

List of Pending Para
TRANSPORT DEPARTMENT

Year		Pending Para as per PAC
1998-99	(Rev Recei)	2.03 क. ख.
2001-02	(Rev Recei)	4.02, 4.03, 4.04, 4.05
2002-03	(Rev Recei)	4.2, 4.3, 4.4, 4.5, 4.5.1, 4.5.2,
2003-04	(Rev Recei)	4.2, 4.3, 4.4
2004-05	(Rev Recei)	4.2.5 to 4.2.18, 4.3.4 to 4.3.9
2005-06	(Rev Recei)	4.2, 4.3, 4.4, 4.5, 4.6
2006-07	(Rev Recei)	4.2, 4.3, 4.4, 4.5, 4.6, 4.7
2007-08	(Rev Recei)	4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8

TRANSPORT DEPARTMENT

1998—99

2.03 ब्याज राजस्व की हानि

बिहार एवं उड़ीसा मोटर वाहन करारोपण अधिनियम, 1930 (धारा 6), {बिहार मोटर वाहन करारोपण अधिनियम, 1994 (धारा 5) से प्रतिस्थापित} के प्रावधानों और इसके अंतर्गत बने नियमों {बिहार मोटर वाहन करारोपण नियम, 1930 (नियम 4) और बिहार मोटर वाहन करारोपण नियम 1994 के नियम 5} के अनुसार मोटर वाहनों से संबंधित कर, शुल्क आदि वाहन मालिकों द्वारा भुगतान—पर्ची से राज्य के जिला मुख्यालयों में अवस्थित स्टेट बैंक ऑफ इण्डिया की शाखाओं में जमा होता है और ऐसे जमा को स्टेट बैंक ऑफ इंडिया, सचिवालय शाखा, पटना में तार द्वारा प्रतिदिन हस्तांतरित किया जाना है। जहाँ कार्यालय कम्प्यूटरीकृत है, वाहन मालिकों द्वारा ऐसे वाहन सहित अन्य वाहनों, जो आसन्न राज्यों के साथ द्विपक्षी अनुबंधों और राष्ट्रीय अनुज्ञापत्र योजना के अंतर्गत राज्य में चलते हैं, के लिये कर तथा शुल्क जिला परिवहन कार्यालयों (जि.प.का.)/राज्य परिवहन आयुक्त (रा.प.आ.) की कम्प्यूटर खिड़कियों पर नगद, बैंक ड्राफ्ट के रूप में प्राप्त किये जाते हैं और राष्ट्रीयकृत बैंको में जमा किये जाते हैं जिन्हें ऐसे संग्रहण को स्टेट बैंक ऑफ इंडिया, सचिवालय शाखा, पटना को हस्तांतरित करना है। स्टेट बैंक ऑफ इंडिया, सचिवालय शाखा समेकित संग्रहण को चालान से लेखा शीर्ष 0041 मोटर वाहनों पर कर—प्राप्तियों के अंतर्गत कोषागार में जमा करता है। मार्च 1996 में निर्गत राज्य परिवहन आयुक्त के आदेशानुसार अप्रैल से फरवरी की अवधि में जमा की गयी राशि सरकारी खाते में इस प्रकार से हस्तांतरित करनी है कि पिछले महीने की कुल प्राप्तियाँ अगले महीने के प्रथम सप्ताह तक हस्तांतरित हो जायँ। मार्च महीने में जमा की गयी राशि 31 मार्च तक निश्चित रूप से हस्तांतरित हो जानी चाहिए ताकि एक वित्तीय वर्ष में जमा की गयी पूरी राशि उसी वित्तीय वर्ष के भीतर सरकारी खाते में हस्तांतरित हो जाय।

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(क) पटना में 20 बैंक¹ थे जहाँ 1998–99 की अवधि में गृह-राज्य सहित अन्य राज्यों से शुल्क/कर से संबंधित विभिन्न बैंक ड्राफ्ट एस.बी.आई, सचिवालय शाखा के माध्यम से सरकारी खाते में संप्रेषण हेतु प्राप्त किये गये थे।

यह देखा गया कि एस. बी.आई, राँची ने 7 अक्टूबर 1994 तक संग्रहण किये गये 20 लाख रुपये को रोक रखा जो 141 दिनों के बाद 4 मार्च 1995 को हस्तांतरित हुआ और एस.बी.आई., जमशेदपुर ने 12 अप्रैल 1993 तक उद्ग्रहित 21.66 लाख रुपये को रोके रखा जो 44 दिनों बाद 25 मई 1993 को हस्तांतरित हुआ।

(ख) एस.बी.आई, सचिवालय शाखा

एस.बी.आई. सचिवालय शाखा से राजस्व संग्रहण का सरकारी खाते में हस्तांतरण 6 से 31 दिनों के विलम्ब से हुआ। फरवरी 1999 में संग्रहित 1092.49 लाख रुपये का अतिशेष पटना सचिवालय कोषगार में 31 दिनों के बाद मार्च 1999 के अंत में जमा किया गया।

विभाग द्वारा निर्गत अनुदेशों में कठोर शर्तों का प्रावधान नहीं रहने से बैंको को सरकारी राजस्व को लम्बे समय तक अपने पास रखने का अनुचित लाभ लेने में सुविधा मिली।

2001-02

4.02 Lack of control over collection of taxes

Under the Bihar and Orissa Motor Vehicles Taxation Act, 1930, as amended from time to time and rules made thereunder, tax in respect of a vehicle is payable annually or quarterly within 15 days from the commencement of the year or quarter, as the case may be. If owner of a Vehicle changes his place of residence/ business he shall within 30 days intimate his new address to the original registering authority concerned.

In 12 District Transport Offices², it was noticed (between January and December 2001) that the owners of 672 transport vehicles had stopped payment of taxes in the offices where they were originally registered, and no reasons were found recorded for non-payment of the tax. The department had also not taken any action to realise the same. This resulted in non- recovery of tax of Rs 1.92 crore pertaining to the period between January 1992 and December 2001.

On this being pointed out (between January and December 2001), 10³ District Transport Officers (DTO), (in respect of 68 vehicles) stated (between February and December 2001) that demand notices would be issued for realisation of taxes while the DTO, Katihar stated (December 2001) that demand notices had already been issued to the vehicles owners concerned. The DTO

¹ विजया बैंक, आन्ध्र बैंक, पंजाब और सिंध बैंक, पंजाब नेशनल बैंक, इन्डियन ओवरसीज बैंक, स्टेट बैंक ऑफ पटियाला, सेंट्रल बैंक, इलाहाबाद बैंक, बैंक ऑफ बड़ौदा, बैंक ऑफ मद्रुरा, बैंक ऑफ इंडिया, कॉरपोरेशन बैंक, इंडियन बैंक, महाराष्ट्र बैंक, सेंट्रल बैंक ऑफ कॉमर्स, स्टेट बैंक ऑफ बीकानेर और जयपुर, सिंडिकेट बैंक, युनाइटेड बैंक ऑफ इंडिया, यूको बैंक और यूनियन बैंक ऑफ इंडिया।

² Bhagalpur, Bhojpur, Darbhanga, Hajipur, Katihar, Madhubani, Munger, Muzaffarpur, Patna, Rohtas, Saharsa and Samastipur.

³ Bhagalpur, Bhojpur, Hazipur, Madhubani, Munger, Muzaffarpur, Patna, Rohtas, Saharsa and Samastipur.

Darbhanga stated (January 2001) in respect of 3 vehicles that owners were paying taxes in other district. The reply is not tenable as the owners of the vehicles did not obtain “no objection certificates” from the Registering authority and also no information regarding change in present address and tax position were found recorded in the Taxation Register. Further replies have not been received (November 2002).

The cases were reported to the Government (June 2002); their reply has not been received (November 2002).

4.03 Non-realisation of tax from vehicles

Under the Bihar Motor Vehicles Taxation (BMVT) Act, 1994 and rules made thereunder, when the owner of a motor vehicle does not intend to use his vehicle for certain period not exceeding six months at a time, he can be exempted from payment of tax by the competent authority provided his claim for exemption is supported by the required documents such as certificate of registration, fitness certificate, tax token, etc. For the period of non-use of vehicle he is entitled for exemption from payment of tax after following the prescribed procedure. He shall also furnish further undertaking to the concerned Taxation Officer if the extension of the said period is required.

(A) In 2 District Transport Offices (Muzaffarpur and Purnea), it was noticed (between April and August 2001) that documents of 54 motor vehicles were surrendered between February 1998 and November 2000 but no further undertakings were received from any owners for extending the period of surrender. In the absence of fresh undertakings for extension of surrender, the vehicle owners were liable to pay tax of Rs. 15.60 lakh for the period from August 1998 to August 2001.

On this being pointed out (April and August 2001), the District Transport Officer (DTO), Purnea stated (April 2001) that demand notices would be issued while DTO, Muzaffarpur stated (August 2001) that cases would be examined and necessary action would be taken accordingly. Further reply has not been received (November 2002).

The cases were reported to the Government (June 2002); their reply has not been received (November 2002).

(B) In 3 District Transport Offices⁴, it was noticed (between July 2000 and September 2001) that in respect of 23 motor vehicles tax were not realised for the period falling between January 1994 and September 2001 though the applications for surrender were rejected / cancelled by the District Transport Officer/State Transport Commissioner. This resulted in non-realisation of taxes amounting to Rs. 11.49 lakh.

On this being pointed out (between July 2000 and September 2001); the DTO Bhagalpur and Patna stated (between July 2000 and February 2001) that demand notices would be issued while DTO Rohtas stated (October 2001) that necessary action would be taken after verification. Further reply has not been received (November 2002).

The case was reported to the Government (June 2002); their reply has not been received (November 2002).

4.04 Short realisation of revenue due to misclassification of vehicles

⁴ Bhagalpur, Patna and Rohtas.

Under the Bihar Motor Vehicles Act, 1988, a motor vehicle owned by a college, school and other educational institutions and used solely for the purpose of transporting students or staff of the educational institution in connection with any of its activities, shall be treated as omnibus and shall be taxed accordingly. As per executive instruction issued by the State Transport Commissioner (STC) Bihar, in July 1994, unless an educational institution is recognised either by Bihar Government or is a Central educational institution, this facility will not be given. Further, as per notification issued by the State Government in May 1998, the above facility was withdrawn and such vehicles were liable to pay tax on the basis of their seating capacities.

