

**THIRTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2011-2014)**

**FORTY SIXTH REPORT**

(Presented on 28th January, 2014)



SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2014

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2011-2014)**

**FORTY SIXTH REPORT**

**On**

**Action Taken by Government on the Recommendations contained  
in the 89th Report of the Committee on  
Public Accounts (2004-2006)**

364/2014.

## CONTENTS

	<i>Page</i>
Composition of the Committee	.. v
Introduction	.. vii
Report	.. 1-11
Appendices :	
I. Year-wise statement of Purchase and Sale	.. 12-13
II. Details of SIS Sanctioned (SSI & L & M) from 1999-2000 to 2003-2004	.. 14
III. G.O. (Ms.) No. 139/2009/ID dt. 7-11-2009	.. 15-22
IV. G.O. (Ms.) No. 141/2010/ID dt. 28-6-2010	.. 23
V. G.O. (Ms.) No. 60/2012/ID dt. 9-5-2012	.. 24-25
VI. G.O. (Ms.) No. 109/2010/ID dt. 7-5-2010	.. 26-27

COMMITTEE ON PUBLIC ACCOUNTS (2011-2014)

*Chairman:*

Dr. T. M. Thomas Isaac

*Members:*

Shri Kodyeri Balakrishnan

” Benny Behanan

” C. Divakaran

” C. Mammotty

” C. P. Mohammed

” C. K. Nanu

” K. Radhakrishnan

” Roshy Augustine

” M. V. Sreyams Kumar

” M. Ummer.

*Legislature Secretariat :*

Shri P. D. Sarangadharan, Secretary

„ K. Mohandas, Special Secretary

Smt. M. R. Maheswari, Deputy Secretary

Shri G. P. Unnikrishnan, Under Secretary.

## INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Forty Sixth Report on Action Taken by Government on the recommendations contained in the 89th Report of the Committee on Public Accounts (2004-2006).

The Report was considered and finalised by the Committee at the meeting held on 22nd January, 2014.

Thiruvananthapuram,  
28th January, 2014.

DR. T. M. THOMAS ISAAC,  
*Chairman,*  
*Committee on Public Accounts.*

## REPORT

### TRANSPORT DEPARTMENT

#### AUDIT PARAGRAPH

#### Results of audit

Test check of records of the offices of the Motor Vehicles Department conducted during the year 2008-09 revealed non/short levy of tax, incorrect classification, irregular exemption etc., amounting to ₹ 3.98 crore in 404 cases which fall under the following categories:

*(Rupees in crore)*

<i>Sl. No.</i>	<i>Category</i>	<i>No. of cases</i>	<i>Amount</i>
1	Non/short levy of tax	212	1.09
2	Incorrect classification	56	0.34
3	Irregular exemption	20	0.19
4	Other lapses	116	2.36
	Total	404	3.98

During the year 2008-09, the department accepted 130 cases of underassessments and other deficiencies and recovered ₹ 56 lakh of which 21 cases involving ₹ 15.60 lakh were pointed out during 2008-09 and the rest in earlier years.

A few audit observations involving ₹ 2.36 crore are mentioned in the succeeding paragraphs.

[Audit Paragraph 5.1 contained in the Report of Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March, 2009 (Revenue Receipts)].

Regarding the audit observation, the Committee enquired the latest position of recovery. The Transport Commissioner informed that the department had already collected ₹ 47 lakh. While the Committee enquired the steps taken by the department in collecting the balance amount, the Transport Commissioner informed that instructions had been issued to every officers for the collection of the balance amount and they were regularly monitoring the same. The Committee

admonished the department in not furnishing the RMT statement even at the time of consideration of the audit paragraph. It urged the department to submit a detailed report regarding the balance amount pending to be collected, the amount already collected, collectable amount, by what time collection could be completed etc., to the Committee for its consideration.

#### **Conclusion/Recommendation**

**2. The Committee reprimands the department in not furnishing the RMT Statement neither within the stipulated time nor at the time of witness examination. It recommends to forward a detailed report regarding the balance amount pending to be collected, the amount already collected, by what time the collection could be completed etc., to the Committee.**

#### AUDIT PARAGRAPH

##### **Audit observations**

Scrutiny of records of various Transport Offices revealed several cases of non-compliance of the provisions of the Motor Vehicles Act, 1988 (MV Act) and Kerala Motor Vehicles Taxation Act (KMVT Act) and Government notifications and other cases as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out in audit. Such omissions on the part of the Regional Transport Officers (RTOs) are pointed out in audit each year but not only the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system.

##### **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/fees at the prescribed rates within the due dates; and
- (iii) levy of penalty for various offences.

It was noticed that the RTOs did not observe some of the above provisions which resulted in non/short levy of tax/fee/fine of ₹ 2.36 crore as mentioned in paragraphs 5.3.1 to 5.3.7.

### **Irregular renewal of driving licence**

Under the MV Act, a driving licence issued or renewed shall, in the case of a licence to drive a transport vehicle (badge), be effective for a period of three years and in the case of any other licence, it is effective for a period of 20 years from the date of issue or renewal or until the licence holder attains the age of 50 years whichever is earlier. After attaining the age of 50 years, it shall be renewed for a period of five years. Instructions were issued by the department of motor vehicles, to indicate separate validity for licence to drive transport vehicle and non-transport vehicle when the same is issued or renewed.

During scrutiny of records in 9 regional transport offices\* (RTO) and 16 sub-regional transport offices† (SRTO) between July and November 2008 it was noticed that at the time of renewal of licences (badge) to drive transport vehicle, the computer system automatically renewed the period of validity of licences to drive non-transport vehicle also from the date of renewal of badge for a period up to 20 years or up to the age of 50 years even in the cases where validity to drive the non-transport vehicle had not expired. Though provision existed in the system itself to rectify the error in the software, it was not rectified while renewing the badges. The renewal of non-transport driving licences without an application and without medical certificate, wherever necessary, would enable a licensee to drive vehicles which would be a threat to road safety.

