CHAPTER III
MOTOR VEHICLE TAX

EXECUTIVE SUMMARY	
Trend of Receipts	The tax receipts from vehicles showed an increasing trend. In 2006-07, the receipts were ₹ 362.84 crore which gradually increased to ₹ 707.55 crore in 2010-11.
Delhi State Register for VAHAN and SARATHI was not prepared	We conducted a **Performance Audit of Computerisation in the Transport Department**, especially to see whether the GOI/NIC developed application systems VAHAN and SARATHI were implemented effectively and efficiently by the Delhi Government. In this Chapter we present the findings of this Performance Audit. The Department failed to formulate an IT strategy and integrate its database of various commercial vehicles. The Delhi State Register could be populated only with the data of non-transport vehicles. The Department has put in place a fragmented computerised system, defeating the objectives of computerisation.
Contracts were poorly managed resulting in undue benefit to the vendor	The agreement for implementing the Smart Card for registration of vehicles had serious flaws. The lapses in the process of selection and award of work to the vendor were noted by Public Accounts Committee (PAC) in March 2006. These lapses were included in the report of Comptroller and Auditor General of India for the year ended 31 March 2008 Volume-II (Revenue Receipts) Government of NCT of Delhi. However the Department had not taken remedial action nor furnished any Action Taken Note.
Application controls were poorly implemented	The database did not have essential information on vehicles owners/licencees and was therefore unreliable. Input controls and validation checks were absent and instances of manual intervention were noticed. Business rules were not correctly mapped into the application as driving licences to individuals whose driving licences were cancelled were subsequently re-issued. There were also instances where individuals who failed the driving test were issued driving licences. Taxes and fees to the tune of ₹ 86.54 lakh were short recovered.

CHAPTER III
# MOTOR VEHICLE TAX

3.1   Tax administration

The Department is headed by the Principal Secretary cum Commissioner (Transport) who is responsible to the Government of N.C.T. of Delhi for its administration. The Commissioner Transport exercises general supervision over all the 13 Zonal offices headed by the Motor Licensing officer. The Zonal offices collect revenue from registration fee of vehicles, permit fee, tax on vehicles, issue of driving licenses etc.

3.2   Trend of receipts

Actual receipts from taxes on vehicles during the period 2006-07 to 2010-11 along with the total tax/non-tax receipts during the same period are exhibited in the following table and graph.

(₹ in crore)

Head of the revenue	Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax/non-tax receipts of the State	Percentage of actual receipts vis-a-vis total tax/non-tax receipts
Taxes on vehicles	2006-07	350.00	362.84	(+) 12.84	(+) 3.67	10155.80	3.57
	2007-08	463.00	420.20	(-) 42.80	(-) 9.24	11782.80	3.57
	2008-09	500.00	419.12	(-) 80.88	(-) 16.18	12180.70	3.44
	2009-10	530.00	462.65	(-) 67.35	(-) 12.71	13447.86	3.44
	2010-11	575.00	707.55	(+) 132.55	(+) 23.05	16477.75	4.29

Trend of receipts
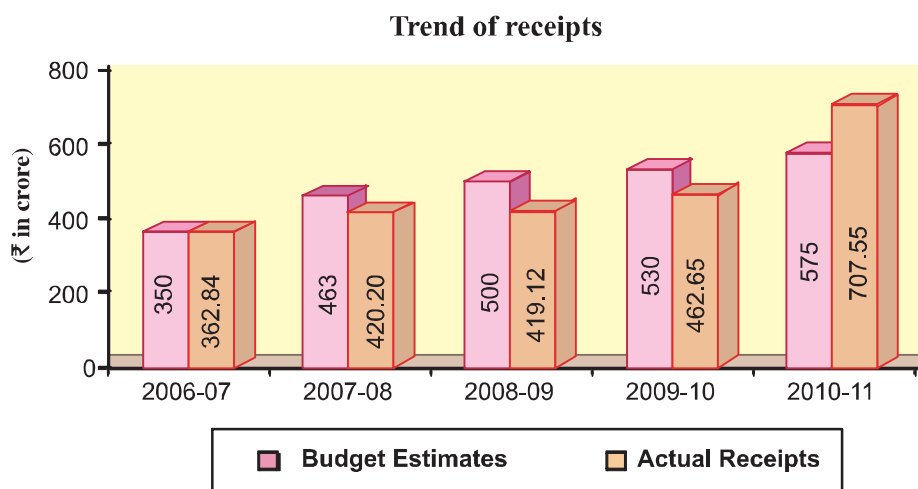
3.3   Cost of collection