In the District Transport Office, Bhagalpur, it was noticed (September 2001), that 12 motor vehicles not registered in the name of college, school or any educational institution recognized by Bihar Government or in the name of a Central educational institution, were treated as omnibuses and tax was realised at lower rate resulting in short realisation of tax amounting to Rs. 6.22 lakh for the period falling between October 1994 and April 2001.

On this being pointed out (September 2001), the DTO stated (September 2001) that demand notices were being issued. Further reply has not been received (November 2002).

The cases were reported to the Government (June 2002); their reply has not been received (November 2002).

4.05 Disposal of bank drafts received from other States

As per the Bihar Financial Rules, all transactions must be brought to account without delay and all moneys credited to Public account. A bank draft register containing receipt of bank drafts on account of realisation of composite fee due from concerned States is required to be maintained. The State Government have authorized certain nationalized banks to collect the amount of bank drafts deposited by State Transport Commissioner (STC). As per instructions of State Transport Commissioner (STC) (March 1996), the amount collected by bank during April to February is to be transferred to State Bank of India (SBI) Secretariat Branch, Patna in such a manner that all receipts during a particular month stand transferred latest by the 1st week of the following month.

As regards the amount deposited in the month of March, it is to be transferred by 31st of March positively so that all amounts deposited in a financial year stand transferred to the Government account within the same financial year. As per Reserve Bank of India (RBI) instruction (June 1995) interest at the rate of 11.30 per cent per annum is payable by banks on delayed remittances to Government account.

(i) Non- realisation of revenue for want of revalidation of bank drafts

Test check of records of STA Patna revealed (May 2002) that 4911 bank drafts relating to the period between April 1994 and January 2001 involving Rs.49.96 lakh received from other States on account of composite fee, were returned by United Bank of India to STC Bihar in January 2002 for revalidation which were, however, not got revalidated by the department (May 2002) resulting in non-realisation of revenue in Government account.

(ii) Non-issue of cheque against balance at bank

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There are 27 banks in Patna where bank drafts relating to composite fee received from other States/ RTAs are deposited by the STC for collection. In 7 banks⁵, there was a closing balance on account of collection of bank drafts valued at Rs 2.19 crore as on 31 March 2002. No action was taken by the STC to have it deposited in the Government account and to charge interest at the rate of 11.30 per cent from the banks as per RBI instructions. This resulted in undue financial aid to banks.

(iii) Delay in deposit of revenue collection by banks

The collecting banks failed to credit the revenue collection through SBI Secretariat Branch, Patna into Government account within the prescribed time, with delays ranging from more than 1 month to 9 months. The department failed to take effective measures to ensure timely deposit of revenue by banks. This resulted in loss of revenue in the form of interest of Rs. 80.15 lakh for the period between May 2001 and February 2002.

The cases were reported to the Government (June 2002), their reply has not been received (November 2002).

2002-03

4.2 Non-recovery of tax

Under the Bihar Motor Vehicles Taxation (BMVT) Act, 1994, and rules made thereunder, tax in respect of a vehicle is payable annually or quarterly within 15 days from the commencement of the year or quarter, as the case may be. Non-payment of tax in time attracts imposition of penalty at prescribed rates.

In 29 district transport offices⁶, it was noticed that the owners of 1,448 transport vehicles had stopped payment of taxes in the offices where they were originally registered and no reasons were found recorded for their non-payment. The Department had also not taken any action to realise the same. This resulted in non-recovery of tax of Rs 11.80 crore pertaining to the period between April 1991 and May 2002.

On this being pointed out, the concerned District Transport Officers (DTOs) stated between January and December 2002 that demand notices would be issued for realisation of the arrears due. Further replies were awaited (August 2004).

The cases were reported to the Government in June 2003; their reply has not been received (August 2004).

4.3 Non-realisation of trade tax and penalty on delayed payment

Under the provision of the Bihar Motor Vehicles Taxation Act, 1994, trade tax at the prescribed rates is to be paid by the dealer in respect of motor vehicles in his possession in the course of his business. Further, according to the instructions issued by the Government in May 2001, penalty on delayed payment of trade tax is to be levied at the rate as prescribed in the Act.

⁵ Allahabad Bank, Bank of Maharashtra, Bank of India, Indian Bank, Punjab and Sindh Bank, State bank of Patiala, and S.B.I. Main Branch, Patna.

⁶ Araria, Aurangabad, Begusarai, Bhabhua, Bhagalpur, Bhojpur, Buxar, Darbhanga, East Champaran, Gaya, Jamui, Jahanabad, Kaimur, Khagaria, Kishanganj, Madhepura, Madhubani, Munger, Muzaffarpur, Nalanda, Nawada, Patna, Samastipur, Saran, Sasaram, Sitamarhi, Siwan, Vaishali and West Champaran.

In two district transport offices (Begusarai and Bhojpur), it was noticed that in the case of 19 dealers of motor vehicles, the trade tax was either not collected or penalty on delayed/non-payment of trade tax for the years 1998-1999 to 2001-2002 was not levied. This resulted in non-realisation of trade tax and penalty amounting to Rs 6.57 lakh.

On this being pointed out, the DTO, Begusarai stated in August 2002 and December 2002, that demand notices had been issued and certificate cases would be filed. The DTO, Bhojpur stated in December 2002 that matter would be examined. Further reply was not received.

The matter was reported to the Government in June 2003; their reply has not been received (August 2004).

4.4 Non-realisation of tax on rejection/cancellation of surrender

The State Transport Commissioner (STC), Bihar issued instructions on 12 January 1990, that in respect of vehicles surrendered for more than three months prior to issue of this memo, notice be issued to the vehicle owners to withdraw the surrendered documents within 15 days of the issue of notice failing which surrender would be automatically cancelled and taxes alongwith penalty would be realised from them.

In the District Transport Office, Munger, it was noticed that documents in respect of five motor vehicles were surrendered for exemption from payment of tax during the year 1988-1989. The DTO rejected in June 1996 the surrenders of document after due examination of the records but did not recover the tax from February 1990. This resulted in non-realisation of taxes of Rs 7.42 lakh.

On this being pointed out, the DTO stated in July 2002 that demand notices for realisation would be issued. Further reply has not been received (August 2004).

The matter was reported to the Government in June 2003; their reply has not been received (August 2004).

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4.5 Loss due to delay in deposit of revenue collected

Under the provision of the Bihar Financial Rules, all transactions must be brought to account without delay and should be credited to Public Account. According to instructions issued by Government in June and November 1978, all collecting banks are required to transfer the amount of taxes, fees, etc. deposited by owners of vehicle under the Taxation Act to the State Bank of India (SBI), Secretariat Branch, Patna. As per instruction of STC issued in 1996, the amount deposited in bank by the owners of vehicles during April to February is to be transferred to the SBI, Secretariat Branch, Patna in such a manner that all receipts of preceding months stand transferred latest by first week of the succeeding month. Further, the amount deposited in the month of March is to be transferred by 31 March positively so that all receipts of a financial year stand transferred to Government account within the same financial year. As per the Reserve Bank of India's, instructions issued in 1995, interest at the rate of 11.30 per cent per annum is payable by banks on delayed remittances to government account.

4.5.1 Non-realisation of revenue due to non-transfer of revenue into government account

In the office of DTO, Patna and STC, Bihar, Patna, it was noticed that there was a closing balance of Rs 33.99 lakh as on 31 March 2002 in a nationalised bank and Rs 2.86 crore as on 31 March 2003 in two nationalised banks which was not transferred to government account through SBI, Secretariat Branch, Patna during the same financial year.

On this being pointed out, it was stated in November 2002 by the DTO, Patna that a cheque for Rs 32.40 lakh was issued on 30 March 2002, though the same was not transferred to the government account by the bank till 31 March 2002. The reply was not tenable as the amount was remitted through a cheque on 5 April 2002. Further, the STC Bihar, Patna stated in May 2003 that action to transfer the balance amount of Rs 2.14 crore by cheque to government account was being taken. The reply of the Department is not acceptable as the amount collected during a financial year was required to be credited into government account during the same financial year.

4.5.2 Loss of revenue in shape of interest

In the office of DTO, Patna and STC, Bihar, Patna, it was noticed that the amount of tax collected during 2001-2002 and 2002-2003 by the Punjab National Bank, Patna and during 2002-2003 by three banks viz. the State Bank of Patiala, Indian Bank and Corporation Bank, Patna were not transferred to SBI Secretariat Branch, Patna within the prescribed time for remitting to government account during the same financial year. The delay ranged between one month and seven months. This resulted in loss of government revenue in the shape of interest amounting to Rs 38.91 lakh.

On this being pointed out, it was stated in November 2002 and May 2003 by the DTO Patna that the matter was noted for future guidance and by the STC Bihar, Patna that the concerned banks were being directed to deposit the amount of interest. Further reply has not been received (August 2004).

The matter was reported to the Government in September 2003; their reply has not been received (August 2004).

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2003-04

4.2 Lack of control over collection of tax

Under the provisions of Bihar Motor Vehicles Taxation (BMVT) Act, 1994 as amended from time to time and rules made thereunder, tax in respect of a vehicle is payable annually or quarterly within 15 days from the commencement of the year or quarter, as the case may be. Cases of non-payment of tax in time is liable for imposition of penalty at prescribed rates together with the arrears of tax. Further, under provisions of Motor Vehicles (MV) Act, 1988 if the owner of a motor vehicle changes his place of residence/business, he shall within 30 days, intimate his new address to the original registering authority.

In 15 District Transport Offices (DTOs)⁷, it was noticed between September 2003 and March 2004 that the owners of 875 transport vehicles did not pay tax in the offices where they were originally registered and no reasons were found recorded for non-payment of the tax. The Department had not taken any action to recover the same except in one case of DTO Darbhanga where demand notices had been issued but tax was yet to be realised. This resulted in non-recovery of tax of Rs 8.09 crore including penalty of Rs 5.39 crore pertaining to the period from April 1999 to January 2004.