After the case was pointed out, the department stated between July and November 2008 that the matter would be brought to the notice of the Transport Commissioner and final reply would be furnished. Further developments have not been reported (September 2009).

The case was reported to the Government in February 2009; their reply has not been received (September 2009).

Under Rule 32 of the Central Motor Vehicles Rules, 1989, as amended by Government of India notification dated 10th April, 2007, fee for renewal of driving licence is ₹ 250. Transport Commissioner, Kerala vide letter dated 20th June, 2007 had directed the department to collect the fee at the revised rate for all applications received on or after 10th April, 2007.

---

\* Alappuzha, Attingal, Ernakulam, Kannur, Kasaragod, Kozhikode, Malappuram, Palakkad and Vadakara.

† Aluva, Chengannur, Cherthala, Kanhangad, Kazhakuttom, Mannarkkad, Mattancherry, N. Parur, Parassala, Pattambi, Perinthalmanna, Ponnani, Thalassery, Thaliparamba, Thripunithura and Tirur.



During scrutiny of the records in 16 RTOs\* and 38 SRTOs/Rural RTOs† between April 2008 and December 2008, it was noticed that renewal fee in respect of 87212 driving licences was collected at the pre-revised rate of ₹ 200 during the period from 10th April, 2007 to June 2008 instead of the revised rate of ₹ 250. This resulted in short collection of ₹ 43.61 lakh.

After the case was pointed out, the department stated (February 2009) that the short collection could be realised as and when the licence holders approach the office for any service as well as during vehicle checking. The reply was silent regarding the reasons for collecting licence renewal fees at pre-revised rates up to June 2008 despite orders of TC to collect it at revised rates from 10th April, 2007.

The case was reported to the Government in January 2009; the Government stated in April 2009 that many offices had issued demand notices to licence holders. Further development has not been reported (September 2009).

[Audit Paragraph 5.2 & 5.3.1 contained in the Report of Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March, 2009 (Revenue Receipts)].

Notes furnished by Government on the above audit paragraph is included as Appendix II.

3. Regarding the irregular renewal of driving licence the Committee enquired the method adopted by the department in renewing the driving licence of non-transport vehicle and whether the condition for the renewal of driving licence for both transport and non-transport vehicles were different. The Joint Transport Commissioner stated that the audit observation was that the short levy occurred in the collection of licence fee was due to the renewal of driving licence of both non-transport vehicle and transport vehicle, were made simultaneously.

4. The official from the Accountant General's office pointed out that the department had not adhered to the provisions in the Motor Vehicles Act for renewing driving licences and pointed out that licence for Non Transport Vehicles was effective for 20 years from the date of issue or until the licence

\* Alappuzha, Attingal, Ernakulam, Idukki, Kannur, Kasaragod, Kollam, Kottayam, Kozhikode, Malappuram, Muvattupuzha, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur and Vadakara.

† Adoor, Aluva, Changanassery, Chengannur, Cherthala, Irinjalakkuda, Kanhangad, Kanjirappally, Karunagappally, Kayamkulam, Kazhakkuttom, Kodungallur, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Mallappally, Mannarkkad, Mattancherry, Mavelikkara, Neyyattinkara, N. Parur, Ottapalam, Pala, Parassala, Pattambi, Perinthalmanna, Perumbavoor, Ponnani, Punalur, Thalassery, Thaliparamba, Thiruvalla, Thodupuzha, Thripunithura, Tirur, Vaikom and Wadakkancherry.

holder attains 50 years of age, whichever comes first. The licence for non-transport vehicles is mandatory for issuing badge licence and validity of badge is for 3 years. He added that the audit objection was that when the licence to drive transport vehicle, was renewed, the period of validity of licence towards non-transport vehicles would also be automatically renewed even if the validity period for the latter remains for few more years. He informed that the same was happened due to a fault in the computer software, which was neither intended by the department nor provided in the Act.

5. The Committee suggested that the department should either rectify the defects in the software or take necessary steps to amend the relevant provisions in the statute. The Committee also reminded the department that the decision taken in this regard should also be reported.

6. When the Committee pointed out that the department had not furnished the RMT Statement for the audit paragraph, on the short collection of licence renewal fees the Transport Commissioner informed that the said paragraph had been dropped by the Accountant General. The Officials from the office of the Accountant General explained that if an objection was included in the final Report of the Comptroller and Auditor General of India and was placed on the table of the House, the Accountant General had no right to drop the audit para and the right to drop the same was vested with the Committee on Public Accounts.

#### **Conclusion/Recommendation**

**7. Regarding the irregular renewal of driving licence the Committee was informed that the software used for the purpose was designed in such a way that when the licence for badge was revised automatic revision of driving licence for non-transport vehicles would be occurred, which was not intentional. Then the Committee suggests that the department should take necessary steps to rectify the error in the software or should take necessary steps to amend the relevant provision in the statute. The Committee also directs the department to intimate the corrective measures taken in this regard.**

**8. While commenting on the audit objection regarding collection of licence fee at pre-revised rates, the Committee opines that the contention of the Transport Department that the objection had been dropped by Accountant General was not tenable since the objection still remains in the report of the Comptroller and Auditor General which was laid on the Table of the House. It insinuates the department to submit a detailed report on the same to the Committee at the earliest.**

## AUDIT PARAGRAPH

**Non/short realisation of revenue on transport vehicles**

Under the MV Act, omnibus means any motor vehicle constructed or adapted to carry more than six persons excluding the driver. The Government of India (GOI) as per the powers conferred under the Act, on 5th November, 2004 revised the list of vehicles under transport and non-transport categories. 'Omnibus for private use' which was earlier listed as a non-transport vehicle was excluded from that category and a new entry 'omnibus' was included in the list of transport vehicles. The transport vehicles require a permit and certificate of fitness. The minimum fee specified for a regular permit under Kerala Motor Vehicles Rules is ₹ 500 and fee for grant and renewal of certificate of fitness of medium motor vehicles and registration fee is ₹ 300 and ₹ 100 respectively.

