimation under Section 5 of the KMVT Act, read with Rule 10 of the KMVT Rules, and there was no provision in the MV Act and Rules to insist compounding fees on expiry of permit and if these vehicles were found plying on roads, the compounding fee would be collected. It was further stated that if these vehicles were not intended to use on road, the Department did not have any authority to insist compounding fee.

Though data of vehicles of which permit expired was available in database, an internal control mechanism did not exist in the Department to check whether these vehicles were used on road after the expiry of permit. In the absence of such mechanism, the claim of the Department that these vehicles were not intended to use on road was not acceptable.

[Audit paragraphs 3.4.2 & 3.4.2.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 (Revenue sector)]

Excerpts from the discussion of Committee with the officials concerned.

95. When asked about the mechanism existing in the Department to check whether vehicles were used in the road after expiry of permit, the Senior Finance Officer (in-charge) replied that when the permit expires, the vehicle owner renews the permit by paying the fee. The Transport Commissioner added that the department could suo moto detect the non-renewal of permits and the department was examining the actions to be taken on the basis of the audit observations.

96. The Committee realised that although the data of vehicles whose permits had expired was available on the database, an internal control mechanism did not exist in the department to check whether those vehicles were used on the road after the expiry of permit. Hence, the Committee recommended that an intensive mechanism should be setup to identify vehicles that were used on the road after the expiry of the permit and also urged the department to take measures to collect penalties from the vehicle owners. The Committee strongly recommended empowering the inspection process and finding out the data of the vehicles of whose permits had expired, as well as setting up a strong mechanism to collect the fees.

Conclusion/Recommendation

97. The Committee observes that although the data of vehicles for which the permits have been expired is available on the database, an internal control mechanism does not exist in the department to check whether those vehicles are used on the road after the expiry of the permit. Therefore, the Committee recommends that an internal control mechanism should be set up to identify vehicles that are used on the road after the expiry of the permit. The Committee also urges the department to take measures to collect penalties from owners of the vehicles plying without a valid permit.

3.4.2.2 Irregular grant of special permits

Sub-Section 8 of Section 88 of the MV ACT, 1988, empowers the Regional Transport Authorities to grant special permit to any vehicle covered by stage carriage permit for using the vehicle under a contract to carry passengers.

In view of judgement²⁹ of Honourable High court of Kerala against indiscriminate grant of special permit to vehicles covered by stage carriage permits, the State Transport authority in November 2016³⁰ decided that only one special permit for a single trip would be granted to a particular stage carriage in a calender month.

Audit observed that in five RTOs up to six special permits were granted in a calender month for the period from 1 December 2016 to 31 March 2017 to certain stage carriage in violation of instructions of State Transport Authority as given in **Table -3.3**

Table – 3.3

Details of special permits granted

Sl No.	Name of RTO	No. of vehicles for which special permits were insured more than one	No. of special permits were issued per vehicle for a calender month
1.	Thrissur	5	Upto 2 permits
2.	Malappuram	8	Upto 2 permits
3.	Wayanad	4	Upto 2 permits
4.	Kannur	123	Upto 4 permits
5.	Vadakara	56	Upto 6 permits

Source : SMARTMOVE database

In respect of a stage carriage KL-18 D-2628, RTO Vadakara granted six special permits in January 2017 alone.

29 WP(c) No.22890 of 2016

30 Vide proceeding No.D2/E7248/STA/2016 dated 22 November 2016.

Government stated (December 2017) that strict instructions were given to all Regional Transport Authorities that only one special permit for a single trip would be granted to a particular stage carriage in a calendar month as per the decisions of the State Transport Authority.

Audit paragraph 3.4.2.2 contained in the report of the Comptroller and Auditor General of India for the year ended 31st March 2017(Revenue Sector)

[Notes received from the Government on the above audit paragraph is included as Appendix III]

Excerpts from the discussion of Committee with the officials concerned.

98. When the Committee enquired about the irregular grant of special permits, the Transport Commissioner replied that the Accountant General's observation was about the non-compliance of the order of the Honourable High Court of Kerala that only one special permit for a single trip would be granted to a particular stage carriage in a calendar month and at present the court order is being strictly followed. The Committee accepted the reply furnished by the department.

Conclusion/Recommendation

99. No Comments

3.4.2.3 Delay in conducting meetings of Regional Transport Authorities

As per Rule 123 of KMV Rules, 1989, the Regional Transport Authority shall meet once in a month on such dates and time as may be fixed by the Chairman. The Regional Transport Authority was constituted with District Collector as chairman and District Police Chief and Deputy Transport Commissioners as members. The Regional Transport Officer shall be the Secretary of the Regional Transport Authority and its Executive Officer. The issue of new permits, granting transfer of permits, renewal of permits etc., were regulated as per the decisions of Regional Transport Authorities. Number of meetings conducted by eight Regional Transport Authorities during the period from 2014-15 to 2016-17 are given in **Table - 3.4.**

Table - 3.4**Details of RTA meetings held**

Sl. No.	Name of RTA	Number of RTA meetings conducted		
		2014-15	2015-16	2016-17
1	Alappuzha	3	2	3
2	Ernakulam	3	3	4
3	Kannur	2	4	2
4	Malappuram	4	3	3
5	Palakkad	3	4	4
6	Thiruvananthapuram	3	4	4
7	Thrissur	4	0	1
8	Vadakara	3	4	2

Source : SMARTMOVE database.

The details in the table indicate that the meetings of RTA were not held every month as stipulated in Rules.

Government stated (December 2017) that instructions were issued to all Regional Transport Authorities for conducting regular meetings.

[Audit paragraph 3.4.2.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 (Revenue sector)]

Excerpts from the discussion of Committee with the officials concerned.

100. While considering the above audit paragraph, the Joint Transport Commissioner informed that Regional Transport Authorities (RTA) meeting could not be convened on time due to the workload of District Collectors. The Committee pointed out that the relevance of RTA meetings was declining.

101. The Senior Finance officer (in-charge) informed that no applications have been received for the permits of new private buses. The Secretary, Transport department informed that due to the Covid-19 outbreak, there had been a decrease in the number of people relying on public transport.

102. The Committee opined that it would be advisable to issue new private bus permit if required. The Committee recommended that private buses should be allowed to operate on routes where KSRTC buses were not currently operating. The Secretary, Transport Department informed that the number of private vehicles in service had dropped from 20,000 to 12,000. In response to a query of the Committee, the Secretary, Transport Department further informed that non-service buses were often abandoned on the road.

103. The Committee recommended that steps should be taken to conduct timely meetings of Regional Transport Authorities. The Secretary, Transport Department agreed to do so.

Conclusion/Recommendation

104. The Committee notices that meetings of Regional Transport Authorities are not conducted as per stipulated rules and directs that necessary steps should be taken by the department to conduct RTA meetings as stipulated.