After this was pointed out in audit between September 2003 and February 2004, the DTO Darbhanga and Muzaffarpur stated in February 2004 that notices had already been issued and the remaining DTOs stated between September 2003 and March 2004 that demand notices

⁷ *Aurangabad, Begusarai, Bhagalpur, Bhojpur, Buxar, Darbhanga, Gaya, Gopalganj, Khagaria, Munger, Muzaffarpur, Patna, Purnea, Sasaram and Siwan.*

would be issued for realisation of the tax due. Further replies have not been received (September 2004).

The cases were reported to the Government in June 2004; their reply has not been received (September 2004).

4.3 Non-realisation of tax from vehicles

Under the provisions of BMVT Act, 1994 and rules made thereunder, the owner of a motor vehicle who does not intend to use his vehicle for certain period not exceeding six months at a time, can be exempted from payment of tax by the competent authority provided his claim for exemption is supported by the required documents such as certificate of registration, fitness certificate and tax token etc. and furnishes declaration to this effect alongwith surrender of tax token and certificate of registration. He shall also furnish further undertaking to the concerned Taxation Officer if the extension of the said period is required. According to executive instructions issued by the State Transport Commissioner (STC) in December 1990, the DTOs are required to realise the arrear of tax before accepting surrender of vehicles for non-use.

In six DTOs⁸, it was noticed between September 2003 and February 2004 that documents of 77 motor vehicles were surrendered between December 2001 and December 2002, but no further undertakings were received in respect of these vehicles for extending the period of surrender. In the absence of fresh undertakings for extension of surrender, the vehicle owners were liable to pay tax of Rs 30.58 lakh for the period from July 2002 to February 2004.

After this was pointed out in audit between September 2003 and February 2004, the DTO Sasaram stated that demand notices had been issued whereas DTO Muzaffarpur stated that demand notices are being issued while three DTOs⁹ stated that action would be taken. Further reply has not been received (September 2004).

The cases were reported to the Government between February and May 2004; their reply has not been received (September 2004).

4.4 Short realisation of tax due to non/short revision of seating capacity

Under the provisions of Rule 126 of the Bihar Motor Vehicles Rules, 1940, and the executive instructions issued by the STC Bihar in December 1998 and September 2000 the seating capacity of the Public Service Vehicles is to be fixed on the basis of the wheelbase of the vehicles. The seating capacity of the tourist coach is to be fixed keeping in view the condition laid down under the Central Motor Vehicle Rules, 1989. The tax is leviable at the rate prescribed in the Schedule I and II of BMVT Act.

During scrutiny of Registration registers and statements furnished by five DTOs¹⁰ it was noticed between August 2002 and December 2003 that in respect of 17 vehicles seating capacity was revised between January and November 1999 but tax at revised rates on these vehicles were realised for the period between October 2000 and July 2002 instead of from the date of revision and in respect of another 38 vehicles seating capacity was not revised as per wheelbase. This resulted in non/short realisation of taxes of Rs 20.24 lakh.

After this was pointed out in audit between August 2002 and December 2003, the DTO Purnea stated that action for revision would be taken and differential tax would be realised whereas the remaining DTOs stated that action would be taken after examination. Further reply has not been received (September 2004).

The cases were reported to the Government in February 2004; their reply has not been received (September 2004).

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⁸ Bhagalpur, Gaya, Munger, Muzaffarpur, Purnea and Sasaram

⁹ Gaya, Munger and Purnea

¹⁰ Aurangabad, Gaya, Muzaffarpur, Purnea and Sasaram

Internal control mechanism

4.2.5 Internal controls are intended to provide reasonable assurance of proper enforcement of laws, rules and departmental instructions. Internal audit, a vital component of internal control is generally defined as control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well.

The Finance (Audit) Department works as internal auditor of all departments of the State Government including the Transport Department as per orders of Finance Department of May 1960. During the period 2001-02 to 2003-04, the Finance (Audit) Department did not conduct internal audit of the Transport Department.

BMVT Rules provides for maintenance and periodical updating of demand, collection and balance (DCB) register by every taxing officer to ensure effective control over timely realisation of tax dues.

BMVT Rules provides for maintenance and periodical updating of demand, collection and balance (DCB) register by every taxing officer to ensure effective control over timely realisation of tax dues.

DCB register were not maintained in any of the 14 DTOs test checked indicating absence of internal control for timely raising and realisation of demands.

Trend of revenue

4.2.6 The Bihar Budget Procedures provide that estimates of revenue and receipt should show the amount expected to be realised within the year. In estimating fixed revenue for the ensuing year, the calculations should be based upon the actual demand including any arrears due for past years and probability of their realisation during the year. In case of fluctuating revenue, the estimate should be based upon comparison of the last three years receipts. The controlling officer is required to examine the budget proposals received from the disbursing officers and submit it to the Finance Department. Bihar Financial Rules (BFRs) provide for periodical reconciliation of figures with Finance Department.

A comparison of budget estimates, receipts realised according to Finance Account and figures of revenue realisation as furnished by the Department revealed variations as detailed below:

(Rupees in crore)

Year	Budget estimates	Receipts as per		Variation between budget estimates and receipt (per cent)
		Finance Accounts	Department	
2001 -02	160.00	141.54	133.10	(-) 11.54
2002 -03	205.00	177.98	177.54	(-) 13.18
2003 -04	275.00	209.50	217.91	(-) 23.82

The revenue realised was always lower than the budget estimates and the variation between budget estimates and receipts realised ranged between 11.54 and 23.82 *per cent* during 2001-04. Reasons for variation though called for were not furnished.

- There was also variation in receipts as appearing in the Finance Account and those furnished by the Department to audit. In order to ensure that amount collected has been properly accounted for, reconciliation between departmental figures and those booked in Finance Account is required to be done regularly by the department which was not done.
- Cross verification of figures of revenue collection of 12 DTOs¹ for the period 2001-04 with the figures furnished by STC revealed variation of Rs 1.19 crore. The variation in the figures indicated that either reports/returns as submitted by the DTOs were not scrutinised properly at the apex level or the figures supplied by DTOs were incomplete.

Arrears pending collection

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4.2.7 The arrears of revenue pending collection at the end of 31 March 2004 as reported by the Department was Rs. 85.75 crore and all arrears were certified for collection as arrears of land revenue. Test check of records relating to certificate cases revealed complete absence of internal control and monitoring for pursuance of certified cases as discussed below:

Non reconciliation of certificate cases

Under the BMVT Act, tax dues can be recovered by certificate proceedings as arrears of land revenue. Under the provisions of the Bihar and Orissa Public Demands Recovery Act (BOPDR Act), 1914, the requiring officer (RO) sends proposals for initiating certificate proceedings to the certificate officer (CO) and enters the details of such cases in register IX. These are in turn entered in Register X maintained by the CO for initiating certificate proceedings for realisation of dues.

Test check of register IX with relevant records in the office of 10 DTOs¹¹ showed that the registers were not properly maintained viz. not closed periodically to show items settled, balance thereof and not submitted to the RO for his perusal. Reconciliation of register IX with register X by ROs was also not on record. As such, actual position of disposal of certificate cases could not be ascertained from register IX. The figures obtained from 10 DTOs for the period 2001-02 to 2003-04, however, showed the position as below:

(Rupees in crore)

Year	Opening Balance		Addition		Total		Disposal		Balance		Percentage of disposal
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	
2001-02	7,193	21.69	338	1.02	7,531	22.71	152	0.24	7,375	22.43	1.1
2002-03	7,615	23.73	1,707	7.00	9,322	30.73	399	0.54	8,923	29.45	1.8
2003-04	8,834	26.30	249	3.41	9,083	29.71	195	0.35	8,888	29.85	1.2

The figures of closing balance do not tally with the figures of opening balance of succeeding years. Further, 8,888 certificate cases¹² involving Rs 29.85 crore were pending in the offices of concerned DTOs as on 31 March 2004. The disposal rate in terms of amount ranged between 1.1 per cent and 1.8 per cent, which indicated poor recovery and lack of monitoring.

Certificate cases returned due to vehicle owners not being traceable

Test check of Register X maintained in the district certificate offices and the details made available to audit by them revealed that 427 recovery certificate proposals involving Rs. 3.18 crore sent by eight DTOs¹³ during 1991-92 to 2003-04 were returned by the COs between April 2001 and December 2004 due to inadequate information in the certificate proposals such as wrong addresses of the vehicle owners. No action was taken by the ROs for speedy compliance on the queries of CO. Thus not taking timely action by the ROs resulted in non execution of certificate cases for recovery of arrears.

Lack of control over unpaid taxes

4.2.8 Under the provisions of the BMVT Act, tax is to be paid to the registering authority in whose jurisdiction the vehicle has been registered. The registering authority may exempt vehicle owner from payment of tax, if he is satisfied that prescribed conditions for securing exemption have been fulfilled by the vehicle owner.

In case of change of place of residence/ business, the owner can pay tax to the new registering authority subject to production of “No Objection Certificate” (NOC) from the previous

¹¹ Bettiah, Bhagalpur, Chapra, Darbhanga, Gaya, Madhubani, Motihari, Munger, Nalanda and Vaishali.

¹² There was discrepancy in the opening and closing balances during the above years in respect of both the number of cases and the amount involved.

¹³ Bhagalpur, Bettiah, Chapra, Gaya, Motihari, Munger, Muzaffarpur and Vaishali

registering authority as prescribed. In order to ensure realisation of dues, the DTO is required to issue demand notice and in case of non response to demand notice, certificate proceedings are to be initiated, as per executive instructions issued by the Department from time to time. Penalty is also leviable for non payment of tax within time.

Test check of entries in taxation registers¹⁴ of 24¹⁵ district transport offices revealed that owners of 1,215 transport vehicles had not paid the tax dues of Rs 22.92 crore for the period between April 1999 and November 2004 as on 31.3.2004. Of these, 33 vehicles pertained to Government departments and State Government undertakings involving tax of Rs. 1.44 crore. Neither issue of demand notices nor fact of change of address of owner or surrender of documents of vehicles for securing exemption from payment of tax during the period of non payment of tax was found on record. Since DCB registers were not maintained by the concerned registering authorities, they could not exercise effective control over realisation of revenue.