During scrutiny of records in 16 RTOs\* and 41 SRTOs† between May 2008 and September 2008, it was noticed that 7056 omnibus registered for private use during 2006-07 and 2007-08 continued to be categorised as non-transport vehicle instead of classifying the vehicles as transport vehicles and fee due on permit and fee for certificate of fitness was not levied. The omission to levy and collect the fee for permit and renewal of certificate of fitness and short levy of fee for registration resulted in non/short levy of fee of ₹ 63.50 lakh.

After the case was pointed out, the department stated between May and September 2008 that clarification from GOI had been sought for. Further developments have not been reported (September 2009).

The case was reported to Government in March 2009; their reply has not been received (September 2009).

Under the Kerala Motor Vehicles Rules, 1989 (KMVR), the minimum seating capacity of a stage carriage shall be directly proportionate to the wheel base of the vehicle. The tax due on stage carriage is determined on the basis of the seating capacity. The seating capacity can be reduced by two seats in respect of vehicles with separate entrance and exit and further reduced by one

\* Alappuzha, Ernakulam, Idukki, Kannur, Kasaragod, Kollam, Kottayam, Kozhikode, Malappuram, Muvattupuzha, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur, Vadakara and Wayanad.

† Adoor, Aluva, Attingal, Changanassery, Chengannur, Cherthala, Guruvayoor, Irinjalakuda, Kanhangad, Kanjirappally, Karunagappally, Kayamkulam, Kazhakuttom, Kodungallur, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Mannarkkad, Mattanchery, Mavelikkara, Muvattupuzha, N. Parur, Neyyattinkara, Ottapalam, Pala, Parassala, Pattambi, Perinthalmanna, Perumbavoor, Ponnani, Punalur, Thalassery, Thaliparamba, Thiruvalla, Thodupuzha, Thripunithura, Tirur, Vaikom, Vandiperiyar and Wadakkancherry.

fifth in respect of vehicles operating as city/town service. However, such vehicles with reduced seating capacity are eligible for moffusil permit, only if the seating capacity is enhanced to the minimum capacity as prescribed in the rule.

During scrutiny of the records in 7 RTOs\* and 3 SRTOs† between April 2007 and January 2009, it was noticed that moffusil permits were granted to 34 vehicles after collecting tax based on the reduced seating capacity of the vehicles instead of collecting tax at the minimum seating capacity of stage carriage proportionate to wheel base. This resulted in short collection of tax of ₹ 12.12 lakh.

After the case was pointed out, the department stated between April 2007 and January 2009 that action would be taken to realise the balance tax. Report on recovery has not been received (September 2009).

The case was reported to Government in February 2009; their replies have not been received (September 2009).

Under the MV Act, 'private service vehicle' is a motor vehicle constructed or adapted to carry more than six persons excluding the driver and ordinarily used by or on behalf of the owner of such vehicle for the purpose of carrying persons for, or in connection with, his trade or business otherwise than for hire or reward. It was clarified by Ministry of Shipping, Road Transport and Highways, that 'private service vehicle registered in the name of an individual and if declared to be used by him solely for personal use' only can be classified under non-transport vehicle and others would come under transport vehicle.

During scrutiny of records in 10 RTOs‡ and 4 SRTOs§ between June 2007 and November 2008, it was noticed that the department was classifying motor vehicles owned by a firm as private services vehicles for personal use under non-transport vehicle. This classification was against the provisions of the Act and has resulted in recurring revenue loss as fee for certificate of fitness and permit. The total revenue effect worked out to ₹ 7.47 lakh in 42 cases.

The matter was reported to Government in March 2009; the Government stated in June 2009, that ₹ 1.51 lakh was collected from 11 vehicle owners and efforts were being taken to collect the balance amount. Report on recovery of balance amount has not been received (September 2009).

---

\* Ernakulam, Kottayam, Kozhikode, Malappuram, Muvattupuzha, Palakkad and Thrissur.

† Kayamkulam, Irinjalakuda and Vaikom.

‡ Attingal, Ernakulam, Kannur, Kottarakkara, Kottayam, Kozhikode, Palakkad, Pathanamthitta, Thrissur and Wayanad.

§ Mannarkkad, Pattambi, Perumbavoor and Thiruvalla.

Under the Central Motor Vehicles Rules, a certificate of fitness in respect of transport vehicle granted is valid for two years in the case of new transport vehicle and one year in the case of renewal of certificate of fitness of such vehicle.

During scrutiny of the records in 8 RTOs\* and 11 SRTOs† between April 2006 and March 2009 it was seen that validity of certificate of fitness in respect of 326 transport vehicles had been granted beyond the prescribed period resulting in short realisation of revenue of ₹ 2.23 lakh.

After the case was pointed out, the department replied between April 2006 to March 2009 that short collection would be made good.

The matter was reported to Government in March 2009; the Government stated in June 2009, that ₹ 60,500 was collected from 150 cases and efforts are being taken to collect the balance amount. Report on recovery of balance amount has not been received (September 2009).

[Audit Paragraph 5.3.2 contained in the Report of Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March, 2009 (Revenue Receipts)].

Notes furnished by Government on the above audit paragraph is included as Appendix II.