3.4.3 Short-levy of motor vehicles tax

As per Section 3 read with Section 4 of KMVT Act 1976, a tax shall be levied, otherwise exempted, on every motor vehicle used or kept for use in the State, at the rate specified for such vehicle in the schedule to the Act. The Act provides levy of one-time tax for motor cabs and tourist motor cabs and five years lumpsum tax for auto rikshaws and goods carriages having gross vehicles weight upto 3,000 kg at the time of first registration of vehicle and thereafter for one year or five years at the rate specified. In the case of other transport vehicles tax shall be levied at quarterly rate as specified for such vehicles.

Audit observed certain instances of short-levy of motor vehicles tax as follows.

3.4.3.1 Short-levy of tax due to irregular fixation of seating capacity

Rule 269(1) of KMV Rules, 1989, prescribes that minimum seating capacity of a stage carriage shall be directly proportionate to the wheel base of the vehicle. The minimum number may be reduced by two seats in the case of a stage carriage with separate entrance and exit. Such minimum number so reduced may be reduced further by one fifth in the case of stage carriages operating as city/town service. Quarterly tax of stage carriages leviable under Section 3 of KMVT Act, 1976, is based on the seating capacity of a stage carriage.

Audit observed that in six RTOs, seating capacity determined in 73 cases was less than minimum seating capacity as prescribed in the Rules, which led to short-levy of tax of ₹ 48.20 lakh as detailed in Appendix III(9).

Government stated (December 2017) that an amount of ₹ 5.94 lakh was collected in 11 cases and action for realising the balance amount in remaining cases was in progress.

3.4.3.2 Non-collection of differential tax for 15 years from motor cabs³¹ and tourist motor cabs

As per Section 3(1) of KMVT Act, 1976, as amended by the Kerala Finance Act 2014, one time tax for 15 years from the date of purchase of the vehicles is to be levied in respect of new tourist motor cab and new motor cab, at the rate specified in the Annexure to the Act, with effect from 1 April 2014. Prior to Finance Act 2014, tax in respect of motor cabs and tourist motor cabs were levied at the rate of quarterly tax prescribed in the schedule to the KMVT Act, payable yearly upon annual license.

The road tax in respect of motor cab and tourist motor cab was collected for a period of five years from the date of first registration of vehicles as per interim stay order of the Hon'ble High Court of Kerala in WP(C) No.7641 and similar petitions filed by the motor cab operators challenging constitutional validity of the legislation. The Hon'ble High Court dismissed the writ petitions on 8 March 2017 and as per its judgement one time tax for 15 years in respect of the motor cabs and

31 "Motor cab" means any motor vehicle constructed or adapted to carry not more than six passengers excluding the driver for hire or reward.

tourist motor cabs was leviable at the rates prescribed in the Kerala Finance Act, 2014, from 1 April 2014 onwards.

Audit observed that owners of 18,803 new motor cabs and new tourist motor cabs registered from 1 April 2014 to 31 March 2017 paid motor vehicles tax for five years from the date of first registration instead of 15 years and the differential amount of tax due worked out to ₹ 47.15 crore as detailed in Appendix III(10).

Government stated (December 2017) that after receipt of the judgement from the Hon'ble High Court of Kerala, demand notices were sent to all registered owners of motor cabs who did not remit tax for 15 years. It was further stated that ₹ 5.57 crore was collected in 1,757 cases and action is in progress to collect tax in remaining cases.

[Audit Paragraphs 3.4.3, 3.4.3.1 and 3.4.3.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 (Revenue sector)]

Excerpts from the discussion of Committee with the officials concerned

105. Regarding the above audit paragraph, non-collection of differential tax for 15 years from motor cabs and tourist motor cabs, the Senior Finance Officer-(in-charge) informed that revenue recovery procedures had been taken against those who have not paid 10 years of tax amount, exempted during the period of stay from the High Court. In the context of COVID-19, the Government had extended the deadline for the payment of amount involved in revenue recovery, till 10th November 2021.

106. To a query of the Committee, the Senior Finance Officer(in-charge) informed that the extended deadline had just been expired and immediate follow up action should be taken after examining the matter. The Committee recommended that action should be taken in a timely manner to realize the balance amount in that regard.

Conclusion/Recommendation

107. The Committee directs the department to recover the balance amount due in cases pointed out by the audit at the earliest and report it to the Committee urgently.

3.4.3.3 Non-collection of differential tax for other State contract carriages.

The rate of tax on contract carriages that are registered in other States and operating in the State of Kerala after obtaining permit under Section 88(8) and 88(9) of the MV Act, 1988, was enhanced to ₹4,000, ₹ 6,000 and ₹ 7,000 for every passenger for vehicles with ordinary seat, push back seat and sleeper berth respectively with effect from 1 April 2014 vide Kerala Finance Act, 2014. On a writ petition questioning constitutional validity of introduction of new rate of tax for contract carriages registered in other States, the Honourable High Court of Kerala on March 2014 stayed collection of tax at enhanced rates and dismissed the writ petition on 21 December 2016. The rate was reduced to ₹2,250, ₹ 3,000 and ₹ 4,000 for every passenger for contract carriages, that are registered in other States and operating in State of Kerala, with ordinary seat, push back seat and sleeper berth respectively with effect from 18 July 2016 vide Kerala Finance Act 2016. As the reduced rates were applicable only from 18 July 2016, the Transport Commissioner in January 2017³² directed all officers of MVD to collect tax at enhanced rates as prescribed in the Finance Act 2014 for the period from 1 April 2014 to 17 July 2016.

Audit observed that in six RTOs differential amount of tax of ₹ 81.08 crore for the period from 1 April 2014 to 17 July 2016 was not collected in respect of 86,080 cases as detailed in Appendix III(11).

Further analysis of data at border check posts in respect of contract carriages registered in other States revealed that 423³³ vehicles for which differential tax amount due were allowed to cross through the border motor vehicle check posts at Gopalapuram, Govindapuram and Walayar during April 2017 to June 2017. However, no action was taken by Motor Vehicles Inspectors at the check posts to collect the differential amount of tax from these vehicles.

Government stated (December 2017) that ₹ 2.08 crore was collected in 906 cases. Action taken in the remaining cases were not intimated (January 2018).

32 Vide letter No. B2/9854/TC/2014 dated 25 January 2017.

33 Number of vehicles passed through motor vehicles check posts (i) Gopalapuram: seven vehicles (ii) Govindapuram: seven vehicles (iii) Walayar: 409 vehicles.

3.4.3.4 Tax pending realisation

Under Section 3 of KMVT Act, 1976, motor vehicles tax shall be levied on every motor vehicle used or kept for use within the State unless exemption from payment of such tax is allowed against an undertaking submitted by the owner of the vehicle for temporary discontinuance of use of the vehicle under Section 5(1) of the Act. Under Section 4 of the Act, motor vehicles tax shall be paid in advance by the vehicle owner within the specified period and in the prescribed manner.

- **Short-levy of tax in respect of goods carriages**

Government vide Kerala Finance Act, 2016, enhanced the rate of quarterly tax leviable on goods carriage vehicles under Section 3 of the KMVT Act, 1976, with effect from 18 July 2016. Rule 5 of the KMVT Rules, 1975, stipulates that balance tax payable due to enhancement of rate of tax should be paid along with the payment of tax due for the subsequent period.