After this was pointed out to the Department in July 2005, the Department stated in September 2005 that Rs 12.48 lakh has been recovered from eight vehicle owners of Sitamarhi and Vaishali and in case of 10 DTOs¹⁶ demand notices have been issued while certificate cases have been filed in three DTOs¹⁷. Reply in remaining cases has not been received (September 2005).

Non realisation of tax from vehicles involved in surrender

4.2.9 Under the BMVT Act and Rules made thereunder, when owner of a motor vehicle does not intend to use his vehicle for a period not exceeding six months at a time, he can be exempted from payment of tax by the competent authority provided that his claim for exemption is supported by surrender of required

documents such as certificate of registration, fitness certificate, tax token etc. for the period of non use of vehicle. The vehicle owner shall also, from time to time, furnish undertaking to the concerned taxation officer for extension, if any, of the said period.

If at any time during the period covered by an undertaking as aforesaid, the motor vehicle is found being used or is kept at a place other than the place mentioned in the undertaking, such vehicle shall for the purpose of this Act, be deemed to have been used throughout the said period without payment of tax. According to executive instructions issued in December 1990, the DTOs are required to realise arrears of tax before accepting surrender of documents of vehicle for non use.

Scrutiny of taxation register, surrender register and other relevant records pertaining to payment of road tax and additional motor vehicles tax revealed non realisation of tax of Rs. 2.22 crore for 299 vehicles in 26 DTOs as detailed below:

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¹⁴ *Taxation Register: A register in Form M as prescribed under BMVT Rules for all vehicles except personalised vehicle, having separate pages earmarked for each vehicle.*

¹⁵ *Araria, Aurangabad, Begusarai, Bettiah, Bhabhua, Bhagalpur, Chapra, Darbhanga, Gaya, Gopalganj, Jahanabad, Jamui, Katihar, Kishanganj, Madhubani, Motihari, Munger, Muzaffarpur, Nalanda, Nawada, Purnea, Sitamarhi, Siwan and Vaishali.*

¹⁶ *Aurangabad, Begusarai, Bhagalpur, Darbhanga, Gaya, Katihar, Motihari, Muzaffarpur, Sitamarhi and Vaishali*

¹⁷ *Aurangabad, Sitamarhi and Vaishali*

(Rupees in crore)

Sl. No.	Name of DTO	No. of vehicles	Period involved	Nature of irregularities	Amounts
1	20 DTOs ¹⁰	247	August 2001 to March 2005	The Department did not take any steps for realisation of revenue in respect of vehicles surrendered beyond six months without fresh undertaking.	1.03
2	Patna	34	August 2002 to March 2005	Surrender applications of 34 vehicles were rejected but upto date tax was not realised due to not finding of vehicles at specified place in five cases and in 29 cases conditions as per Act were not fulfilled.	1.00
3	Darbhanga, Gaya, Gopalganj, Motihari and Muzaffarpur	18	June 1999 to November 2004 (vehicles were surrendered between July 2002 and October 2003).	Acceptance of surrender without realising upto date tax	0.19
		299			2.22

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After this was pointed out to the Department in July 2005; the Department stated in September 2005 that DTO Darbhanga has issued demand notices. Reply in remaining cases has not been received (September 2005).

Revenue blocked due to pending exemption cases

4.2.10 Under the provision of BMVT Act, where the taxing officer on an application accompanied by an affidavit of the owner of a motor vehicle, is satisfied after enquiry that a motor vehicle has not been used in Bihar for a continuous period of more than a calendar month, he may exempt from payment of tax and write off the amount of arrear of tax up to a maximum of Rs 4,000 under intimation to the STC Bihar and where the amount of arrears exceeds Rs 4,000, he may refer the matter to STC Bihar or to any other competent authority for decision.

• On examination of exemption register in the office of STC, Bihar it was noticed that 25 DTOs¹⁹ forwarded between April 2002 and April 2005 proposals in respect of 320 vehicles for allowing exemption from payment of tax. Of this, details such as period of exemption sought for and amount involved in 85 cases were not found entered and in 15 cases disposals were shown leaving the balance 220 cases involving Rs 88.69 lakh unattended as of June 2005.

• On examination of surrender register and concerned records in the offices of four DTOs²⁰, it was noticed that surrender of 37 vehicles requiring the acceptance of exemption from payment of tax by higher authority were accepted by the concerned DTOs, entered in the surrender register and the vehicles were released between May 2001 to September 2004, but these cases were not forwarded to the higher authorities for allowing exemption from payment of tax till June 2005. Revenue involved in these cases was Rs 9.08 lakh.

The matter was reported to the Department in July 2005; reply has not been received (September 2005).

Irregular issue of certificate of fitness

(¹⁸) 10 Araria, Begusarai, Bettiah, Bhagalpur, Bhojpur, Chapra, Darbhanga, Gaya, Gopalganj, Kishanganj, Motihari, Munger, Muzaffarpur, Nalanda, Nawada, Patna, Purnea, Sitamarhi, Siwan and Vaishali.

¹⁹ Aurangabad Begusarai, Bettiah, Bhabhua, Bhagalpur, Chapra, Darbhanga, Gaya, Gopalganj, Jahanabd, Katihar, Kishanganj, Madhepura, Madhubani, Motihari, Munger, Muzaffarpur, Nalanda, Patna, Rohtas, Saharsa, Samastipur, Sitamarhi, Siwan and Vaishali.

²⁰ Bettiah, Darbhanga, Motihari and Patna.

4.2.11 Under the provisions of the BMVT Act and Rules made thereunder, if the tax payable for a motor vehicle has not been paid during the prescribed period, the person liable to pay such tax shall pay, together with arrears of tax, penalty at the prescribed rates. The MV Act provides that a transport vehicle shall not be deemed to be validly registered unless it carries a 'certificate of fitness' (CF) granted by the prescribed authority.

Further, according to executive instructions of the STC issued from time to time, the latest being issued in February 1999, the MVI is to ensure upto date payment of tax before issue of CF.

Cross verification of entries in CF registers in MVI offices with the taxation registers/computer statement furnished by seven DTOs²¹ revealed that for 77 vehicles, certificates of fitness were issued by the MVI without ensuring upto date payment of tax of Rs 1.95 crore for the period December 2000 to March 2005.

As no statement or return was prescribed to be forwarded by the MVI to the DTO/STC in connection with issue of fitness certificates and corresponding upto date payment of taxes, no internal control could be exercised by the superior authorities.

The matter was reported to the Department in July 2005; reply has not been received (September 2005).

Non realisation of trade tax from dealers

4.2.12 Under the provisions of the BMVT Act, trade tax as specified shall be paid by a manufacturer of or a dealer in motor vehicles for the motor vehicles in his possession in the course of his business as a manufacturer or dealer and in case of failure, penalty will be levied in terms of BMVT Rules and executive instructions issued by STC in May 2001.

According to executive instructions issued in November 1990, the DTO is required to issue demand notice and in case of non response to demand notice, initiate certificate proceedings to ensure realisation of dues.

Test check of trade tax registers of four DTOs²² revealed that 24 dealers of motor vehicles did not pay trade tax for the period 2000-01 to 2003-04. Action regarding issue of demand notice and initiation of certificate proceedings was not found on record. This resulted in non realisation of revenue of Rs 10.81 lakh including penalty of Rs 9.91 lakh.

After this was pointed out to the Department in July 2005; the Department stated in September 2005 that demand notices have been issued by the DTO Vaishali. Reply in remaining cases has not been received (September 2005).

Issue of documents without verifying credit of revenue into Government account

4.2.13 Under the provisions of the BMVT Rules and executive instructions of May 1980 and September 1996, the DTO, after satisfying that the vehicle owner has deposited the payable amount, will issue necessary documents/ certificates for which the money has been paid. Verification of such deposit is mandatory before issue of any document by the DTO.

Cross verification of registers of licenses and fitness with computer cash book and office copy of money receipts in DTO, Patna revealed that the DTO issued documents in respect 3,360 cases between August 2002 and October 2003 relating to learner license/driving license/transfer of ownership/duplicate registration certificate book/fitness certificate etc. without ensuring actual deposit of revenue into Government account. The amount shown in the money receipt was neither recorded in computer cash book nor deposited into treasury which amounted to Rs 5.07 lakh.

After this was pointed out in audit in October 2003, the DTO reported in June 2005 that Rs 4.95 lakh from the applicants have been realised and action was being taken for realisation of balance amount.

²¹ Darbhanga, Gaya, Madhubani, Motihari, Munger, Nalanda and Patna.

²² Bhagalpur, Patna, Purnea and Vaishali.

Non realisation of revenue due to non assignment of new registration mark to vehicles registered in other state

4.2.14 Under the provisions of the MV Act and Rules made thereunder, where a motor vehicle belonging to other State is intended to be kept in the State for a period exceeding 12 months, the owner of vehicle on furnishing a declaration to that effect is to submit an application accompanied by a NOC along with appropriate fee at any time within 12 months or within a period of 30 days from the date of expiry of 12 months for assignment of new registration mark to the vehicle. If the owner fails to apply within the prescribed period, he is required to pay a fine not exceeding Rs 100 in addition to the prescribed fee.

Examination of the 'Present Address Register'²³ for vehicles originally registered in other states in the office of 14 DTOs²⁴ showed that 2,856 motor vehicles pertaining to other states had been plying in the State for more than 12 months from 1999 to 2004. Neither any action to assign new registration mark to these vehicles nor any action regarding issue of notice was found in the present address register. This resulted in non realisation of Rs 9.94 lakh in shape of fee including fine.

After this was pointed out to the Department in July 2005, the Department stated in September 2005 that Rs 0.02 lakh has been recovered from five vehicle owners of the DTO Vaishali and demand notices have been issued by six DTOs²⁵. Reply in remaining cases has not been received (September 2005)

Non renewal of registration certificate

4.2.15 The MV Act read with CMV Rules provides that a certificate of registration issued for vehicles other than transport vehicle, shall be valid for a period of 15 years from the date of issue of such certificate and shall be renewable on payment of prescribed fee for a further period of five years. If the vehicle owner fails to make an application for renewal within 60 days after expiry of registration, fine not exceeding Rs 100 is leviable. STC reiterated in June 1991 that such vehicles should be registered well in time.