9. Regarding the audit paragraph on Non/Short realisation of revenue on transport vehicle the Joint Transport Commissioner informed that as per the Motor Vehicles Act, 'Ominibus' means any motor vehicle constructed or adapted to carry more than six persons excluding the driver and it was included in the category of Private Transport Vehicle. But as per the notification issued by Government of India on 5-11-2004, it was categorised under transport vehicle. He added that the audit objection was that, had the department reclassified the Omnibus once categorised under private transport vehicle to public transport vehicle more amount could have been collected towards permit fee and renewal of fitness certificate.

10. While the Committee enquired whether it required permit and fitness certificate for converting a private vehicle to public transport vehicle, the Joint Transport Commissioner replied in the affirmative. He continued that even if the classification for such vehicle was changed as per the notification, those vehicles were used for personal purpose. He also added that if all the vehicles registered as Omnibus for private use, were re-classified as transport vehicle, the

---

\* Attingal, Kannur, Kozhikode, Malappuram, Palakkad, Pathanamthitta, Thrissur and Thiruvananthapuram.

† Irinjalakuda, Kanhangad, Koduvally, Kottarakara, Koyilandy, Mallappally, Mavelikkara, Perumbavoor, Punalur, Tirur and Wadakkancherry.

department could have insisted upon for the required permit and fitness certificate irrespective of whether the vehicles were used strictly for personal purpose or not. He added that the department had taken up the matter and sought for clarification from Government of India in this regard.

11. Then the Committee urged the department to remind the Central Government for the clarification and also to furnish a report to the Committee.

12. Regarding the audit observation on the short collection of tax of ₹ 12.12 lakh the Committee enquired about the recovery of balance amount to be collected. The Joint Transport Commissioner stated that in some cases the department had initiated R.R. Action and in some others the case was pending before the Court. He added that considerable amount was collected even after the Report of Comptroller and Auditor General was placed in the House and action had been initiated in all cases.

13. Regarding the audit paragraph, on the misclassification of vehicle owned by a firm under non-transport vehicle, the Committee noticed that out of the arrears of ₹ 7.47 lakh, ₹ 1.57 lakh only was collected at the time of audit. The Committee expressed its displeasure towards the indifferent attitude of the department towards revenue collection and opined that collection rate was so poor that the department could collect only ₹ 1 lakh even after a span of 3 years since the presentation of the report of the Comptroller and Auditor General. It added that huge amount would be lost unless concerted effort would be taken by the department. Then the Committee directed the department to furnish the details regarding amount pending collection, the latest position of the cases and also the number of cases in which revenue recovery procedures had not been initiated.

#### **Conclusion/Recommendation**

14. **The Committee expresses its displeasure towards the approach of the Transport Department on revenue collection in the case of vehicles for personal use owned by firms as private service vehicles under non-transport group. The Committee warns the department to take necessary steps to obtain clarification from Government of India on whether all vehicles registered as Omnibus for private use need to be reclassified as transport vehicle or not. The matter should be reported to the Committee after clarification was sought.**

15. **The Committee is also dissatisfied over the poor collection rate of revenue and opines that the department could collect only ₹ 1.57 lakh out of ₹ 7.47 lakh even after a span of 3 years towards the loss occurred due to the misclassification of vehicle owned by a firm under non-transport vehicle. The**

**Committee also suggests to intimate the details regarding the pending revenue collection, latest position of the cases and also number of cases in which R.R. proceedings has not been initiated.**

AUDIT PARAGRAPH

**Non-realisation of tax from stage carriages**

Under the KMVT Act, exemption from payment of tax in respect of a motor vehicle which has not been used for the first month or for first and second month or for the whole quarter or the whole year shall be allowable if the owner furnishes a declaration in form 'G'. Tax is leviable for the part of the quarter for which declaration in form 'G' is not furnished. During scrutiny of the records in 11 RTOs\* between April 2006 and March 2009, it was noticed that in the case of 208 stage carriages, tax due was not realised for periods for which non-use intimation had not been filed. This resulted in short levy of tax of ₹ 25.53 lakh. After the case was reported to Government in March 2009, the Government stated in June 2009 that ₹ 9.78 lakh was collected from 61 cases and further report would be furnished shortly. Further development has not been reported (September 2009).

Under the KMVT Act, tax shall be levied on every motor vehicle used or kept for use in the State at the rate specified for such vehicle in the Schedule. Under the KMVR, the minimum seating capacity of a stage carriage shall be directly proportionate to the wheel base of the vehicle and the rate of tax prescribed for interstate stage carriage is ₹ 690 for every seated passenger and ₹ 210 for every standing passenger. Government issued orders in December 1989 granting adjustment of rent of space utilised by Transport Commissioner's Office in Transport Bhavan, a building owned by Kerala State Road Transport Corporation (KSRTC) against the motor vehicles tax due.

During scrutiny of records in RTO (Nationalised Sector), Thiruvananthapuram between August 2006 and June 2007, it was noticed that tax in respect of 33 interstate stage carriages of KSRTC was remitted short due to incorrect reckoning of the seating capacity and standing capacity during 2005-06 and 2006-07. The short collection worked out to ₹ 7.94 lakh. After the case was pointed out, the department stated (June 2007) that the case would be examined. Further developments have not been reported (September 2009).

The matter was reported to Government in April 2009; their reply has not been received (September 2009).

---

\* Alappuzha, Attingal, Ernakulam, Idukki, Kannur, Kottayam, Kozhikode, Palakkad, Pathanamthitta, Thiruvananthapuram and Vadakara.

During scrutiny of records in Transport Commissioner's Office, between June 2007 and April 2009, it was noticed that even though the Transport Commissioner's Office was shifted in October 2006 from Transport Bhavan and the space utilised by Transport Commissioner's Office was in possession of KSRTC, the KSRTC had been remitting the tax after adjusting the rent payable by the Transport Commissioner's Office. The irregular adjustment made during the period from October 2006 to March 2008 had resulted in short remittance of tax of ₹ 5.42 lakh.

After the case was reported to Government in April 2009; the Government stated in June 2009, that the department had requested KSRTC to remit the amount. Report on recovery has not been received (September 2009).