Audit observed that differential tax amounting to ₹50.42 lakh was not collected in subsequent quarters from 1 October 2016 onwards in respect of 8,596 goods carriage vehicles having gross vehicle weight above 3,000 kg³⁴ as detailed in the Appendix III(12).

Government stated (December 2017) that the rates of quarterly tax in respect of goods carriage vehicles was enhanced with effect from 18 July 2016 and tax was collected from registered owners at the revised rate. It was also stated that the Department collected ₹35.92 lakh in 1,159 cases. Recovery action in the remaining cases was awaited.

- **Tax arrears pending realisation for transport vehicles**

Audit scrutiny of records of transport vehicles registered on or after 1 January 2007 revealed that quarterly tax under Section 3 of KMVT Act 1976 amounting to ₹13.04 crore in respect of 37,308 vehicles was in arrears as detailed in Appendix III(13). The class-wise details of vehicles are given in **Table – 3.5**.

34 Goods vehicles with gross vehicle weight upto 3,000 Kg does not require permit (Section 66 (3) (i) of MV Act, 1988)

Table - 3.5
Tax arrears pending realisation

(₹ in crore)

Sl. No.	Type of the vehicles	No. of cases	Tax arrears
1	Auto rickshaw	17,299	1.25
2	Goods carriages	15,711	8.14
3	Contract carriages other than auto rickshaw	3,734	2.47
4	Stage carriages	171	1.03
5	Other carriages	393	0.15
Total		37,308	13.04

Source : SMARTMOVE database.

Government stated (December 2017) that eventhough there was acute shortage of manpower in the Department, intensive efforts were made in time for collection of tax from defaulters. As a result of this, Department could curb the tax arrears. It was further stated that the vehicles dismantled and transferred to other offices, error in entry in respect of the taxation authority, etc., caused duplication of records in different offices and report generated show excess arrear amount. The vehicles transferred to other offices before computerisation remain in the home office database and hence show arrears in more than one office. Some vehicles, especially stage carriages, remit tax in a RTO in one quarter and remit tax at a SRTO in next quarter making arrears in both offices.

The reply was not acceptable as Audit pointed out the tax arrears for the period from 1 April 2014 to 31 March 2017 in respect of transport vehicles that are not older than 10 years and for which tax was paid upto 1 April 2014 by analysing dump Postgres SQL database of central server provided to Audit in May 2016. As such the Department needs to take action to make recovery of pending arrears.

3.4.4 Enforcement under Motor Vehicles Act

3.4.4.1 Irregular granting of licence to motor driving schools

Rule 24 of CMV Rules, 1989, provides that no person shall establish or maintain any driving school or establishment for imparting instructions for hire or reward in driving motor vehicles without a licence granted by the Regional Transport Officer, who shall, when considering an application for the grant or renewal of a licence, see that every applicant owns and maintains a minimum of one motor vehicle each of the type in which the instruction is imparted and that vehicles are available exclusively for purposes of imparting instructions and all such vehicles, except motor cycles, are fitted with dual control facility to enable the instructor to control or stop the vehicle. The vehicle used for imparting training are registered as private vehicles and validity of registration is 15 years from date of first registration and thereafter it shall be renewed for every five years on an application made in this behalf.

Audit observed from database of 11 RTOs that registration validity of 5,472 vehicles owned by 1,227 driving schools for imparting instruction expired, which was not renewed as on 31st March 2017. Of these, registration validity of 1,670 vehicles expired at the time of grant/renewal of licenses of driving schools. In addition to above, 82 vehicles, which were recorded as owned by the driving schools for imparting training, the details of which were not available in the SMARTMOVE [Appendix III(14)].

The Regional Transport Officers did not examine the fitness and registration validity of the vehicles maintained by the motor driving schools while conducting periodical inspections.

Government stated (December 2017) that strict instructions were issued for checking the fitness of vehicles owned by driving schools periodically.

[Audit Paragraphs 3.4.3.3, 3.4.3.4, 3.4.4 & 3.4.4.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 (Revenue sector)]

Excerpts from the discussion of Committee with the officials concerned

108. When asked about the audit paragraph “Irregular granting of licence” to motor driving schools, the Senior Finance Officer(in-charge) informed that it was not possible to issue licenses to vehicles used in driving schools whose registration had expired.

109. To a query of the Committee, the Transport Commissioner replied that a person could drive a vehicle in Kerala, even if he obtained the license from Tamilnadu. Further to the query of the Committee, the Secretary, Transport Department replied that no restriction would be imposed on those who drive in the state with a licence obtained from outside Kerala.

110. The Transport Commissioner informed that licences were being issued to persons with 40% disabilities. To a query of the Committee regarding the training of Taxi drivers, the Transport Commissioner replied that training programs had been stopped due to COVID–19 pandemic and steps would be taken to resume those programmes at the earliest and it was funded by Kerala Road Safety Authority (KRSA).

111. The Committee strictly warns the department not to issue licenses to those vehicles whose registration had already been expired eventhough they were used in motor driving schools. The Committee recommended that the department should take necessary steps to give training classes to taxi drivers.

Conclusion/Recommendation

112. The Committee notes with concern that the regional transport officers do not examine the fitness and registration validity of vehicles maintained by the motor driving schools while conducting periodical inspections. The Committee directs that licenses to such vehicles, shall be given only after conducting thorough and effective periodical inspections.

3.4.4.2 Non-enforcement of provisions of Motor Vehicles Act and Rules.

- **Overloaded goods carriages**

As per Section 194 of the MV Act, 1988, whoever drives a motor vehicle, or causes a motor vehicle to be driven in excess of the load permissible, shall be

punishable with minimum fine of two thousand rupees and an additional amount of one thousand rupees per tonne of excess load together with the liability to pay charges for off-loading of the excess load. In cases where offences are not compounded on the spot, vehicle check reports (VCRs) are to be forwarded to the concerned RTO/Joint RTO for further action. The Transport Commissioner instructed (August 2011)³⁵ that the first charge memo should be served on the owner and driver within seven days of receipt of vehicle check report and final action should be completed within three months from the date of vehicle check report.

Audit observed that in 1,270 cases, though VCRs relating to offence of driving the vehicles with excess permissible load were issued to the offenders, the prescribed compounding fee was not collected within three months as instructed by the Transport Commissioner and there was no documentary evidence that the excess load was off loaded. Non-compliance of the provisions of the Act resulted in non-realisation of penalty amounting to ₹1.22 crore as detailed in Appendix III(15)

Government stated (December 2017) that the Hon'ble Supreme Court Committee on Road Safety directed to suspend the driving licenses of the drivers of goods carriages carrying overload. Instructions were issued to all RTOs to comply with orders of Hon'ble Supreme Court Committee. During the year 2016-17, the Department suspended 412 driving licenses of the drivers of goods vehicles out of 5,035 booked cases and action was in progress to suspend the driving licenses in the remaining cases under the programme "Operation Sureksha". Government further stated that an amount of ₹ 30.42 lakh was collected from 352 cases. Action in remaining cases was awaited.