Test check of records of 13 DTOs²⁶ revealed that certificate of registration of 3,662 vehicles (other than transport vehicles) which expired between April 1999 and November 2003 were not renewed after the expiry of the said period (15 years). There was nothing on record to show that these vehicles had been transferred to other regions/states. The concerned DTOs did not take any steps to get the registration of these vehicles renewed though executive instruction issued by the STC in June 1991 reiterated for timely registration of such vehicles. Any effort by Enforcement Wing to check plying of vehicles without renewed registration was also not found on record. This resulted in non realisation of revenue of Rs 9.74 lakh including leviable fine of Rs 3.66 lakh.

After this was pointed out to the Department in July 2005, the Department stated in September 2005 that Rs 0.01 lakh has been recovered by the DTO Vaishali and demand notices have been issued by six DTOs²⁷. Reply in remaining cases has not been received (September 2005).

Lack of control on disposal of bank drafts received from other States

4.2.16 Under the provisions of the Bihar Financial Rules, all transactions must be brought to account without delay and all money credited to public account.

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²³ 'Present Address Register': A register for vehicles registered in other states and to be maintained as per format prescribed for Registration Register.

²⁴ Begusarai, Bettiah, Bhagalpur, Chapra, Darbhanga, Gaya, Muzaffarpur, Motihari, Munger, Madhubani, Nalanda, Patna, Purnea and Vaishali.

²⁵ Begusarai, Bhagalpur, Darbhanga, Motihari, Sasaram and Vaishali

²⁶ Begusarai, Bettiah, Bhagalpur, Chapra, Darbhanga, Gaya, Muzaffarpur, Munger, Motihari, Nalanda, Patna, Purnea and Vaishali.

²⁷ Begusarai, Bhagalpur, Darbhanga, Motihari, Sasaram and Vaishali

A bank draft register containing receipt of bank drafts on account of realisation of composite fee due from concerned states under National Permit Scheme is required to be maintained by office of the STC. The State Government authorised certain nationalised banks to collect the amount of bank drafts deposited with the STC.

According to STC's instruction issued in March 1996, the amount collected by the banks during April to February is to be transferred to State Bank of India (SBI), Secretariat Branch, Patna in such a manner that all receipts during a particular month stand transferred latest by first week of the subsequent month and the amount collected in the month of March is to be transferred by 31 March positively so that all amounts deposited in a financial year stand transferred to Government account within the same financial year.

According to the Reserve Bank of India instructions issued in April 2003, interest at bank rate²⁸ plus two *per cent* is payable by banks on delayed remittances to Government account. In case of failure to transfer collection by banks to Government account, the STC is to issue cheques against the balance at the banks.

- Test check of the bank reconciliation statement of revenue collecting banks²⁹ as available in the office of STC, revealed that the collecting banks transferred the revenue collection to SBI, Secretariat Branch, Patna for credit into Government account with delays ranging from more than one month to 11 months. The Department did not charge interest for delayed remittances of amount to the Government account resulting in loss of interest of Rs1.85 crore for the period between March 2003 and February 2005.

- The examination of bank draft register of STC, showed that 26,093 bank drafts amounting to Rs 9.61 crore for composite fee received from different states were sent to six banks³⁰ by STC during July 2003 to March 2005 but the STC did not issue cheque in favour of SBI, Secretariat Branch, Patna for transfer of revenue on account of failure of these banks to transfer collection to the Government account. Thus Government revenue remained blocked with the banks.

- Test check of bank draft register revealed that STC sent 743 expired bank drafts amounting to Rs 27.17 lakh received from other states on account of composite fee for the period from April 2001 to March 2004, to different authorised banks in March 2005 for revalidation. Government revenue was blocked as the expired bank drafts remained pending for revalidation as of June 2005.

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Conclusion

4.2.17 The Transport Department could not exercise proper internal control for timely raising and realisation of demand leading to huge amount of motor vehicles taxes pending for collection at various stages of recovery. Proper safeguards were also not exercised in allowing exemption from payment of taxes on vehicles.

Recommendations

4.2.18 Government may examine and consider:

- creation of specific and definite mechanism to ensure appropriate and timely action for issue of demand notice followed by certificate proceedings for recovery of unpaid taxes,
- taking effective measures in coordination with the District Certificate Officer for disposal of pending certificate cases, and,
- evolving a control system for monitoring the working of the enforcement wing, DTO and MVI at apex level to ensure prompt detection of unauthorised vehicles and ensuring prompt recovery of tax.

Incomplete database

²⁸ According to RBI circular dated 29.4.2003 Bank rate was six per cent.

²⁹ Bank of Baroda, Corporation Bank, Indian Bank, State Bank of Patiala & State Bank of Bikaner & Jaipur.

³⁰ Allahabad Bank, Bank of India (Main branch), Bank of Baroda, Punjab and Sind Bank, State Bank of Patiala and State Bank of Bikaner & Jaipur.

4.3.4 According to Rule 47 of Central Motor Vehicle Rules, 1989, Form 20 is prescribed for registration of vehicles, which contains information in 33 fields. In NICTRAN, all 33 fields have been provided for data entry.

- Analysis of the registration databases of DTOs of Bhagalpur, Patna and Purnea (since implementation of computerisation) revealed that data capture was partial even in crucial fields (detailed in **Annexure I**). Data entry pertaining to mandatory fields for registration such as registration date, owner's name, address, dealer's name, engine/chassis number and insurance certificate/cover note number, date was not done in many cases, as detailed in the following table:

DTO	No. of Vehicles	Total number of fields having blank values					
		Registration Date	Owner's name	Address	Dealer's name	Engine /Chassis No.	Insurance Company/Insurance No.
Bhagalpur	36,896	5,390	8,371	6,946	10,031	8,758/6,572	27,838/27,841/ 27,837
Patna	1,83,054	25,124	13,425	27,316	27,212	28,870/26,620	34,961/37,132/34,961
Purnea	10,713	24	Nil	38	FNA ²⁸	Nil/6	FNA

In reply, the Department stated in September 2005 that action is being taken to fill in the missing data in the databases of DTOs Bhagalpur and Patna.

- According to Central Government notification³¹, it is mandatory for vehicle owners to disclose annual income and PAN/GIR³² number from 31 May 2002. Audit observed that no such information was available in the database of the three DTOs taken up for audit. Scrutiny of taxation database of DTOs revealed that while granting NOC to those opting for tax payment in other districts of Bihar/outside the State, the place where tax would be payable, was not mentioned in cases shown in table below (detailed in **Annexure II**):

DTO	No. of cases where NOC was issued	No. of cases in which district/place not mentioned
Bhagalpur	79	62
Patna	560	184
Purnea	82	45

Information regarding place wise NOC could not be retrieved from the database in some cases and instantaneous information, therefore, could not be passed on to other DTOs for cross checking and timely realisation of revenue.

Besides making the database unreliable, any analysis or reports for Management Information System (MIS) based on an incomplete database is likely to furnish incomplete and misleading information.

Recommendations

4.3.9 The Government may examine and consider the following recommendations:

- The system should have sufficient controls so that consistent and complete database can be maintained by DTOs. The software may be updated well in time when policies change. Any revision in the rate of taxes and fees, should be incorporated in the computer database so that cases of short realisation do not occur in future;
- Adequate control of management over IT Department is required to meet the business needs. All transactions may be entered accurately, validated, authorised and correctly

28. *Field Not Available*

31. *GSR 400(E) dated 31.05.2002*

32. *Permanent Account Number/General Index Registration Number*

classified, to avoid incomplete/incorrect database. Data fields may be preprogrammed with limits; and,

- System documentation may be done and updated to incorporate any changes made. Management may also ensure that a 'Change Management Policy' is in place. Documents of taxation regulations may be retained. The management must ensure that a Business Continuity Plan is in place, to ensure running of critical applications and safeguarding data in the event of a disaster.

2005-06

4.2 Lack of control over unpaid taxes

Under the Bihar Motor Vehicles Taxation Act (BMVT Act), 1994 tax is to be paid to the registering authority (RA) in whose jurisdiction the vehicle has been registered. The RA may exempt vehicle owner from payment of tax, if he is satisfied that prescribed conditions for securing exemption have been fulfilled by the vehicle owner. In case of change of place of residence/business, the owner can pay tax to the new RA subject to production of no objection certificate (NOC) from the previous RA as prescribed. In order to ensure realisation of dues, RA is required to issue demand notice and in case of non response of vehicle owner, certificate proceedings are to be initiated. Non payment of tax within due date attracts penalty ranging between 25 and 200 *per cent* of tax due.

Further according to executive instructions of the State Transport Commissioner (STC) issued from time to time, the latest being issued in February 1999, motor vehicle inspector (MVI) is to ensure upto date payment of tax before issue of certificate of fitness (CF).

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4.2.1 During test check of entries in taxation registers of 29 district transport offices (DTO)³³, it was noticed between March 2005 and March 2006 that owners of 1,262 vehicles had not paid due tax of Rs 30 crore (including penalty) pertaining to the period from April 2003 to December 2005. Neither issue of demand notice nor fact of change of address of owner or surrender of documents of vehicles for securing exemption from payment of tax during the period of non payment of tax was found on record.

After this was pointed out, DTO, Gaya in June 2006 issued demand notices on 88 vehicles amounting to Rs 2.12 crore. Other DTOs stated that demand notices would be issued for realisation of tax. Further reply including report of recovery has not been received (October 2006).

4.2.2 During cross verification of entries in register of CF with taxation

registers in nine DTOs³⁴, it was noticed between April 2005 and March 2006 that CF were issued in case of 82 transport vehicles without ensuring upto date tax payment. The omission, besides

³³ Araria, Arrah, Aurangabad, Begusarai, Bettiah, Bhabhua, Buxar, Chapra, Darbhanga, Gaya, Gopalganj, Jamui, Jehanabad, Khagaria, Kishanganj, Katihar, Madhepura, Madhubani, Motihari, Munger, Muzaffarpur, Nalanda, Patna, Samastipur, Saharsa, Sasaram, Sitamarhi, Siwan and Vaishali.

³⁴ Arrah, Aurangabad, Darbhanga, Gaya, Jehanabad, Motihari, Nalanda, Samastipur and Sasaram.

violation of STC's orders, also resulted in non realisation of tax of Rs 1.53 crore (including penalty) pertaining to the period between April 2001 and February 2006.