[Audit Paragraph 5.3.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March, 2009 (Revenue Receipts)].

Notes furnished by Government as the above audit paragraph is included as Appendix II of this report.

16. The Committee observed that out of ₹ 25 lakh, ₹ 9 lakh only had been collected towards short levy of tax from stage carriages. While the Committee urged the department to furnish a report regarding the latest position of the pending cases, the Transport Commissioner agreed to do so.

#### **Conclusion/Recommendation**

**17. The Committee notices that only ₹ 9 lakh out of ₹ 25 lakh had been realised towards short levy of tax and it directs the department to take necessary steps to realise the tax due from stage carriages and to furnish a detailed report regarding the latest position of the pending cases.**

#### AUDIT PARAGRAPH

#### **Non/short levy of one time tax**

Under Section 3 of the KMVT Act, tax shall be levied on every motor vehicle used or kept for use in the State, at the rates specified for such vehicle in the Schedule which were based on the unladen weight of the vehicle. The rates were revised with effect from 1st April, 2007 at different rates for various classes of vehicles. As per proviso under section 3(1) of the Act, one time tax shall be levied from the date of purchase of vehicle at the rates specified at the time of first registration of the vehicle and the rates for motorcycles, motor cars, three wheelers and omnibus are six per cent of the purchase value of the vehicle.



During scrutiny of records in 12 RTOs\* and 31 SRTOs† between April 2008 and February 2009, it was noticed that in 2179 cases, one time tax was short levied due to incorrect computation of purchase value. This resulted in short levy of tax of ₹ 19.43 lakh.

After the case was pointed out, the department stated between April 2008 and February 2009 that loss would be made good. Report on recovery has not been received (September 2009).

The case was reported to Government in March 2009; their replies have not been received (September 2009).

During scrutiny of the records in 3 RTOs‡ and 5 SRTOs§ between April 2008 and March 2009, it was noticed that in 30 cases registered after 1st April, 2007 tax was collected on the basis of unladen weight of the vehicle instead of collecting one time tax at the rate of six per cent of purchase value of vehicle. This resulted in short levy of tax of ₹ 2.42 lakh.

After the case was reported to Government in March 2009; the Government stated in June 2009, that ₹ 1 lakh was collected from eight cases and that efforts were being taken to collect the balance amount. Report on recovery of balance amount has not been received (September 2009).

As per notification || of Ministry of Shipping, Road Transport and Highways, one time tax in respect of motor cars weighing not more than 750 kg. was ₹ 14,000 and for those weighing more than 750 kg. but not more than 1500 kg. was ₹ 18,800.

---

\* Alappuzha, Attingal, Ernakulam, Kannur, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad, Thrissur, Thiruvananthapuram and Vadakara.

† Aluva, Changanassery, Chengannur, Cherthala, Guruvayur, Irinjalakuda, Kanjirappally, Karunagappally, Kazhakuttom, Kodungallur, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Mallappally, Mattanchery, Mavelikkara, North Parur, Neyyattinkara, Ottapalam, Pala, Parassala, Perumbavoor, Punalur, Thalassery, Thaliparamba, Thodupuzha, Thripunithura, Vaikom, Vandiperiyar and Wadakkancherry.

‡ Attingal, Kasaragod and Kottayam.

§ Karunagappally, Kottarakara, North Parur, Punalur and Thripunithura.

|| No. S.O 1248 (E) dated 5th November, 2004.

During scrutiny of the records in 8 RTOs\* and 16 SRTOs† between March 2008 and December 2008, it was noticed that in 317 vehicles, alterations were carried out by fitting liquified petroleum gas kits enhancing the unladen weight of the vehicles to more than 750 kg. attracting additional tax of ₹ 4,800 each which was not levied. This resulted in short levy of tax of ₹ 15.22 lakh.

After the cases were reported to Government in March 2009; the Government stated in June 2009 that ₹ 4.25 lakh was collected from 86 cases and efforts are being taken to collect the balance amount. Report on recovery of balance amount has not been received (September 2009).

In case of vehicles originally registered in other States on or after 1st April, 2007 and migrated to Kerala State as well as for the vehicles registered on or after 1st April, 2007 and reclassified as non-transport vehicle from the category of transport vehicle, the one time tax shall be on percentage basis depending on the age of the vehicle.

During scrutiny of records in 7 RTOs‡ and 8 SRTOs§ between April 2008 and March 2009, it was noticed that in 34 cases which were either altered as non-transport vehicle or migrated from other states and registered in the State, one time tax was not levied. This resulted in non-levy of tax of ₹ 4.74 lakh.

After the cases were reported to Government in March 2009; the Government stated in June 2009, that ₹ 1.23 lakh was collected from 11 cases and efforts were being taken to collect the balance amount. Report on recovery of balance amount has not been received (September 2009).

[Audit Paragraph 5.3.4 contained in the Report of Comptroller and Auditor General of India for the year ended 31st March, 2009 (Revenue Receipts)].

Notes furnished by Government on the above audit paragraph is included as Appendix II.

---

\* Alappuzha, Attingal, Kannur, Kasaragod, Malappuram, Palakkad, Thrissur and Thiruvananthapuram.

† Aluva, Chengannur, Cherthala, Irinjalakuda, Kanhangad, Kayamkulam, Kodungallur, Koduvally, Mannarkkad, Mavelikkara, Pattambi, Perinthalmanna, Thalasserry, Thripunithura, Tirur and Wadakkancherry.

‡ Alappuzha, Kasaragod, Kottayam, Kozhikode, Malappuram, Palakkad and Thrissur.

§ Karunagapally, Kanhangad, Koduvally, Mavelikkara, Perumbavoor, Thaliparamba, Thripunithura and Tirur.