- **Overloaded goods carriage vehicles crossing check posts**

Audit analysed the data of vehicle check reports relating to the offence of driving vehicles in excess of permissible weight at Walayar check post and observed that offence of driving motor vehicles in excess of permissible load was committed by 326 goods carriage vehicles during the period from 1 April 2014 to

35 Vide circular No. 17/2011 dated 26th August 2011

31 March 2017. List of vehicles, which committed the offence of driving vehicles in excess of permissible load more than nine times through Walayar check post during the audit period is given as Appendix III(16) A few examples are given in **Table – 3.6**.

Table - 3.6

Details of compounding fee collected on vehicles carrying overload

(₹ in lakh)

Sl. No	Registration number of goods carriages	Number of entry to State of Kerala through check post Walayar with overload during 2014-15 to 2016-17	Compounding fee collected
1	KL-43-C-8272	85	6.73
2	KL-43-B-6222	80	5.79
3	KL-43-D-9156	78	5.85
4	KL-43-C-5465	74	5.05
5	KL-07-AK-2303	71	4.99

Source : SMARTMOVE database

Further, these vehicles were permitted to enter the State without offloading excess weight.

Public Accounts Committee (PAC) (2011-14) in its 34th Report recommended that the Department should strictly adhere to the law and should levy the fine as specified in the Act. The Committee stressed the need for registering case if the vehicle was found overloaded and suggested to cancel the permit of such vehicles. PAC (2014-16) in its 89th Report suggested that Transport Department should chalk out effective measures to ensure that overloaded vehicles are levied with compounding fee at higher rate or offload the excess weight.

Government stated (December 2017) that directions were issued to RTOs to collect the entire amount. The issue raised by Audit was not addressed in the reply given by the Government.

- **Transport vehicles without speed limiting device**

As per the Rule 118 of CMV Rules, 1989, every transport vehicle notified by the Central Government and manufactured on or after 1 October 2015 shall be equipped or fitted by the vehicle manufacturer, either at the manufacturing stage or at the dealership stage, with a speed governor³⁶ having maximum preset speed for respective vehicles. The vehicles which are manufactured before 1 October 2015 and which are not fitted with speed limiting device shall be fitted with a speed governor on or before 31 August 2016.

Audit observed that out of the 20,377 transport vehicles, 18,182 vehicles registered before 1 October 2015 and 2,195 vehicles registered on or after 1 October 2015 were not fitted with speed limiting device as detailed in Appendix III(17) were plying on road without speed governors. Further, RTOs/JRTOs did not collect the minimum compounding fee in respect of 641 vehicle check reports as detailed in Appendix III(18).

Government stated (December 2017) that during 2017 out of the 1,93,240 vehicles appeared for certificate of fitness test, 2,226 vehicles failed in certificate of fitness test for non-fitting or defective speed governor. It was further stated that no vehicle was allowed to operate without fitting speed governor and an amount of ₹1.36 lakh was collected from 130 cases. Collection of compounding fee in respect of remaining cases was awaited by Audit.

[Audit Paragraph 3.4.4.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 (Revenue sector)]

Excerpts from the discussion of Committee with the officials concerned.

113. Regarding the audit paragraph "overloaded goods carriage vehicles crossing check posts," the Joint Transport Commissioner informed that inspections were made at check posts and fines were imposed but as they did not have enough cash to pay the fine at that time, fines were endorsed at R.C. and then, sent to the concerned RT Office.

114. Regarding the audit paragraph "Transport Vehicles without speed limiting device," the Joint Transport Commissioner informed that the speed governor was being placed on all vehicles. The Secretary, Transport Department

36 Speed limiting device or speed limiting function

informed that the installation of speed governor at KSRTC buses had not yet been completed and hence the deadline had been extended to December 31, 2021. Speed Governors were currently installed on approximately 450 buses, and they were expected to be installed on over 5000 buses by December 2021.

Conclusions/Recommendations

115. The Committee directs the department to realise the short collection in remaining cases of overloaded goods carriages at the earliest and report it to the Committee urgently.

116. The Committee urges the department to submit the remedial measures taken by the department on the objections raised by the audit on overloaded goods carriage vehicles crossing check posts.

117. The Committee directs the department to furnish the remedial measures taken on the audit observation “Transport vehicles without speed limiting devices”.

3.4.4.3 Transport vehicles without valid certificate of fitness

As per Section 84(a) of MV Act, 1988, the vehicle to which the permit relates, carries valid certificate of fitness issued under Section 56 of the Act and is at all time so maintained as to comply with the requirements of the Act and Rules made thereunder. Section 56 of the Act, read with Rule 62 of CMV Rules, 1989, also provides that a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness issued by prescribed authority in the prescribed form. In respect of a new transport vehicle, certificate of fitness shall be valid for two years and thereafter it shall be renewed every year against payment of prescribed fees for inspection and testing of vehicles for renewal of certificate of fitness under Rule 81 of the Rules *ibid*. Rule 105 of KMV Rules, 1989, prescribes a penalty of ₹100, ₹150 and ₹200 in the case of two wheelers or auto rickshaws, motor cabs and other transport vehicles respectively for each calendar month or part thereof for non-filing of application for renewal of certificate of fitness within prescribed date. Plying of vehicle without a valid certificate of fitness attracts the provision of Section 192 of the MV Act and is compoundable under Section 200 of the Act.

Audit observed that certificate of fitness of 12,344 vehicles, in the test checked RTOs expired during 2014-15 to 2016-17 as detailed in Appendix III(19). Class-wise details of vehicles and compounding fees collectable are given in **Table – 3.7**.

Table - 3.7**Details of vehicles whose fitness certificates were expired**

(₹ in lakh)

Sl. No.	Class of vehicles	No. of vehicles whose fitness certificate expired between 1 April 2014 to 31 March 2017	Compounding fees collectable	Penalty for delay	Fees for test and grant	Total
1	Auto rickshaws	4,060	81.20	240.06	24.36	345.62
2	Contract carriages other than auto rickshaws	849	26.98	53.95	5.27	86.20
3	Goods carriages	6,784	218.22	473.06	42.74	734.02
4	Other carriages	114	3.58	7.07	0.70	11.35
5	Stage carriages	537	23.13	27.58	4.02	54.73
Total		12,344	353.11	801.72	77.09	1,231.92

Source : SMARTMOVE database.

Audit observed from the SMARTMOVE that 1,464 VCRs in respect of vehicles booked for the offence of plying without valid certificate of fitness was pending disposal and compounding fees of ₹39.80 lakh was not collected as detailed in Appendix III(20).

Government stated (December 2017) that an amount of ₹3.60 lakh was collected in 147 cases and action was in progress to collect the compounding fee in the remaining cases.

[Audit Paragraph 3.4.4.3 contained in the Report of the Comptroller & Auditor General of India for the year ended 31st March 2017 (Revenue sector)]

Excerpts from the discussion of Committee with the officials concerned.

118. While considering the above paragraph, the Joint Transport commissioner informed that vehicles with expired fitness certificate should not be removed from the road and such cases were detected during the time of inspection. The Secretary, Transport Department informed that the vehicles must be off roaded by submitting G-form and notice could be issued to those who did not submit the G- form.