After this was pointed out, four DTOs³⁵ replied that the matter would be referred to the concerned MVI. No reply has been received in other cases (October 2006).

The cases were reported to Government between April 2005 and April 2006; reply has not been received (October 2006).

4.3 Non realisation/exemption of tax on vehicles involved in surrender

Under the BMVT Act and Rules made thereunder, when owner of a motor vehicle does not intend to use his vehicle for a period not exceeding six months at a time, the owner can be exempted from payment of tax by the competent authority provided that the claim is supported by surrender of certificate of registration (RC), CF and tax token etc., for the period of non use of vehicle. The vehicle owner shall also, from time to time, furnish undertaking to the taxing officer concerned if the extension of the said period is required. The taxing officer is required to carry out physical verification of the parking place of the vehicle at least once a month and shall record the memo of inspection in the case record of vehicle. If at any time during the period covered by an undertaking as aforesaid, the motor vehicle is found being used or is kept at a place other than the place mentioned in the undertaking, such vehicle shall for the purpose of this Act, be deemed to have been used throughout the said period without payment of tax. According to executive instruction issued in December 1990, the DTOs are required to realise arrears of tax before accepting surrender of documents of vehicle for non use.

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4.3.1 Scrutiny of taxation register, surrender register and other relevant records pertaining to payment of road tax and additional motor vehicles tax revealed non realisation of tax of Rs 1.31 crore including penalty in respect of 125 vehicles involved in surrender in 13 DTOs³⁶ as detailed below:

³⁵ Gaya, Nalanda, Samastipur and Sasaram.

³⁶ Begusarai, Chapra, Gaya, Khagaria, Motihari, Muzaffarpur, Nalanda, Saharsa, Samastipur, Sasaram, Sitamarhi, Siwan and Vaishali.

5. Begusarai, Gaya, Khagaria, Muzaffarpur, Nalanda, Saharsa, Samastipur, Sasaram Sitamarhi and Vaishali.

6. Gaya, Motihari, Nalanda, Samastipur and Sitamarhi.

(Rupees in lakh)

Sl.No.	Name of DT Offices	No. of vehicle	Period of tax involved	Irregularities	Tax effect
1	10 DT Offices ⁵	76	February 2001 to December 2005	Vehicles were kept under surrender beyond six months without fresh undertaking from vehicle owners.	56.23
2	Five DT Offices ⁶	31	January 2002 to March 2005	Acceptance of surrender of vehicles without realising upto date tax.	53.92
3	Sasaram	02	August 2002 to April 2005	Vehicles were not found at specified places.	10.43
4	Chapra	07	March 2004 to October 2005	Physical verification was not done and surrender accepted without the surrender of required documents.	2.16
5	Siwan	09	April 2002 to September 2005	In one case, vehicle was not found in parking place. Extension was not furnished in four cases. Period of surrender was not specified in three cases. Tax token not furnished alongwith RC, CF etc. in one case.	8.67
	Total	125			131.41

4.3.2 It was further noticed from the record of DTO Bettiah that eight vehicle owners applied for exemption from payment of tax for the period between February 2003 and October 2005 on surrender of documents to the DTO.

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Though the taxing officer failed to carry out even a single physical verification of parking place of any of the vehicles during the period of exemption, these vehicles were allowed to ply on road after the expiry of period of surrender on realisation of tax for subsequent periods. Thus, exemption of tax of Rs 9.33 lakh was granted in these cases without carrying out any physical verification of the parking place of the vehicles which was irregular.

The cases were reported to department/Government between March 2005 and April 2006; reply has not been received (October 2006).

4.4 Delayed transfer of revenue

Under the provisions of the BFR, all transactions must be brought to account without delay and money credited to Government account. According to instructions of STC Patna issued in March 1996 and September 2002 to all DTOs, fees and tax collected by authorised banks during a month are required to be transferred by first week of the following month for credit to Government account. Further, the amount deposited in the month of March is to be transferred by 31 March itself to Government account through treasury challan. STC instructed all DTOs in October 2002 and February 2003 to ensure timely deposit of revenue to Government account.

On scrutiny of monthly receipt, statement of revenue and bank reconciliation statements in three DTOs³⁷, it was noticed in June 2005 that Rs 25.61 crore, collected as fees and tax through the authorised banks during the period between July 2003 and April 2005, was transferred to Government account by departmental authorities with delay ranging from one to seven month and

³⁷ Gopalganj, Patna and Siwan.

22 days. No internal control mechanism existed to watch timely deposit of revenue into Government account although a number of orders were issued by STC in this regard.

After this was pointed out, the DTOs concerned stated between June 2005 and February 2006 that action would be taken to deposit the revenue into Government account in time.

The cases were reported to Government in April 2006; reply has not been received (October 2006).

4.5 Non/ short realisation of additional registration fee

As per BMVT Rules 1992, if the owner of a vehicle applies for a preferred registration number out of the sequence, an additional fee of Rs 100 shall be levied. Government of Bihar, vide a notification in June 2003 revised the rate of additional fee to Rs 5,000 in each case. The notification also prescribed the amount of additional fee ranging between Rs 5,000 and Rs 25,000 for special registration number specified therein.

In DTOs Bhabhua and Siwan, it was noticed between February and March 2006 that additional registration fee for 147 vehicles were either not realised or realised at pre revised rates instead of revised rates effective from 13 June 2003. This resulted in non/ short realisation of additional registration fee of Rs 7.46 lakh for the period between June 2003 and April 2005.

After this was pointed out, DTO Bhabhua stated in March 2006 that compliance of direction was being made while DTO Siwan stated in February 2006 that notices would be issued to vehicle owners for recovery of dues. Report on recovery is awaited (October 2006).

The cases were reported to Government in April 2006; reply has not been received (October 2006).

4.6 Irregular issue of tax token

The BMVT Act and Rules made thereunder provide that the taxing officer shall grant a receipt and a tax token to every person who pays prescribed tax for the vehicle. Before issue of tax receipt and tax token, the taxing officer is to satisfy himself that the amount tendered in the payment of tax is equal to the tax payable at the rate specified in schedule I and II to the Act. Failure to pay tax within 15 days from the commencement of the year or quarter attracts imposition of penalty.

In three DTOs³⁸, it was noticed between January and February 2006, that owners of 22 transport vehicles deposited tax ranging between Rs 2,035 and Rs 9,690 instead of correct rates varying between Rs 4,790 and Rs 11,000 resulting in short realisation of tax of Rs 5.89 lakh. Although tax paid in these cases was less than prescribed rates, the DTOs issued tax token irregularly without realising the balance tax. This resulted in short realisation of tax of Rs 3.09 lakh and plying of vehicles without payment of actual tax. Besides, penalty of Rs 2.80 lakh was also leviable for failure in payment of balance tax by the defaulters.

After this was pointed out, the DTOs concerned while accepting audit observations replied in January and February 2006 that demand notices would be issued. Further reply has not been received (October 2006).

The cases were reported to Government in April 2006; reply has not been received (October 2006).

2006-07

4.2 Irregular issue of certificate of fitness

Under the Central Motor Vehicle (CMV) Rules, 1989, fitness certificate for a transport vehicle cannot be granted unless the vehicle owner obtains a tax clearance certificate in such form as may

³⁸ *Chapra, Gopalganj and Siwan.*

be prescribed by the State Government. As held by the Patna High Court³⁹, tax token being an evidence of payment of tax, is required to be produced for obtaining certificates of fitness (CF). Further, according to the executive instructions issued by the State Transport Commissioner (STC), Bihar in 1994, the motor vehicle inspectors (MVIs) are prohibited from grant/renewing certificate of fitness to transport vehicles against which tax has not been paid.

During cross verification of the entries in CF registers with those in the taxation registers of eight District transport offices⁴⁰ (DTOs) between August 2006 and March 2007, it was noticed that CF were issued to 95 transport vehicles without ensuring upto date payment of tax. The omission not only violated the rules and STC's order but also resulted in non-realisation of tax of Rs. 2.74 crore including penalty pertaining to the period between July 2002 and July 2006.

After the cases were pointed out, six DTOs⁴¹ stated between August 2006 and March 2007 that the matter would be referred to the MVIs for compliance. DTO, Saharsa, stated in March 2007 that the matter would be examined and action taken accordingly while DTO, Patna, stated in January 2007 that demand notices would be issued. Further replies have not been received (November 2007).

The cases were reported to the Government in April 2007; their reply has not been received (November 2007).

4.3 Non-realisation of motor vehicle taxes

Under the Bihar Motor Vehicle Taxation (BMVT) Act 1994, motor vehicles tax is to be paid to the registering authority (RA) in whose jurisdiction the vehicle is registered. The vehicle owner can pay the tax to the new RA in case of change of residence/business, subject to the production of no objection certificate (NOC) from the previous RA. Further, the RA may exempt the vehicle owner from payment of tax, if he is satisfied that the prescribed conditions have been fulfilled by the vehicle owner. DTOs are required to issue demand notice to ensure timely realisation of tax and in case of nonresponse to the demand notice, certificate proceedings are to be initiated as per the executive instructions issued by the department from time to time. Nonpayment of tax beyond 90 days attracts penalty at the rate of 200 *per cent* of the tax due.

During test check of the taxation registers of 30 DTOs⁴² between July 2006 and March 2007, it was noticed that though owners of 1,198 transport vehicles did not pay tax of Rs. 9.13 crore pertaining to the period falling between July 2002 and June 2006, yet the DTOs did not initiate action towards realisation of dues from the defaulting vehicle owners. In none of the cases, change of addresses

³⁹ Patna Zila Truck Association Vs. State of Bihar 1993 (1) PLJR 211.

⁴⁰ Banka, Begusarai, Katihar, Motihari, Munger, Muzaffarpur, Patna and Saharsa.

⁴¹ Banka, Begusarai, Katihar, Motihari, Munger and Muzaffarpur.