The gross collection in respect of the other tax and non-tax receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2008-09 to 2010-11 along with the relevant all India average percentage of expenditure on collection to gross collection for the year 2009-10 are mentioned below:

(₹ in crore)

Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2009-10
Taxes on vehicles	2008-09	419.12	14.67	3.50	
	2009-10	462.65	18.96	4.10	3.07
	2010-11	707.55	19.34	2.73	

From the above table it was evident that the percentage of expenditure on collection of taxes on vehicles has come down substantially during the year 2010-11.

3.4   Revenue impact

During the last five years (excluding the current year's report), we through our Audit Reports had pointed out non/short levy, non/short realisation, underassessment/loss of revenue etc., with revenue implication of ₹ 81.62 crore in four paragraphs and one Information Technology (IT) audit. We have not been intimated about any action taken by the Department

3.5   Internal Audit

The Departments had no internal audit mechanism of their own.   The Director of Audit of the Finance Department of Govt. of NCT of Delhi is entrusted with internal audit function for all the offices/Departments of Govt. of NCT of Delhi including Transport Department.

3.6   Results of audit

Test check of records relating to Department of Transport conducted during the year 2010-11 revealed loss of revenue, short levy of tax and other irregularities involving ₹ 4.68 crore in 56 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
	Motor Vehicle Tax		
1.	Computerisation in Motor Vehicles Department	1	0.87
2.	Others	55	3.81
	Total	**56**	**4.68**

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 5.19 lakh in one case which was pointed out in audit during the year 2010-11 and the same was recovered.

We conducted a Performance Audit on **'Computerisation in the Motor Vehicles Department '',** the findings of which we present in the subsequent paragraphs.

3.7 A Performance Audit on "Computerisation in Motor Vehicles Department"

Highlights

- Computerisation for registration of non-transport (private) vehicles through VAHAN was introduced with effect from September 2004 and for issuing driving licenses through customised software with effect from September 2008 in all the 13 Zones of Delhi. Registration of limited commercial vehicles (auto rickshaw, school cab and maxi cab) with VAHAN was implemented in 2008 whereas for other transport vehicles legacy software was being used, which issued paper based Registration Certificates.

(Paragraph 3.7.7)

- The Department failed to formulate IT strategy or a well defined IT Plan and hence the computerization was fragmented and incomplete. Besides, Standard Operating Procedures were not prepared. The SARATHI application was replaced by customised application developed by DIMTS without intimating NIC and MORTH.

(Paragraph 3.7.7.1)

- The Delhi State Registers for VAHAN and SARATHI were not prepared as the Department could populate the State Registers with the data of non-transport (private) vehicles only.

(Paragraph 3.7.7.2)

- The databases were incomplete as certain essential information relating to vehicles owner/licencees details were not captured in the databases. Input controls and validation checks were absent leading to duplicate entries of engine number, chasis number, insurance cover note number, permit number, challan number and fitness certificate number etc. and unreliable database.

(Paragraph 3.7.8 and 3.7.9)

- The parking fee and fitness fee were short recovered to the tune of ₹2.43 lakh and ₹0.74 lakh respectively.

(Paragraph 3.7.10)

- Business Rules were not mapped resulting in short recovery of tax to the tune of ₹ 83.37 lakh on account of one time tax.