Conclusion/Recommendation

119. The Committee directs the department to take stringent measures to collect the compounding fees in cases pointed out by the audit at the earliest and urges to furnish a detailed report thereof to the Committee.

3.4.4.4 Vehicles plying without valid certificate of registration

As per Section 41(7) of MV Act, 1988, in respect of a motor vehicle, other than a transport vehicle, a certificate of registration issued under sub Section 41 (3) of the Act, shall be valid only for a period of fifteen years from the date of issue of such certificate and shall be renewable.

Under Section 41 (8) of the Act, an application for renewal of registration shall be made before expiry of registration. As per Section 41(10) of the Act, subject to the provisions of Section 56, the registering authority may, in receipt of an application under sub Section 41(8), renew the certificate of registration for a period of five years and intimate the fact to the original registering authority, if it is not the original registering authority.

As per Section 41(11) of the Act, if the owner fails to make an application under sub Section 41(8) before the date of its expiry [CMVR 52(1)], the fine prescribed in Rule 102 of KMV Rules, in lieu of action taken against the owner under Section 177 read with Section 41(13), is ₹100 for delay less than three months, ₹ 200 for delay exceeding three months and not exceeding six months and

₹300 for delay exceeding six months. Further, an additional fee³⁷ of ₹300 for delay of every month or part thereof in respect of motor cycles and ₹500 for delay of every month or part thereof in respect of other classes of non-transport vehicles shall also be leviable.

Audit observed that validity of the certificates of registration in respect of 15,018 non-transport vehicles that expired before 31 March 2017 was not renewed, though tax was remitted for a period of six months to five years beyond the date of expiry of registration. Inadequate enforcement measures to identify the vehicles, which were plying on road without valid registration resulted in non-collection of ₹5.89 crore towards compounding fees, registration fees and fine for delay as detailed in Appendix III(21)

Government stated (December 2017) that tax of a non-transport vehicle registered in an office in the State can be remitted in any other office of the Department in the State. Similarly, the ownership of non-transport vehicles can be changed in any other office and re-registered without the knowledge of the authority where it was registered. The Department is empowered to seize the vehicles and penalise the owner if a vehicle is found plying on road without registration. This is being ensured by the Department through regular vehicle inspections and strict instructions in this regard was issued. When a vehicle with lapsed registration is brought for re-registration or tax remittance, penalty is being levied. It was also stated that ₹17.26 lakh was collected in respect of 695 vehicles.

Though data of vehicles of which certificate of registration expired was available in database, an internal control mechanism did not exist in the Department to check whether these vehicles were used on road after the expiry of certificate of registration. In the absence of such mechanism, the claim of the Department that these vehicles were not intended to use on road is not acceptable.

[Audit Paragraph 3.4.4.4 contained in the Report of the Comptroller & Auditor General of India for the year ended 31st March 2017 (Revenue sector)]

37 Government of India notification G.S.R. 1183(E) dated 29th December 2016.

Excerpts from the discussion of Committee with the officials concerned.

120. Regarding the audit paragraph, 'vehicles plying without valid certificate of registration', the Committee enquired whether there was any unregistered vehicle plying on the road. The Senior Finance Officer (in-charge) replied that those were private vehicles that did not have a renewed certificate of registration after a period of 15 years. He added that there would be many such unused vehicles that might be dismantled. An application had to be submitted to the R.T. Office to dismantle such unused vehicles.

Conclusion/Recommendation

121. The Committee directs the department to furnish the remedial measures taken on the audit paragraph 'vehicles plying without valid certificate of Registration' at the earliest.

3.4.4.5 Pending vehicle check reports for the last 15 years

Section 200 of the MV Act, 1988, stipulates realisation of compounding fees from the vehicle owners committing offence such as driving vehicles without valid license, permit, certificate of fitness etc., under various sections of the MV Act by issuing vehicle check reports.

Audit observed that minimum compounding fees of ₹41.83 lakh at the rate of ₹100 collectable in respect of 41,831 VCRs (upto 31 March 2017) was pending since 2011 as detailed in Appendix III(22).

Government stated (December 2017) that action was being taken to minimize the number of pending check reports. Reply of Government was neither specific nor complete.

3.4.5 Conclusion

Audit arrived at the conclusion that:

- the existing system in the Department did not ensure the enforcement of identifying and penalising vehicles plying without permits, certificate of fitness and certificate of registration.

- check reports are pending disposal due to non-evolution of a stable system for adjudication of the offence.
- the system prevailing in the Department to ensure public safety is inadequate.

[Audit Paragraphs 3.4.4.5 and 3.4.5 contained in the Report of the Comptroller & Auditor General of India for the year ended 31st March 2017 (Revenue sector)]

Excerpts from the discussion of Committee with the officials concerned.

122. While Considering the above audit paragraphs, the transport commissioner informed that many check reports were pending and were being blacklisted. Revenue Recovery proceedings were not initiated since the amount was meagre and payment was made after the implementation of 'Vahan Sarathi' software. Earlier it was difficult to check manually.

123. The Committee recommended that necessary steps should be taken by the department to recover the pending amount at the earliest and the Transport Commissioner agreed to do so.

Conclusion/Recommendation

124. The Committee directs the department to realise the pending amount in all the cases pointed out by the audit at the earliest and report it to the Committee urgently.

3.5 Short levy of one time tax due to non-inclusion of VAT and cess in the purchase value

- One RTO³⁸ and five SRTOs³⁹

As per the amendment brought out in clause (e) of Section 2 of Kerala Motor Vehicles Taxation (KMVT) Act, 1976, with effect from 1st April 2007 by Kerala State Finance Act 2014, "purchase value" means the value of the vehicle as shown in the purchase invoice and includes value added tax, cess and customs/excise duty

38 Idukki.

39 Devikulam, Nedumangad, Thodupuzha, Udumbanchola and Vandiperiyar.

chargeable on vehicle. The discount or rebate given by the dealer to the registered owner shall not be deducted from the bill amount for computing the purchase value.

During the audit (2015-16 and 2016-17) of RTO/SRTOs, it was observed that the purchase value of the vehicle was taken as the value of the vehicle as shown in the purchase invoice excluding thereby the value added tax and cess chargeable. The incorrect adoption of purchase value by Regional/Joint Regional Transport Officers resulted in short collection of one-time tax amounting to ₹22.05 lakh in 224 cases as detailed in the Appendix III(23). On this being pointed out by Audit (July 2017), Government stated (December 2017) that remedial action was initiated in 224 cases involving ₹ 22.05 lakh and ₹3.95 lakh was collected in 37 cases. Reply about remaining cases was not given by Government.

[Audit Paragraph 3.5 contained in the Report of the Comptroller & Auditor General of India for the year ended 31st March 2017 (Revenue sector)]

Excerpts from the discussion of Committee with the officials concerned.

125. Regarding the above audit paragraph, the Senior Finance Officer (in-charge) informed that short levy occurred due to an error in the incorrect adoption of purchase value for a particular year and the tax was calculated on the basis of the basic price excluding VAT and CESS. Later, the definition of purchase value was changed and the tax was calculated on the basis of purchase value including VAT and CESS. He added that the Accountant General had pointed out the short levy during a short period of duration and Revenue Recovery Proceedings had been initiated to realise the balance tax amount.