⁴² Araria, Aurangabad, Banka, Begusarai, Bhabhua, Bhagalpur, Bhojpur, Buxar, Chapra, Darbhanga, Gaya, Gopalganj, Jehanabad, Jamui, Katihar, Khagaria, Kishanganj, Lakhisarai, Madhepura, Motihari, Munger, Muzaffarpur, Nalanda, Nawada, Patna, Saharsa, Samastipur, Sheikhpura, Siwan and Vaishali.

of the owners or surrender of documents for securing exemption from payment of tax was found on record. This resulted in non-realisation of tax of Rs. 9.13 crore. Besides, penalty of Rs. 18.25 crore at the rate of 200 *per cent* was also leviable.

After the cases were pointed out, 26 DTOs⁴³ stated between July 2006 and March 2007 that demand notices would be issued which would be followed by certificate proceedings. DTOs, Khagaria and Jehanabad stated in November 2006 that action would be taken after verification. DTO, Jamui stated in November 2006 that demand notices had been issued. DTO, Araria stated in December 2006 that replies would follow. The replies were, however, silent about the reasons for not initiating action against the vehicle owners for realisation of tax till it was pointed out in audit. A report on further development has not been received (November 2007).

The cases were reported to the Government between January and June 2007; their reply has not been received (November 2007).

4.4 Non-realisation of tax from vehicles involved in surrender

Under the BMVT Act and the rules made thereunder, when the owner of a motor vehicle does not intend to use his vehicle for a period not exceeding six months at a time, he can be exempted from the payment of tax by the competent authority provided his claim for exemption is supported by the surrender of documents such as registration certificate (RC), CF, tax token etc. for the period of non-use of the vehicle. The vehicle owner shall also, from time to time, furnish an undertaking to the concerned taxation officer for extension, if any, of the said period. The taxation officer is required to carry out physical verification of the parking place of the vehicle atleast once in a month in a random manner and record a memo of inspection in the case record of the vehicle. If at any time, during the period covered by an undertaking, the motor vehicle is found to be used or is kept at a place other than the place mentioned in the undertaking, such vehicle shall, for the purpose of this Act, be deemed to have been used throughout the said period without the payment of tax.

During scrutiny of the records of three DTOs between July 2006 and March 2007, it was noticed from the taxation/surrender register and other relevant records that in respect of 23 vehicles involved in surrender, tax of Rs. 14.61 lakh was not realised from their owners as mentioned below:

⁴³ Aurangabad, Banka, Begusarai, Bhabhua, Bhagalpur, Bhojpur, Buxar, Chapra, Darbhanga, Gaya, Gopalganj, Katihar, Kishanganj, Lakhisarai, Madhepura, Motihari, Munger, Muzaffarpur, Nalanda, Nawada, Patna, Saharsa, Samastipur, Sheikhpura, Siwan and Vaishali.

(Rupees in lakh)

Sl. No.	Name of DTOs	No. of vehicles	Period of tax involved	Irregularities	Tax effect
1.	Nalanda	06	01.02.2003 to 31.03.2006	Extension ranging between 28 and 39 months was granted after the expiry of the initial surrender period without obtaining a fresh undertaking.	8.31
2.	Muzaffarpur	13	04.11.2004 to 30.06.2006	Extension ranging between 16 and 20 months was granted after the expiry of the initial surrender period without obtaining a fresh undertaking. Further, of these 13 vehicles, CF was not surrendered in one case at the time of initial surrender filed.	4.47
3.	Motihari	04	01.12.2004 to 30.06.2006	Extension ranging between 13 and 18 months was granted after the expiry of the initial surrender period without obtaining a fresh undertaking. Further, surrender of one out of four vehicles was irregularly accepted on the basis of photocopy of RC.	1.83
Total		23			14.61

After the cases were pointed out, two DTOs⁴⁴ stated between December 2006 and March 2007 that notices would be issued to the vehicle owners regarding cancellation of surrenders. The DTO, Nalanda, intimated in May 2007 that demand notices had already been issued for realisation of tax. The replies, however, do not explain the reasons for irregular extension of initial surrender period without obtaining fresh undertaking from the vehicle owners for subsequent periods and acceptance of surrender without proper documents/photocopies of documents. A report on further development has not been received (November 2007).

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The cases were reported to the Government in April and May 2007; their reply has not been received (November 2007).

4.5 Non/short realisation of trade tax from the dealers of motor vehicles

Under the provisions of the BMVT Act and rules framed thereunder, tax at an annual rate as prescribed shall be paid by a manufacturer or a dealer in respect of motor vehicles which are in his possession in the course of his business as a manufacturer/dealer. Non-payment of tax within the due date attracts penalty ranging between 25 and 200 *per cent* of the tax due.

Scrutiny of the records of two DTOs⁴⁵ between October and December 2006 revealed that in case of 12 dealers of motor vehicles, trade tax at the prescribed rate was either not deposited or deposited short in respect of 9,360 two wheelers and 151 three/four wheelers possessed by them between the period 2002-03 and 2005-06. The DTOs also did not raise any demand on the defaulting traders. This resulted in non/short realisation of trade tax of Rs. 12.46 lakh including penalty.

⁴⁴ Motihari and Muzaffarpur.

⁴⁵ Begusarai and Munger.

After the cases were pointed out, DTO, Begusarai, stated in December 2006 that verification would be done after obtaining challans from the dealers. The DTO, Munger stated in October 2006 that demand notices would be issued. Further replies have not been received (November 2007).

The cases were reported to the Government in April 2007; their reply has not been received (November 2007).

4.6 Irregular issue of tax token

Under the BMVT Act, the taxation officer shall grant a receipt and a tax token in the prescribed form to every person who pays the prescribed tax. Further, the taxation officer shall not accept tax or penalty, if any, in respect of a motor vehicle for the current period and issue tax token unless arrear of tax and penalties due have been fully paid/settled.

During test check of the taxation register of DTO, Sheikhpura in February 2007, it was noticed that the DTO issued tax token to 19 transport vehicles after accepting tax for the current period without realising the arrear tax and penalties pertaining to the period from June 2002 to October 2006. Since none of the vehicles claimed exemption from payment of tax after surrendering the documents in original, issue of tax token on realisation of current tax without realising arrear dues was in contravention of the Act and resulted in nonrealisation of the Government revenue of Rs. 5.32 lakh.

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After the cases were pointed out, the DTO stated in February 2007 that notices would be issued to the vehicle owners. Further reply has not been received (November 2007).

The case was reported to the Government in May 2007; their reply has not been received (November 2007).

4.7 Irregular issue of special agreement card

Under the Motor Vehicle (MV) Act, 1988 read with BMV Rules, the Government of Bihar, Department of Transport in October 2003 launched a special agreement card (SAC) scheme popularly known as the 'Golden Card'. These prepaid cards were of different values depending upon the load bearing capacity of goods carriage which included fees for weighing and unloading of excess goods and storage of such goods etc. According to the scheme and the STC's executive instructions, the said cards were non-transferable and were to be issued for a calendar month to vehicles registered in Bihar having valid RC, CF, insurance, permit and tax token and also to vehicles registered in other states having temporary permits for plying in Bihar for not less than 28 days.

Test check of the records relating to SAC in three DTOs⁴⁶ between December 2006 and March 2007 revealed that 8,573 cards of different series valuing Rs. 2.31 crore were issued by these DTOs during the period from October 2003 to November 2006 without ensuring upto date payment of tax, CF, insurance and valid permit. No record was maintained to indicate details of the vehicles

⁴⁶ Motihari, Muzaffarpur and Saharsa.

to which SACs were issued. Thus, irregular issue of 8,573 SACs valued as Rs. 2.31 crore were open for use by the transporters for different vehicles in contravention of the conditions laid down for use of SACs leading to the scope of leakage of Government revenue.

After the cases were pointed out, two DTOs⁴⁷ stated between December 2006 and March 2007 that the matter would be referred to the ex-DTOs, while DTO, Muzaffarpur stated in March 2007 that the matter would be examined with reference to the provisions of rules and regulations. The replies of the DTOs Motihari and Saharsa are not tenable as the incumbent DTOs are the competent authorities to examine records, take action and furnish appropriate replies to the audit observations. Further, replies have not been received (November 2007).

The cases were reported to the Government between May and June 2007; their reply has not been received (November 2007).

2007-08

4.2 Non-realisation of motor vehicle taxes

Under the Bihar Motor Vehicle Taxation (BMVT) Act, 1994, motor vehicle tax is to be paid to the registering authority (RA) in whose jurisdiction the vehicle is registered. The vehicle owner can pay the tax to the new RA in case of change of residence/business, subject to the production of no objection certificate (NOC) from the previous RA. Further, the RA may exempt the vehicle owner from the payment of tax, if he is satisfied that the prescribed conditions have been fulfilled by the vehicle owner. The district transport officers (DTO) are required to issue demand notice to ensure timely realisation of tax and in case of non-response to the demand notice, certificate proceedings are to be initiated as per the executive instructions issued by the department from time to time. Non-payment of tax beyond 90 days attracts penalty at the rate of 200 *per cent* of the tax due.

During test check of the taxation registers of 37 DTOs⁴⁸ between April 2006 and March 2008, it was noticed that though the owners of 1,320 transport vehicles did not pay tax of Rs. 10.23 crore pertaining to the period falling between July 2002 and June 2007, yet the DTOs did not initiate any action for realisation of the dues from the defaulting vehicle owners. In none of the cases, change of addresses of the owners or surrender of documents for securing exemption from payment of tax was found on record. This resulted in non-realisation of tax of Rs. 30.68 crore including penalty of Rs. 20.45 crore at the rate of 200 *per cent*.

After the cases were pointed out, 34 DTOs⁴⁹ stated between April 2006 and March 2008 that the demand notices would be issued. DTO, Lakhisarai stated in December 2007 that demand notice has already been issued while DTO Bhabhua stated in October 2007 that certificate case would be initiated. No reply was furnished by the DTO, Supaul.

The cases were reported to the Government between November 2006 and May 2008; their reply has not been received (October 2008).

⁴⁷ Motihari and Saharsa.

⁴⁸ Araria, Arwal, Aurangabad, Banka, Bettiah, Begusarai, Bhabhua, Bhagalpur, Bhojpur, Buxar, Chapra, Darbhanga, Gaya, Gopalganj, Jamui, Jehanabad, Katihar, Khagaria, Kishanganj, Lakhisarai, Madhepura, Madhubani, Motihari, Munger, Muzaffarpur, Nalanda, Nawada, Patna, Purnea, Rohtas, Saharsa, Sheikhpura, Sheohar, Sitamarhi, Siwan, Supaul and Vaishali.