(Paragraph 3.7.11.1)

- 660 driving licences were issued irregularly to candidates whose learners' licence had became ineffective due to expiry. 209 persons were issued more than one driving licence.

(Paragraph 3.7.11.2)

- The Department failed to formulate any policy for issuing fancy numbers to vehicles and therefore lost out additional revenue on this account.

(Paragraph 3.7.13)

3.7.1 Introduction

The Transport Department of the Government of NCT of Delhi is responsible for improvement of the public transport system in the NCT of Delhi. The Department has also undertaken computerisation of all its major operations such as registration of vehicles, collection of tax and issue of permits, driving licenses, fitness certificates, pollution control certificates etc. The computerisation of registration activities was conceptualised in April 1991. The Department till then used to generate paper based Registration Certificates (RC). In order to make the system configuration and technical specifications uniform throughout the country use of Smart Card Technology for Driving License and Vehicle Registration was mooted in 1999 by the Ministry of Road Transport and Highways (MORTH) of the Government of India. National Informatics Centre (NIC) developed softwares called VAHAN for implementing the Smart Card technology in registration of vehicles and SARATHI for computerisation of issue of Driving Licence. The implementation of VAHAN started in September 2004 and SARATHI in October 2007.

The Department incurred a total expenditure of ₹ 13.43 crore during 2008-11 on computerisation.

The computerisation activities of the Department were previously reviewed in 2003 and 2008 which were included in the Report of Comptroller and Auditor General of India on Government of NCT of Delhi for the year ended 2004 and 2008 respectively, for which the Government have not furnished any Action Taken Notes.

3.7.2 Organisational set up

The Transport Department is headed by the Pr. Secretary-cum-Commissioner (Transport) who is assisted by one Special Commissioner, three Additional Commissioners, and ten Deputy Commissioners. The Department presently has thirteen Zonal offices headed by Motor Licensing Officers. The computerisation activities in the Department are under the charge of a Special Commissioner who is assisted by a Deputy Commissioner (Computers) along with System Analyst, Programmers, Assistant Programmers.

3.7.3 Scope of Audit

The scope of Information Technology (IT) audit of the Transport Department included examination of selected computerised applications like (i) registration of vehicles, (ii) issuance of Driving Licences, (iii) issuance of National Permits, and (iv) collection of fees and tax. VAHAN, implemented for the non-transport (Private) vehicles, was examined during audit. VAHAN for transport (Commercial) vehicles was implemented for registration of new auto-rickshaws only and therefore the legacy system for the transport vehicles was examined. We reviewed the records and data of the Department during June 2011 to November 2011 for the period from April 2008 to June 2011.

3.7.4 Audit Objectives

The audit objectives of the Performance Audit were to examine whether:

(i)   The extent of implementation of the computerisation and whether the system was adequate to cover all the functions of the Department.

(ii)   the data was accurate and complete.

(iii)   Business rules were mapped into the System.

(iv)   the Systems application delivered what was expected.

(v)   the State and National registers for vehicles registered and driving licences issued exist and were up to date.

(vi)   the issues brought out in the earlier Audit Reports were acted upon.

3.7.5 Audit Criteria

The following audit criteria were used to ascertain whether the objectives stated above were being achieved:

(i)   Delhi Motor Vehicles Taxation Act 1962 (as amended)

(ii)   Delhi Motor Vehicles Rules, 1993 (as amended)

(iii)   The Motor Vehicles Act, 1988

(iv)   The Central Motor Vehicles Rules, 1989.

(v)   The Rules and Regulations of the Government in respect of Department of Transport.

(vi)   Generally accepted best practices in IT.

3.7.6   Audit Methodology

The functions of the organisation were studied through interaction with the officials of the Department and study of documentation available. Data dump was obtained and analysed using Computer Assisted Audit Techniques. The entry conference was held on September 02, 2011. Audit observations were conveyed to the Department to get its response thereon. The responses of the Department were duly considered before finalisation of the report.