126. The Committee urged the department to furnish the action taken in that regard.

Conclusion/Recommendation

127. Regarding the short levy of one-time tax due to non inclusion of VAT and Cess in the purchase value, the Committee urges the department to furnish a comprehensive report on the action taken in this regard at the earliest.

3.6 Non-remittance of tax during the operated period

- Four RTOs⁴⁰

As per Section 5 (1) of the KMVT Act, 1976, in the case of motor vehicle which is not intended to be used or kept for use during the first month or the first and second months of a quarter, or the whole of a quarter or year, as the case may be, the registered owner or the person having possession of such vehicle shall give previous intimation in writing (Form G)⁴¹ to the Regional Transport Officer that such vehicle would not be used for such period and no tax shall be payable in respect of such vehicle for such period.

During the audit (2016-17) of RTOs, scrutiny of tax collection particulars and Form G filed revealed that though periods of non-use of the stage carriages were mentioned in the Form G filed, tax was not remitted by the registered owners in respect of those periods which were not shown as non-use in the Form G. Non-remittance of tax for the operated period in respect of 25 stage carriages worked out to ₹ 10.47 lakh⁴² as detailed in the Appendix III(24)

On this being pointed out (July 2017), Government stated (December 2017) that remedial action was initiated in 25 cases involving ₹ 10.47 lakh and ₹ 3.41 lakh was collected in 12 cases. Reply in respect of remaining cases was awaited.

[Audit Paragraph 3.6 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 (Revenue Sector)]

Excerpts from the discussion of Committee with the officials concerned

128. The Senior Finance Officer (in-charge) informed the Committee that the audit para was related to the non-remittance of tax for the operated period of stage carriages without furnishing Form G.

129. The Committee recommended that action should be taken to collect the balance tax amount at the earliest.

40 Kasargod, Kollam, Muvattupuzha and Pathanamthitta

41 Form G - Intimation of non-use of a vehicle

42 In respect of stage carriages, rate of tax as per quarter depends on the seating capacity

Conclusion / Recommendation

130. The Committee urges the department to realise the short collection in the cases pointed out by the audit at the earliest.

3.7 Short levy of one time tax

- Five RTOs⁴³ and six SRTOs⁴⁴

As per Section 3(1) of the KMVT Act, 1976, one time tax at the prescribed rates shall be levied from the date of purchase for motor cars and private service vehicle for personal use (non transport vehicle). As per the Annexure – 1 of the KMVT Act, one time tax at the rate of six per cent, eight per cent, 10 per cent, 15 per cent and 20 per cent shall be levied on motor cars and private service vehicles having purchase value up to rupees five lakh, purchase value more than rupees five lakh and up to rupees 10 lakh, purchase value more than rupees 10 lakh and up to rupees 15 lakh, purchase value more than rupees 15 lakh and up to rupees 20 lakh and purchase value more than rupees 20 lakh respectively. Similarly, one time tax at the rate of eight per cent, 10 per cent and 20 per cent shall be levied on motor cycles having purchase value up to rupees one lakh, purchase value more than rupees one lakh and up to rupees two lakh and purchase value more than rupees two lakh respectively.

During the audit (2016-17) of RTO/SRTOs, on verification of details of vehicles registered as non-transport vehicles, it was observed that one time tax realised on vehicles was less than that prescribed as per the statutes. Short-levy of tax by Regional/Joint Regional Transport Officers in respect of 90 vehicles resulted in short collection of ₹ 10.60 lakh as detailed in the Appendix III(25).

On this being pointed out (July 2017), Government stated (December 2017) that remedial action was initiated in 90 cases involving ₹10.60 lakh and ₹ 5.14 lakh was collected in 15 cases. Reply in remaining cases was not furnished.

[Audit Paragraph 3.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017(Revenue Sector)]

43 Ernakulam, Kasargod, Kottayam, Pathanamthitta and Thiruvananthapuram.

44 Guruvayoor, Mallappally, North Paravoor, Sulthan Bathery, Tirurangadi and Wadakkancherry

Excerpts from the discussion of Committee with the officials concerned

131. While going through the Audit Para, the Senior Finance Officer (in-charge) informed that out of the total 90 cases, tax had been collected in 65 cases and the remaining 25 cases were still pending.

132. The Committee recommended that necessary action should be taken to collect the balance tax amount at the earliest.

Conclusion / Recommendation

133. The Committee directs the department to take urgent measures to collect the balance amount due in the remaining cases of short levy of tax by Regional/Joint Regional Transport Officers and to report to the Committee within two months.

3.8 Short collection of advertisement fee

- Nine RTOs⁴⁵ and eleven SRTOs⁴⁶

As per Rule 191 of the Kerala Motor Vehicles Rules (KMVR), 1989, advertising device, figure or writing shall be exhibited on any transport vehicle as specified by the State or Regional Transport Authority by general or specific order and on payment of fee for a period of one year or part thereof for each vehicle. The rate of fee was increased to ₹20 per 100 centimetre square for an advertisement in writing and ₹40 per 100 centimetre square for an electronic advertisement with effect from 26 November 2015.

During the audit (2016-17) of RTO/SRTOs, it was observed that the revised rate of advertisement fee was not charged in the case of advertisements in 120 vehicles. The non-charging of revised fee by the Regional/Joint Regional Transport Officers concerned resulted in short-levy of advertisement fee of ₹ 7.87 lakh as detailed in the AppendixIII(26).

45 Attingal, Ernakulam, Kasargod, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad and Thrissur.

46 Angamali, Aluva, Chalakkudy, Karunagappally, Kodungallur, Koduvally, Kottarakkara, Koyilandy, Punalur, Tirur and Tirurangadi.

On this being pointed out (July 2017), Government stated (December 2017) that remedial action was initiated in 120 cases involving ₹ 7.87 lakh and ₹ 2.31 lakh was collected in 38 cases. Reply in remaining cases was awaited.

[Audit Paragraph 3.8 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 (Revenue Sector)]

Excerpts from the discussion of Committee with the officials concerned

134. Regarding the above audit paragraph, the Senior Finance Officer (in-charge) informed that the permit for placing advertisement on vehicle was not renewed and a notice was given in writing that the advertisement would not be displayed. He also mentioned about obtaining a report on whether the vehicle displayed the advertisement when it was presented for fitness test. The Transport Commissioner informed that the remaining 58 cases would be settled as early as possible.

Conclusion / Recommendation

135. The Committee directs the department to realise the short levy in the collection of advertisement fee in the remaining cases at the earliest.

3.9 Application of incorrect rate of tax for goods carriages fitted with tipping mechanism

- Eight RTOs⁴⁷ and ten SRTOs⁴⁸

According to serial numbers 3(i) and 3(ii) of the Schedule to the KMVT Act, 1976, with effect from 1 April 2010, separate motor vehicle tax rates were fixed for goods carriages fitted with tipping mechanism and having no tipping mechanism. Prior to Finance Act 2010, both categories had same rate of tax. The class codes 106, 107 and 108 in the application software SMARTMOVE represents goods carriages fitted with tipping mechanism.