18. While examining the audit paragraph the Committee asked whether the department had fixed durability for vehicles. The Joint Transport Commissioner replied that the period for using a vehicle was fixed only for stage carriage i.e., 15 years. To a query of the Committee, the witness, Joint Transport Commissioner informed that since the amount to be realised in individual cases was meagre and the number of cases was very high, the department could not turn out for one time settlement.

19. Towards the audit objection the Committee wanted the department to furnish a detailed break up report regarding the number of R.R. cases where R.R. action had not been initiated to recover the amount, number of R.R. cases where the District Collector had not taken any action, the number of cases pending before the court and the number of cases for which action had been stayed by different authorities. The Committee then decided to recommend that the department should take disciplinary action against those officers who failed to initiate R.R. action.

#### **Conclusion/Recommendation**

**20. Towards the non/short levy of one time tax, the Committee urges the department to forward a detailed break up report regarding the number of R.R. cases where action was not initiated, number of cases where no action was taken from the part of the District Collector, cases pending before the court and stayed by different authorities. The Committee also recommends to take stringent action against those officials who failed to initiate R.R. action.**

#### **AUDIT PARAGRAPH**

##### **Non/Short realisation of revenue**

Under section 3 of KMVT Act, tax shall be levied on every motor vehicle used or kept for use in the State at the rate specified for such vehicle in the Schedule. The rates were revised with effect from 1st April, 2007 at different rates for various classes of vehicles.

During scrutiny of records in 12 RTOs\* and 18 SRTOs† between April 2008 and January 2009, it was noticed that in 2984 cases, the tax at pre-revised rate was collected from 1st April, 2007. The omission to collect the tax due at revised rate resulted in short collection of tax amounting to ₹ 8.45 lakh.

---

\* Alappuzha, Attingal, Ernakulam, Kannur, Kasaragod, Kottayam, Kozhikode, Malappuram, Muvattupuzha, Palakkad, Thiruvananthapuram and Thrissur.

† Alathur, Changanassery, Chengannur, Cherthala, Guruvayur, Irinjalakuda, Kanjirappally, Kodungallur, Koduvally, Kottarakkara, Mattanchery, Mavelikkara, Pala, Ponnani, Punalur, Thaliparamba, Tirur and Wadakkancherry.

After the case was pointed out, the department stated between April 2008 and January 2009 that action would be taken to realise the amount. Further report has not been received (September 2009).

The case was reported to Government in February 2009; their replies have not been received (September 2009).

Two axled goods carriage vehicles registered in other State or Union Territories in India can ply in Kerala under national permit after remitting composite fee of ₹ 3,000 per annum up to 16th July, 2006 and ₹ 5,000 per annum thereafter.

During scrutiny of records in the office of the Transport Commissioner, Thiruvananthapuram, in February 2009 it was noticed that composite fee in respect of 329 goods carriage vehicles for the period from July 2006 to September 2007 were realised at the pre-revised rate resulting in short realisation of composite fee of ₹ 6.74 lakh.

After the case was reported to Government in April 2009, the Government stated in June 2009, that State Transport Authorities were requested to collect the arrear amount. Further development has not been reported (September 2009).

Under the KMVT Act, when any registered owner or any person who has possession or control of any motor vehicle used or kept for use in the State has not paid the tax within the prescribed period, he shall pay, in addition to the tax, an additional tax as notified by the Government, not exceeding the amount of the tax due.

During scrutiny of records in 4 RTOs\* between April 2006 and March 2009, it was noticed that though tax was not paid within the prescribed time, additional tax amounting to ₹ 2.60 lakh was not levied in 535 cases.

After the case was pointed out, the department stated in April 2006 and March 2009 that the loss would be made good. Report on recovery has not been received (September 2009).

The matter was reported to Government in March 2009; their reply has not been received (September 2009).

[Audit Paragraph 5.3.5 contained in the Report of Comptroller and Auditor General of India for the year ended 31st March, 2009 (Revenue Receipts)].

Notes furnished by Government on the above audit paragraph is included as Appendix II of this Report.

---

\* Ernakulam, Kannur, Kottayam and Palakkad.

21. The Committee lamented the shoddy attitude of the department in collecting the arrear amount and opined that the department had not collected even a small percentage of the arrear amount and enquired how the amount could be realised. The Committee also sought for the procedure to be followed for getting the ownership of vehicles once sold or the registered owner deceased. The Joint Transport Commissioner informed that in such cases Court Order was necessary to establish the ownership and it was difficult to fix the responsibility on the basis of sale letter.

22. While going through the audit objection regarding levy of composite fee at the pre-revised rate in respect of 329 goods carriage vehicles, the Committee enquired the steps taken by the department in realising the amount. The Joint Transport Commissioner informed that communication had been sent to the Commissioner in this regard.

23. The Committee urges the department to furnish the break up details of the present position of the cases, number of pending cases and the amount pending to be collected. The Committee also directs the department to furnish the details of non-recoverable amount, if any, and the reason thereof at the earliest.

#### **Conclusion/Recommendation**

**24. The Committee is despondent towards the trashy attitude of the department in collecting the arrears towards motor vehicles tax at the revised rate as the department had collected only a small percentage of the same. The Committee also exhorts the department to provide a break up details of the present position of the cases pointed out by the Accountant General, number of pending cases and the amount pending to be collected. The Committee directs the department to furnish the details of non-recoverable amount, if any, and the reason thereof at the earliest.**

#### **AUDIT PARAGRAPH**

#### **Non-levy of penalty**

Under the MV Act, no person shall drive any motor vehicle or trailer, the laden weight of which exceeds the gross weight specified in the certificate of registration. Under Section 194 of the Act, whoever drives a motor vehicle or causes or allows a motor vehicle to be driven in contravention of provisions of Section 113, 114 or 115, 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.