Audit Findings

3.7.7   Status of Computerisation

The Department of Transport has thirteen zonal offices headed by Motor Licensing Officers. All these offices have been computerised and using VAHAN application for registration of Non-transport vehicles and SARATHI application for issuance of driving licences.

Transport vehicles are registered at Headquarters Office and its unit offices at Burari. VAHAN (version 2.0) application was implemented in 2008 for limited commercial vehicles (auto rickshaw, school cab, and maxi cab) whereas for other transport vehicles legacy software was being used, which issues paper based Registration Certificate.

The Department was using Enforcement Module of the legacy software for the activities of the enforcement wing.

3.7.7.1   Planning

The Department failed to formulate IT strategy or a well defined IT Plan. The User Requirement Specifications (URS) for any of the applications, documentation of the application system for its maintenance, testing and its results, documented password policy, Disaster Recovery & Business Continuity Plan were not available. The Standard Operating Procedures were not prepared. In some instances same code was being used for different purposes in different databases, thus making it difficult to integrate them. Further, changes made to the system were not documented and were carried out in an ad-hoc manner.

The Agreement for implementation of Smart Card for registration of vehicles using VAHAN was signed in 2003 with 'M/s Shonkh Technologies International Ltd. (STIL)'. The STIL started issuing Smart Card for registration of vehicles in September 2004. The agreement was for 5 years or till it issues 40 lakh Smart Cards. Though STIL had issued more than 42 lakhs Smart Cards as of October 2011, the Department had not taken steps to ensure continuity of services by reviewing their Agreement for continuing with their services or otherwise. The Department neither furnished reply to our enquiry in this regard (January 2012).

The implementation of SARATHI for issuing smart card based driving licences through in-house capability started on pilot basis from October 2007 when M/s HCL showed unwillingness to re-start the services in Mall Road zone after the damage to the system by fire. After successful in-house implementation the same was replicated in Rohini, Raja Garden, and Suraj Mal Vihar zonal offices from February 2008 to June 2008. Meanwhile M/s Delhi Integrated Multi Modal Transit System Ltd. (DIMTS) had proposed to implement smart card based driving licences in the Department. The Department decided to accept their proposal and accordingly an agreement was signed with DIMTS in September 2008 for issue of smart card based driving licences through SARATHI software. The Department/DIMTS faced certain problems[1] while operating SARATHI and requested NIC to modify the software to which NIC responded that it had developed the application according to the requirements of Central Motor Vehicle Act and Rules. However in February 2011, the SARATHI application was replaced by a web based application developed by DIMTS who was given the contract for issuing driving licences without intimating NIC and MORTH.

3.7.7.2   Delhi State Register for VAHAN and SARATHI

The 'VAHAN' and 'SARATHI' are applications developed by National Informatics Centre (NIC) for registration of vehicles and issue of driving licences respectively. The project was mooted by Ministry of Road Transport and Highways, Government of India with the objective to generate a National Register which will provide information to various Government agencies like interstate check post, police department etc.

The Department implemented 'VAHAN' application in September 2004 for non-transport vehicles only. The Department implemented VAHAN (version 2.0) application in 2008 for limited commercial vehicles (auto rickshaw,

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[1] (i) Driving validity for non-transport vehicle to a person reaching the age of 50 years was given only for the remaining period up to 50 years. However the Department desired that it be given for 5 years irrespective of age. (ii) The software had no provision for suspension/cancellation/revocation of driving licence. (iii) The software does not accept renewal of driving licence where validity had expired beyond five years. (iv) The software required one year old non-transport three wheeler scooter rickshaw licence before accepting data for three wheeler scooter rickshaw licence (transport).

school cab, and maxi cab). However, it continued to use the legacy software for registration of commercial vehicles which was kept separately for auto rickshaws, vehicle inspection & taxies, and heavy transport vehicles and thus these databases could not be integrated. The SARATHI application meant for issuing driving licences was replaced by customised software developed by a third party.