During the audit (2015-16 and 2016-17) of RTO/SRTOs, it was observed from the tax remittance particulars in the database that, tax at the higher rate was

47 Attingal, Kannur, Kasargod, Kollam, Pathanamthitta, Thiruvananthapuram, Thrissur and Vatakara.

48 Changanassery, Kazhakoottom, Kodungallur, Koyilandy, Neyyattinkara, Pala, Taliparamba, Thalassery, Udumbanchola and Vandiperiyar.

not levied for goods carriages having tipping mechanism. Mismatching of class code details in Tax Module of application software SMARTMOVE resulted in application of incorrect class code by Regional/Joint Regional Transport Officers. Short collection of tax amounts to ₹ 5.16 lakh in 161 cases as detailed in the Appendix III(27).

On this being pointed out (July 2017), Government stated (December 2017) that remedial action was initiated in 161 cases involving ₹5.16 lakh and ₹0.85 lakh was collected in 17 cases. The reply in remaining cases was not intimated to Audit.

[Audit Paragraph 3.9 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 (Revenue Sector)]

Excerpts from the discussion of Committee with the officials concerned

136. While considering the above audit paragraph, the Senior Finance Officer (in-charge) informed that two separate tax rates were fixed for tippers and goods carriages. Since the tippers were registered as goods carriages, the tax would be collected at the rate of goods carriage. The difference in the rate of tax would be collected at the time of next tax collection.

137. The Committee recommended that action be taken to recover the arrears at the earliest.

Conclusion/ Recommendation

138. Regarding the 'application of incorrect rate of tax for goods carriages fitted with tipping mechanism', the Committee urges the department to realise the short collection in the cases pointed out by the audit at the earliest.

3.10 Short-levy of one time tax on percentage basis on reclassified vehicles

Section 3(1) of the Kerala Motor Vehicles Taxation (KMVT) Act, 1976, as amended by the Finance Act 2014, stipulates that in respect of a new motor vehicle registered on or after 1 April 2007 and reclassified from the category of transport vehicle to non-transport vehicle⁴⁹, one time tax on percentage basis with respect to

49 "Transport vehicle" means a public service vehicle, a goods carriage, an educational institution bus or a private service vehicle where "non-transport vehicle" means vehicle meant for personal use.

the age of the vehicle is leviable. As per the Annexure-1 of the KMVT Act, one time tax at the rate of six per cent, eight per cent, 10 per cent, 15 per cent and 20 per cent shall be levied on motor cars and private service vehicles having purchase value up to rupees five lakh, purchase value more than rupees five lakh and up to rupees 10 lakh, purchase value more than rupees 10 lakh and up to rupees 15 lakh, purchase value more than rupees 15 lakh and up to rupees 20 lakh and purchase value more than rupees 20 lakh respectively.

During the audit (2015-16 and 2016-17) of 15 RTOs⁵⁰ and 51 SRTOs⁵¹ it was observed from the data available in the computer system/registration files that one time tax was not levied at the correct rate by the Regional/Joint Regional Transport Officers on vehicles reclassified from the category of transport vehicles to the category of non-transport vehicles as specified in the Act. While registering these vehicles, the Regional/Joint Regional Transport Officers applied incorrect percentage of one time tax due to mistake in calculation of age and purchase value of vehicle. The application of incorrect rate of tax resulted in short-levy of ₹1.82 crore in 1,559 cases as detailed in Appendix III(28)

On this being pointed out (July 2017), Government stated (December 2017) that remedial action was initiated in 1,559 cases involving ₹ 1.82 crore and ₹ 0.27 crore was collected in 220 cases. The reply in respect of remaining cases was awaited.

[Audit Paragraph 3.10 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2017 (Revenue Sector)]

50 Alappuzha, Attingal, Ernakulam, Idukki, Kasargod, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur, Vatakara and Wayanad.

51 Adoor, Alathur, Aluva, Angamali, Chalakkudy, Changanassery, Chengannur, Chittur, Devikulam, Guruvayoor, Irinjalakkuda, Kanjirappally, Karunagappally, Kayamkulam, Kazhakoottam, Kodungallur, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Kunnathur, Kuttanad, Mallappally, Mananthavady, Mannarkkad, Mavelikkara, Muvattupuzha, Nedumangad, Neyyattinkara, Nilambur, North Paravoor, Ottappalam, Pala, Parassala, Pattambi, Perinthalmanna, Perumbavoor, Punalur, Ranni, Sulthan Bathery, Thalassery, Thiruvalla, Thodupuzha, Thrippunithura, Tirur, Tirurangadi, Udumbanchola, Uzhavoor, Vaikom, Vandiperiyar and Wadakkancherry.

Excerpts from the discussion of Committee with the officials concerned

139. While considering the above audit paragraph, the Senior Finance Officer (in-charge) informed that out of the total 1559 cases, tax had been collected from 870 cases and 689 cases were pending.

140. The Committee recommended that action should be taken to recover the arrears. The Senior Finance Officer (in-charge) agreed to do so.

Conclusion / Recommendation

141. The Committee directs the department to realise the short collection in remaining cases of reclassified vehicles at the earliest.

Thiruvananthapuram,
8th October, 2024.

SUNNY JOSEPH,
Chairperson,
Committee on Public Accounts.

APPENDIX – I

Summary of Main Conclusions/Recommendations

Sl. No	Para No.	Department concerned	Conclusion/Recommendation
(1)	(2)	(3)	(4)
1	5	Transport	The Committee views that shortage of staff is the main reason for the non achievement of audit target and proper training must be imparted for enhancing the quality impact and performance of internal audit wing. The Committee recommends that the department should take effective steps to strengthen the Internal Audit Wing, so that it can achieve its planned audit target.
2	9	Transport	The Committee observes that the irregularities pointed out by the audit remain unaddressed in subsequent years. The Committee directs the department to take stringent measures to collect the balance amount at the earliest and to report to the Committee urgently.
3	16	Transport	The Committee recommends that there should be an effective mechanism to promptly recover fines imposed on overloaded vehicles. The Committee also directs the department to take urgent measures to recover the balance amount due in all such cases and report to the Committee within two months

(1)	(2)	(3)	(4)
4	20	Transport	The Committee directs the department to expedite the measures to recover the shortfall in the collection of tax due to the misclassification of vehicles and also to recover the dues as one time settlement. The Committee urges the department to submit the final report regarding the matter within two months.
5	27	Transport	The Committee recommends that vehicles with enhanced seating capacity, which disregard the provisions stipulated in the rules, shall be detected and fined suitably.
6	28	Transport	The Committee directs the department to take urgent measures to recover the short levy of tax on stage carriages with mofussil permits.
7	33	Transport	The Committee directs the department to realise the amounts due in the cases of the non/short levy of one-time tax on the conversion of transport vehicle to non-transport vehicle, on percentage basis. The Committee also urges the department to submit a report regarding the latest position of pending cases.
8	38	Transport	The Committee observes that the Internal Audit Wing of the department is not functioning properly and no special training was imparted to the