During scrutiny of records in RTO, Palakkad in July 2008, it was noticed that 55 over loaded vehicles of other States/Union Territories were allowed to proceed without offloading the excess load and collecting the compounding fee. This had resulted in non-levy of minimum fine of ₹ 5.55 lakh.

After the case was pointed out in July 2008 and reported to Government in April 2009, the Government stated in June 2009 that check post authorities were directed to detect these vehicles and realise the dues. Further development has not been reported (September 2009).

**Irregular exemption of tax to vehicles of public sector undertakings/ autonomous bodies**

Under the KMVT Act, vehicles owned by Government of Kerala are exempted from payment of road tax.

During scrutiny of records in RTO, Thiruvananthapuram between August 2007 and August 2008, it was noticed that 12 vehicles owned by public sector undertakings/autonomous bodies were irregularly granted exemption from payment of tax during 2006-07 and 2007-08. This resulted in non-realisation of tax of ₹ 3.29 lakh.

After the case was pointed out, the department stated in May 2008 and April 2009 that the matter would be examined. Further reply has not been received (September 2009).

The matter was reported to Government in March 2009; their reply has not been received (September 2009).

[Audit paragraphs 5.3.6 and 5.3.7 contained in the Report of Comptroller and Auditor General of India for the year ended 31st March, 2009 (Revenue Receipts)].

Notes furnished by Government on the above audit paragraph is included as Appendix II.

25. Regarding non-levy of penalty, the Committee enquired whether the department would levy fine from the overloaded vehicles of other states plying in our state. The Joint Transport Commissioner stated that even though the Act stipulated that overloaded vehicles should be offloaded, it was not practicable as there was difficulties in offloading and storing the offloaded materials as and where the vehicles were seized. Hence the department had now decided to send check report to the concerned RTOs to take appropriate action, instead of offloading. The Committee opined that the excess load should be unloaded and enquired whether there was any provision for Revenue Recovery in the prevailing laws. The Joint Transport Commissioner informed that they could initiate Revenue Recovery action only if they receive address of the vehicle owners. He added that in majority of cases it would be very difficult to get the address.

26. The Committee further opined that the practice of allowing vehicles to proceed neither offloading the excess load nor collecting the compounding fee and then complaining about the difficulty to trace the addressee to realise the amount is meaningless and ridiculous. Then the Joint Transport Commissioner submitted that there was a verdict of Hon'ble High Court preventing forceful compounding. The Committee pointed out that it was the duty of the vehicle owner to unload the excess weight and if the vehicle carry overload it would not be allowed to ply at any cost. The Committee also directed that the department should strictly enforce the law and levy tax.

27. The Joint Transport Commissioner further submitted that there was no specific instruction about the authority to whom the responsibility for collecting the amount was vested with. Meanwhile the Additional Secretary, Finance Department informed that the Finance Inspection Wing had conducted on the spot inspection in this regard and observed that the concerned RTO should collect the amount; but the same was not yet finalized.

28. The Joint Transport Commissioner informed that usually national permit to ply in 3 states was issued by the RTOs. If it entered any other states then tax would be levied, which was remitted as demand draft.

29. The Committee observed that in our State only a meagre amount was imposed as entry tax when compared with other states. The Committee suggested that the department should take action against those vehicles plying in our state without permit and also levy entry tax for vehicles without national permit. The Joint Transport Commissioner submitted that they had given strict instruction in this regard and had sent list of vehicles to all check posts.

30. To a query of the Committee the Joint Transport Commissioner informed that a meeting of the Transport Commissioners of Southern States was convened two years back and it was decided to initiate necessary action for settling such issues. But it became futile since nobody responded positively till date. The Joint Transport Commissioner also stated that the issue was prevailing in every states. The Committee opined that the audit observation could have been avoided if the department had taken timely action.

31. The Committee wanted the department to furnish the break up details of the number of interstate dispute cases to be settled, the number of cases in which recovery had been initiated, the number of cases pending before the court and details of cases reported by the District Collectors as non-recoverable and the reason thereof before the Committee.

32. The Committee then asked whether weighing machine was available in every check posts. The Joint Transport Commissioner replied that it was available only at Valayar check post. The Committee then enquired whether the

department had submitted any proposal to the Government for installing weighing machine in every check posts. To this the Joint Transport Commissioner replied in the affirmative. The Committee remarked that without weighing machine, it would not be practical to decide whether the laden weight exceeded the gross weight specified in the certificate of registration or not. So it decided to recommend that the department should take appropriate action to install weighing machines in every check posts.

33. The Senior Transport Commissioner submitted before the Committee that in the case of overloaded vehicle there were certain limitations i.e., several police stations had only limited space for parking vehicles and there was no provision in the rule for seizing the vehicle. The only thing that could be done was to suspend the permit of the vehicle.

34. The Committee strictly emphasized the need for registering case if the vehicle was found overloaded and also wanted the department to cancel the permit of the vehicle. Meanwhile the Senior Deputy Transport Commissioner informed that now the department was taking strict action in this regard. The Committee wanted the department to furnish a detailed report on the steps taken to restrict the passage of overloaded vehicle.

#### **Conclusion/Recommendation**

**35. The Committee is dissatisfied with the contention of the department that there occurs practical difficulties in offloading and storing the offloaded materials and hence check reports are being sent to concerned RTOs for taking necessary action. The Committee feels that sending check report to the concerned RTOs without knowing the address of the vehicle owner is ridiculous. The Committee recommends that the department should strictly adhere to the law and should levy the fine as specified in the Act. The Committee stresses the need for registering case if the vehicles is found overloaded and suggests to cancel the permit of those vehicles. The Committee also recommends to furnish a detailed report regarding the steps taken by the department to restrict the passage of overloaded vehicle plying in our state.**

**36. The Committee also suggests to levy entry tax for vehicles plying in our state without national permit. Further, the Committee directs the department to furnish the break up details of the number of interstate dispute cases to be settled, number of cases pending before the court and details of cases reported by the District Collector as non-recoverable and the reason thereof before the Committee.**



37. The Committee feels the need for providing weighing machine in every check post, otherwise it will be difficult to assess whether the laden weight exceed the gross weight specified in the certificate of registration or not. Hence the Committee recommends the department to take appropriate steps to install weighing machine in every check posts.