NIC has customized SARATHI to the requirement of the Central Motor Vehicle Act and Rules as well as particular requirements of States. The Department did not get the SARATHI customized according to their requirements and instead decided to issue driving licences through a third party developed software in a public-private party venture. We saw that after February 2011, since implementation of the web based customized application, the NIC has stopped importing of the licences in the State Register, due to technical problems of non integration of the customized software with SARATHI. For import of licenses issued between 2008 to February 2011, in the State Register, information was awaited from NIC.

Thus the issue of licenses in the State presents a fragmented picture besides an incomplete State Register due to portability issues.

The Delhi State Register could only be populated with the data of non-transport vehicles and thus the State Register for vehicle registration and driving licences could not be prepared in entirety.

The Department may give due priority for formulation of IT strategy, for implementation of VAHAN for registration of all categories of vehicles, and SARATHI for issuance of driving licences.

3.7.8   Data Accuracy

3.7.8.1   Applications for Vehicle Registration

Registration of vehicles is mandatory for private as well as commercial vehicles. Private vehicles are registered through dealers engaged in the sale of such vehicles or directly by the owner and the commercial vehicles are to be registered only by the owner.

The database of the registration of vehicles contained particulars of 13.52 lakh private vehicles and 1.02 lakh Commercial vehicles registered from April 2008 to June 2011.

3.7.8.1.1   Completeness of Database

Incomplete database means missing essential information which prevents business rules from being implemented effectively thereby adversely affecting reliability of the system. The database did not have certain essential information as shown in table given below:

Sl No	Description	Number of Records
Non-Transport Vehicles (VAHAN issuing smart card based registration certificate)		
1.	RC Card chip number found blank	341
Transport Vehicles (Legacy software issuing paper based registration certificate)		
2.	Disposal Date and authority was found blank in case of disposed challans	82
3.	Address of registrants found blank	38
4.	Engine number of the vehicles found blank	52
5.	Insurance cover note details found blank	5765
6.	RC Card chip number found blank	6421

The incompleteness of the database made it unreliable and application of the business rules could not be assured.

3.7.8.1.2 Application Controls

Input controls and validation checks

Input controls and validation checks are vital for the integrity of the data and essential to check against incorrect data being fed. Adequate input and validation controls ensure that data entered is complete and correct. The following deficiencies were noticed indicating absence of input controls and validation checks.

Input Controls

Duplicate entries were seen in the databases as below:

Sl. No.	Description	Number of Records
Non-Transport Vehicles (VAHAN issuing smart card based registration certificate)		
1.	Duplication in engine and chassis numbers of registrants	128
2.	Duplication in Insurance cover note numbers	255901
Transport Vehicles (Legacy software issuing paper based registration certificate)		
3.	Duplication in Insurance cover note numbers	11139
4.	Duplication in All India Tourist Permit numbers	385
5.	Duplication in Permit numbers	118
6.	Duplication in Challan number	4730
7.	Duplication in fitness certificate number	1574

During sample physical verification it was observed that in respect of transport vehicles in 11 out of 45 supplied cases (selected 55) the insurance cover notes, in 10 out of 20 supplied cases (selected 20) of all India tourist permit numbers were same.

Validation Checks

Validation checks were non-existent in the applications as detailed below:

Sl. No.	Description	Number of Records
Non-Transport Vehicles (VAHAN issuing smart card based registration certificate)		
1.	Registration date prior to purchase date	3354
2.	Invalid vehicle insurance date	1070
3.	Vehicle insurance validity date prior to start date	214
4.	Invalid vehicle insurance cover note number	15429
Transport Vehicles (Legacy software issuing paper based registration certificate)		
5.	Permit end date prior to start date	63
6.	Other State vehicles registered without capturing details of NCRB clearance	69

During sample physical verification it was observed that in respect of non-transport vehicles in 3 out of 5 supplied cases (selected 10) the registration date was prior to purchase date.