(1)	(2)	(3)	(4)
			<p>personnel of the Internal Audit Wing. Hence, the Committee recommends that the Internal Audit Wing of the department should be strengthened, and adequate training should be imparted to the officials of the Internal Audit Wing. The Committee also urges to take appropriate steps to prepare a separate Internal Audit Manual for the smooth functioning of the department.</p>
9	45	Transport	<p>The Committee notes with concern that KSRTC had not collected the fees for advertisements exhibited on 4800 vehicles for the period 2011-2013 and it has resulted in a revenue loss of ₹ 8.87 crore. Therefore, the Committee directs the department to furnish a detailed report regarding the steps taken to realise the revenue loss due to non-collection of advertisement fees.</p>
10	47	Transport	<p>The Committee directs the department to realise the fine imposed on overloaded vehicles due to the department and submit a report to the Committee on the matter within two months.</p>
11	51	Transport	<p>The Committee learns that lethargy on the part of registering authorities who short-levied one time tax on migrated/</p>

(1)	(2)	(3)	(4)
			reclassified vehicles due to incorrect adoption of the age of vehicles, has resulted in short-collection of ₹1.26 crore. Therefore, the Committee directs the department to realise the amounts short collected in the remaining cases at the earliest and report to the Committee urgently.
12	52	Transport	The Committee recommends that necessary steps must be taken by the department to clear the pending cases related to revenue recovery proceedings for tax collection at the time of reclassification of vehicles without delay.
13	55	Transport	Regarding the short levy of one-time tax on the registration of new vehicles, the Committee urges the department to furnish a detailed report about the number of pending cases and their current status at the earliest.
14	57	Transport	The Committee observes that short levy of tax has been realised on stage carriages with mofussil permits. Hence, the Committee directs the department to collect the balance amount due if any at the earliest and to submit a report regarding the same to the Committee urgently.

(1)	(2)	(3)	(4)
15	61	Transport	The Committee directs the department to realise the short collection of one time tax on reclassified vehicles in the remaining cases at the earliest and to submit a report regarding the same to the Committee within two months.
16	63	Transport	The Committee directs the department to realise the short collection in the remaining cases of non imposition of fine on overloaded vehicles expeditiously and to submit a report there on to the Committee within two months.
17	67	Transport	The Committee directs the department to forward the current status of collection of dues in the remaining cases of short levy of one time tax on registration of new vehicles at the earliest.
18	69	Transport	The Committee urges the department to realise the balance amount of short levy of tax due to incorrect fixation of seating capacity at the earliest and report it to the committee within two months.
19	74, 75	Transport	The Committee is dissatisfied with the irresponsible attitude of the department in failing to submit the Remedial

(1)	(2)	(3)	(4)
			<p>measures taken statement even at the time of considering the audit para. The Committee strictly warns that no such instances should be repeated in future.</p> <p>The Committee directs the department to ensure that the remedial measures should cover all observations and all cases in a time-bound manner. The Committee also suggests that utmost care should be taken in responding to the audit query on time.</p>
20	80	Transport	<p>The Committee observes that the staff strength in the department is not adequate enough to initiate revenue recovery proceedings regularly and the shortage of staff adversely affects the office procedures. So the Committee recommends to take necessary steps to increase staff strength and to speed up the process of implementation of computerisation in the department.</p>
21	83	Transport	<p>The Committee directs the department to take urgent measures to realise the amounts short levied in the remaining cases of overloaded vehicles at the earliest and to furnish a detailed report thereon to the Committee urgently.</p>

(1)	(2)	(3)	(4)
22	85	Transport	The Committee urges the department to realise the short collection of tax in cases pointed out by the audit and to submit a report to the Committee within two months.
23	87	Transport	The Committee directs the department to take necessary steps to realise the tax due for the operating period of stage carriages pointed out by the audit at the earliest and to submit a report to the Committee as early as possible.
24	91, 92	Transport	The Committee notes with concern that the government is taking action only in the cases where irregularities are being pointed out by the audit and opines that the government needs to put in place measures to prevent all such irregularities in a timely manner. The Committee urges the department to realise the short collection in the remaining cases of reclassified vehicles at the earliest.
25	97	Transport	The Committee observes that although the data of vehicles for which the permits have been expired is available on the database, an internal control mechanism does not exist in the department to check whether those vehicles are used on the road after

(1)	(2)	(3)	(4)
			the expiry of the permit. Therefore, the Committee recommends that an internal control mechanism should be set up to identify vehicles that are used on the road after the expiry of the permit. The Committee also urges the department to take measures to collect penalties from vehicle owners plying without a valid permit.
26	104	Transport	The Committee notices that meetings of Regional Transport Authorities are not conducted as per stipulated rules and directs that necessary steps should be taken by the department to conduct RTA meetings as stipulated.
27	107	Transport	The Committee directs the department to recover the balance amount due in cases pointed out by the audit at the earliest and report it to the Committee urgently.
28	112	Transport	The Committee notes with concern that the regional transport officers do not examine the fitness and registration validity of vehicles maintained by the motor driving schools while conducting periodical inspections. The Committee directs that licenses to such vehicles, shall be given only after conducting thorough and effective periodical inspections.

(1)	(2)	(3)	(4)
29	115	Transport	The Committee directs the department to realise the short collection in remaining cases of overloaded goods carriages at the earliest and report it to the Committee urgently.
30	116	Transport	The Committee urges the department to submit the remedial measures taken by the department on the objections raised by the audit on overloaded goods carriage vehicles crossing check posts.
31	117	Transport	The Committee directs the department to furnish the remedial measures taken on the audit observation “Transport vehicles without speed limiting devices”.
32	119	Transport	The Committee directs the department to take stringent measures to collect the compounding fees in cases pointed out by the audit at the earliest and urges to furnish a detailed report thereon to the Committee.
33	121	Transport	The Committee directs the department to furnish the remedial measures taken on the audit paragraph 'vehicles plying without valid certificate of Registration at the earliest.
34	124	Transport	The Committee directs the department to realise the pending amount in all the cases pointed out by the audit at the earliest and report it to the Committee urgently.

(1)	(2)	(3)	(4)
35	127	Transport	Regarding the short levy of one-time tax due to non inclusion of VAT and Cess in the purchase value, the Committee urges the department to furnish a comprehensive report on the action taken in this regard at the earliest.
36	130	Transport	The Committee urges the department to realise the short collection in the cases pointed out by the audit at the earliest.
37	133	Transport	The Committee directs the department to take urgent measures to collect the balance amount due in the remaining cases of short levy of tax by Regional/ Joint Regional Transport Officers and report to the Committee within two months.
38	135	Transport	The Committee directs the department to realise the short levy in the collection of advertisement fee in the remaining cases at the earliest.
39	138	Transport	Regarding the 'application of incorrect rate of tax for goods carriages fitted with tipping mechanism', the Committee urges the department to realise the short collection in the cases pointed out by the audit at the earliest.
40	141	Transport	The Committee directs the department to realise the short collection in remaining cases of reclassified vehicles at the earliest.

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