⁴⁹ Araria, Arwal, Aurangabad, Banka, Bettiah, Begusarai, Bhagalpur, Bhojpur, Buxar, Chapra, Darbhanga, Gaya, Gopalganj, Jamui, Jehanabad, Katihar, Khagaria, Kishanganj, Madhepura, Madhubani, Motihari, Munger, Muzaffarpur, Nalanda, Nawada, Patna, Purnea, Rohtas, Saharsa, Sheikhpura, Sheohar, Sitamarhi, Siwan and Vaishali.

4.3 Non-realisation of tax against trailers

Under the provisions of the BMVT Act and Rules made thereunder, owners of trailers are required to pay road tax and additional motor vehicle tax at the specified rates. The above Act also provides that a motor vehicle used for transporting agricultural produce shall not be deemed to be used solely for the purposes of agriculture. In order to ensure the realisation of tax in time, the DTO concerned is required to raise the demand and realise tax accordingly. If delay in payment of tax exceeds 90 days, penalty at the rate of twice the amount of tax due shall be imposed.

During test check of the taxation registers of six DTOs⁵⁰ between December 2007 and March 2008, it was noticed that though the owners of 421 trailers did not pay road tax and additional motor vehicle tax for the period between July 2002 and June 2007, yet the department did not raise any demand against the defaulting vehicle owners. This resulted in non-realisation of tax of Rs. 2.46 crore including penalty.

After the cases were pointed out, the DTOs concerned stated between December 2007 and March 2008 that demand notices would be issued. A report on further development has not been received (October 2008).

The cases were reported to the Government in April and May 2008; their reply has not been received (October 2008).

4.4 Irregular issue of certificate of fitness

Under the Central Motor Vehicle (CMV) Rules, 1989, a certificate of fitness for a transport vehicle cannot be granted unless the vehicle owner obtains a tax clearance certificate in such form as may be prescribed by the State Government. As held by the Patna High Court⁵¹, tax token, being an evidence of payment of tax, is required to be produced for obtaining a certificate of fitness. Further, according to the executive instructions issued by the State Transport Commissioner (STC), Bihar in April 1994, the motor vehicle inspectors (MVIs) are prohibited from granting/renewing the certificate of fitness to the transport vehicles against which tax has not been paid.

During cross verification of the entries in the fitness registers with those in the taxation registers of 10 DTOs⁵² between July 2007 and March 2008, it was noticed that certificates of fitness were issued to 71 transport vehicles without ensuring upto date payment of tax. The omission not only violated the rules and STC's order but also resulted in non-realisation of tax of Rs. 1.97 crore including penalty pertaining to the period between July 2002 and June 2007.

After the cases were pointed out, seven DTOs⁵³ stated between July 2007 and March 2008 that the matter would be referred to the MVIs concerned for compliance. The DTOs, Bhagalpur and Darbhanga stated between September 2007 and January 2008 that the matter would be examined while the DTO, Patna stated in December 2007 that demand notices would be issued. A report on further development has not been received (October 2008).

The cases were reported to the Government in April and May 2008; their reply has not been received (October 2008).

4.5 Non-realisation of tax from vehicles involved in surrender

Under the BMVT Act and the rules made thereunder, when the owner of a motor vehicle does not intend to use his vehicle for a period not exceeding six months at a time, he can be exempted from payment of tax by the competent authority provided his claim for exemption is supported by the surrender of documents such as the registration certificate, certificate of fitness, tax token *etc.* for the period of non-use of the vehicle. The vehicle owner shall also, from time to time, furnish an undertaking to the concerned taxation officer for extension, if any, of the said period. The taxation

⁵⁰ Bettiah, Darbhanga, Madhubani, Patna, Saharsa and Sitamarhi.

⁵¹ Patna Zila Truck Association Vs. State of Bihar 1993 (1) PLJR 211.

⁵² Ara, Bhagalpur, Darbhanga, Katihar, Kishanganj, Munger, Muzaffarpur, Patna, Purnea and Sitamarhi.

⁵³ Ara, Katihar, Kishanganj, Munger, Muzaffarpur, Purnea and Sitamarhi.

officer is required to carry out physical verification of the parking place of the vehicle atleast once in a month in a random manner and record a memo of inspection in the case record of the vehicle. If at any time, during the period covered by an undertaking, the motor vehicle is found to be used or is kept at a place other than the place mentioned in the undertaking, such vehicle shall, for the purpose of this Act, be deemed to have been used throughout the period without the payment of tax. Non-payment of tax beyond 90 days attracts penalty at twice the amount of tax due.

During test check of the records of three DTOs between July and December 2007, it was noticed from the taxation/surrender register and other relevant records that extension of surrender period ranging between 19 and 39 months was irregularly granted to 31 vehicles surrendered between December 2003 and August 2005. Consequently, tax amounting to Rs. 47.48 lakh including penalty for the period between March 2004 and June 2007 though realisable was not realised. The details are mentioned below:

(Rupees in lakh)				
Sl. No.	Name of DTOs No. of vehicles	Period of tax calculated	Irregularities	Tax effect
1.	<u>Patna</u> 13	01 April 2004 to 30 June 2007	Extension ranging between 19 and 39 months was granted after the expiry of the initial surrender period without obtaining a fresh undertaking. Further, of these 13 vehicles, in one case, the initial surrender was irregularly accepted on the basis of photocopy of registration certificate and certificate of fitness.	17.02
2.	<u>Purnea</u> 10	01 January 2005 to 30 June 2007	Extension ranging between 19 and 30 months was granted after the expiry of the initial surrender period without obtaining a fresh undertaking. Further, of these 10 vehicles, the initial surrender were irregularly accepted without taking registration certificate or on the basis of the photocopy of registration certificate in six cases and in one case surrender was accepted without realising the tax due upto the date of surrender.	16.17
3.	<u>Bhagalpur</u> 8	04 March 2004 to 30 June 2007	Extension ranging between 19 and 39 months was granted after the expiry of the initial surrender period without obtaining a fresh undertaking. Further, of these eight vehicles, registration certificate was not surrendered in one case at the time of initial surrender filed.	14.29
Total	31			47.48

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After the cases were pointed out, the DTOs concerned stated between July and December 2007 that demand notices would be issued and action taken accordingly. The replies, however, do not explain the reasons for irregular extension of initial surrender period without obtaining fresh undertaking from the vehicle owners for subsequent periods and acceptance of surrender without proper documents/photocopies of the documents. A report on further development has not been received (October 2008).

The cases were reported to the Government in May 2008; their reply has not been received (October 2008).

4.6 Non/short realisation of trade tax from the dealers of motor vehicle

Under the provisions of the BMVT Act and rules framed thereunder, tax at an annual rate, as prescribed, shall be paid by a manufacturer or a dealer in respect of motor vehicles which are in his possession in the course of his business as a dealer. Non-payment of tax within the due date attracts penalty ranging between 25 and 200 *per cent* of the tax due. Further, the STC instructed (May 2001) all the DTOs to initiate legal action for realisation of tax and renewal of trade certificate.

During test check of the records of nine DTOs⁵⁴ between January 2007 and February 2008, it was noticed that in case of 85 dealers of motor vehicles, trade tax at the prescribed rate was either not deposited or deposited short in respect of 35,293 vehicles (28,898 : two wheelers and 6,395 : three/four wheelers) possessed by them between the period 2002-03 to 2006-07. The DTOs also did not take any action against the defaulting traders. This resulted in non/short realisation of trade tax of Rs. 29.80 lakh including penalty.

After the cases were pointed out, all the DTOs stated between January 2007 and February 2008 that demand notices would be issued. A report on further development has not been received (October 2008).

The cases were reported to the Government between August 2007 and May 2008; their reply has not been received (October 2008).

4.7 Non-realisation of tax due to irregular issue of duplicate registration certificate/transfer of ownership

According to the executive instruction of the STC, Bihar issued from time to time, the latest being issued in September 1996, to avoid tax evasion, the transfer of ownership, issue of duplicate registration certificate, endorsement/termination of hypothecation of motor vehicle should be made by the concerned RA after payment of the prescribed fee and upto date tax in respect of a transport vehicle and with one time tax in case of a personalised vehicle.

During cross check of the registration registers and the taxation registers of DTOs, Munger and Patna between October 2007 and December 2007, it was noticed that transfer of ownership, issue of duplicate registration certificate *etc.* were allowed/issued in respect of eight transport vehicles without ensuring upto date payment of tax. This omission not only violated the STC's order but also resulted in non-realisation of tax of Rs. 24.86 lakh including penalty for the period between September 2002 and June 2007.

After the cases were pointed out, the DTOs concerned stated between October and December 2007 that demand notices would be issued. A report on further development has not been received (October 2008).

The cases were reported to the Government in May 2008; their reply has not been received (October 2008).

4.8 Non/short realisation of additional registration fee

As per the BMV Rules, 1992, if the owner of a vehicle applies for a preferred registration number out of sequence, an additional fee of Rs. 100 shall be levied. The Government of Bihar vide a notification in June 2003 revised the rate of additional fee to Rs. 5,000 in each case. The notification also prescribed the amount of additional fee ranging between Rs. 5,000 and Rs. 25,000 for special registration numbers specified therein.

During test check of the records in five DTOs⁵⁵ between May 2006 and February 2008, it was noticed that the additional registration fee in respect of 101 vehicles registered between June 2003 and November 2006 was either not realised or realised at pre-revised rates. This resulted in non/short realisation of additional registration fee of Rs. 5.24 lakh.

After the cases were pointed out, the DTOs concerned stated between May 2006 and February 2008 that notices would be issued to the vehicle owners for recovery of the dues. A report on further development has not been received (October 2008).

The cases were reported to the Government between April and May 2008; their reply has not been received (October 2008).

⁵⁴ Ara, Araria, Buxar, Lakhisarai, Motihari, Muzaffarpur, Patna, Purnea and Saharsa.

⁵⁵ Ara, Araria, Muzaffarpur, Sheikhpura and Sheohar.