38. The Committee concludes its analysis with the comment that even though the Committee urges the department to furnish several details relating to various audit paras pertaining to Transport Department, it is not complied with till date. It reminds that the Public Accounts Committee is constituted for ensuring the accountability of executive to Legislature. But the very act of the Transport Department in not complying with the direction of the Committee is contemptuous to the whole democratic system. It reprehends the officials of the Transport Department for the negligence and directs to furnish explanation for the lapse within one month positively.

Thiruvananthapuram,  
28th January, 2014.

DR. T. M. THOMAS ISAAC,  
*Chairman,*  
*Committee on Public Accounts*

## APPENDIX I

## SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusion/Recommendation</i>
(1)	(2)	(3)	(4)
1	2	Transport	The Committee reprimands the department in not furnishing the RMT Statement neither within the stipulated time nor at the time of witness examination. It recommends to forward a detailed report regarding the balance amount pending to be collected, the amount already collected, by what time the collection could be completed etc., to the Committee.
2	7	„	Regarding the irregular renewal of driving licence the Committee was informed that the software used for the purpose was designed in such a way that when the licence for badge was revised automatic revision of driving licence for non-transport vehicles would be occurred, which was not intentional. Then the Committee suggests that the department should take necessary steps to rectify the error in the software or should take necessary steps to amend the relevant provision in the statute. The Committee also directs the department to intimate the corrective measures taken in this regard.
3	8	„	While commenting on the audit objection regarding collection of licence fee at pre-revised rates, the Committee opines that the contention of the Transport Department that the objection had been dropped by Accountant General was not

(1)	(2)	(3)	(4)
			tenable since the objection still remains in the report of the Comptroller and Auditor General which was laid on the Table of the House. It insinuates the department to submit a detailed report on the same to the Committee at the earliest.
4	14	Transport	The Committee expresses its displeasure towards the approach of the Transport Department on revenue collection in the case of vehicles for personal use owned by firms as private service vehicles under non-transport group. The Committee warns the department to take necessary steps to obtain clarification from Government of India on whether all vehicles registered as Omnibus for private use need to be reclassified as transport vehicle or not. The matter should be reported to the Committee after clarification was sought.
5	15	„	The Committee is also dissatisfied over the poor collection rate of revenue and opines that the department could collect only ₹ 1.57 lakh out of ₹ 7.47 lakh even after a span of 3 years towards the loss occurred due to the misclassification of vehicle owned by a firm under non-transport vehicle. The Committee also suggests to intimate the details regarding the pending revenue collection, latest position of the cases and also number of cases in which R.R. proceedings has not been initiated.
6	17	„	The Committee notices that only ₹ 9 lakh out of ₹ 25 lakh had been realised towards short levy of tax and it directs the department to take necessary steps to

(1)	(2)	(3)	(4)
			realise the tax due from stage carriages and to furnish a detailed report regarding the latest position of the pending cases.
7	20	Transport	Towards the non/short levy of one time tax the Committee urges the department to forward a detailed break up report regarding the number of R.R. cases where action was not initiated, number of cases where no action was taken from the part of the District Collector, cases pending before the court and stayed by different authorities. The Committee also recommends to take stringent action against those officials who failed to initiate R.R. action.
8	24	„	The Committee is despondent towards the trashy attitude of the department in collecting the arrears towards motor vehicles tax at the revised rate as the department had collected only a small percentage of the same. The Committee also exhorts the department to provide a break up details of the present position of the cases pointed out by the Accountant General, number of pending cases and the amount pending to be collected. The Committee directs the department to furnish the details of non-recoverable amount, if any, and the reason thereof at the earliest.
9	35	„	The Committee is dissatisfied with the contention of the department that there occurs practical difficulties in offloading and storing the offloaded materials and hence check reports are being sent to

(1)	(2)	(3)	(4)
			<p>concerned RTOs for taking necessary action. The Committee feels that sending check report to the concerned RTOs without knowing the address of the vehicle owner is ridiculous. The Committee recommends that the department should strictly adhere to the law and should levy the fine as specified in the Act. The Committee stresses the need for registering case if the vehicles is found overloaded and suggests to cancel the permit of those vehicles. The Committee also recommends to furnish a detailed report regarding the steps taken by the department to restrict the passage of overloaded vehicle plying in our state.</p>
10	36	Transport	<p>The Committee also suggests to levy entry tax for vehicles plying in our state without national permit. Further, the Committee directs the department to furnish the break up details of the number of interstate dispute cases to be settled, number of cases pending before the court and details of cases reported by the District Collector as non-recoverable and the reason thereof before the Committee.</p>
11	37	„	<p>The Committee feels the need for providing weighing machine in every check post, otherwise it will be difficult to assess whether the laden weight exceed the gross weight specified in the certificate of registration or not. Hence the Committee recommends the department to take appropriate steps to install weighing machine in every check posts.</p>

---

(1)	(2)	(3)	(4)
12	38	Transport	<p>The Committee concludes its analysis with the comment that even though the Committee urges the department to furnish several details relating to various audit paras pertaining to Transport Department, it is not complied with till date. It reminds that the Public Accounts Committee is constituted for ensuring the accountability of executive to Legislature. But the very act of the Transport Department in not complying with the direction of the Committee is contemptuous to the whole democratic system. It reprehends the officials of the Transport Department for the negligence and directs to furnish explanation for the lapse within one month positively.</p>

---