3.7.9 Application for Driving Licence

Possession of driving licence for the specified class of vehicle is mandatory to drive it in public place. The database as provided to audit contained particulars of 16.68 lakh learners' licences and 12.58 permanent driving licences issued 2008 onwards.

3.7.9.1 Completeness of Database

The database did not have certain essential information as given below and thus was incomplete.

    (i) Date of birth (11 cases) were not found in the database for the permanent driving licence category.

    (ii) Similarly, for the learners' driving licence category, and Date of birth (86 cases) were found not entered.

The incomplete database is unreliable and application of the business rules could not be assured. Reliability of the software was questionable as licence should not be admissible if the basic eligibility criteria were not met.

The Department may strengthen input controls and validation checks to ensure data completeness and correctness. The manual intervention should be completely avoided.

3.7.10   Data Safety & Security

3.7.10.1 Manual Intervention in application for Vehicle Registration

It was observed that rate of taxes/fees were not automatically calculated by the application. The users were given access to feed the amount of tax/fee manually which made it open to mistakes and defeating the purpose of computerisation. It was noticed that there was short recovery of tax/fee as detailed in the following paragraphs:

3.7.10.1.1 Recovery of Parking Fee

The parking fee was to be charged at the rate of ₹ 2000 for LMVs costing upto 4 lakh and ₹ 4000 for others. The examination of the data revealed that parking fee was not charged at the prescribed rates which resulted in short recovery of parking fee to the tune of ₹ 2.43 lakh in respect of 99 non-transport vehicles.

During sample physical verification it was observed that in 6 out of 8 supplied cases (selected 10) the parking fee was less charged.

3.7.10.1.2 Recovery of Fitness Fee

The fitness fee was to be charged at the rate of ₹ 200 for TSR, ₹ 300 for LMVs, ₹ 400 for MMVs, and ₹ 500 for HMVs. During test check of the data it was observed that fitness fee was not charged at the prescribed rates which resulted in short recovery of fitness fee to the tune of ₹ 74,400 in respect of 387 transport vehicles.

3.7.11   Non-Mapping of Business Rules

3.7.11.1   Change Management control for Vehicle Registration

The rate of one time tax levied on non-transport vehicles as per Section 3 Delhi Motor Vehicles Taxation Act 1962 (as amended) was revised with effect from 9th June 2010 for (i) two wheelers as 2%, 4%, 6%, and 8% for vehicles costing upto Rupees 25000, 40000, 60000, and above 60000 respectively; (ii) four wheelers as 4%, 7%, and 10% costing upto Rupees 6 lakh, 10 lakh, and above 10 lakh respectively. We observed that new rates were not incorporated in the software from the effective date which resulted in short recovery of tax to the tune of ₹83.37 lakh in respect of 947 non-transport vehicles.

During sample physical verification it was confirmed that in 9 out of 22 supplied cases (selected 33) the tax was less charged.

3.7.11.2   Application for Driving Licence

The rule 14 of Central Motor Vehicle Rules 1989 stipulates that an application for driving licence should be accompanied by effective learners' licence. A learner's licence would be effective for a period of six months from the date of issue during which time he has to also apply for a permanent licence. After

expiry of this period the learners' licence becomes ineffective and the applicant has to re-apply for a fresh learners' licence. An analysis of the database revealed that the Department had irregularly issued as many as 660 driving licences to candidates whose learners' licence had became ineffective due to expiry of time prescribed for its validity.

The Section 6 of the Act prohibits a person to hold more than one driving licence. An analysis revealed that as per the database as many as 209 persons were issued two or more licences resulting in issue of 432 duplicate records. Thus the application lacked in-built controls to track/verify that the applicant had already been issued an effective driving licence.

3.7.12   Other Implementation Issues

3.7.12.1   Contract Management

3.7.12.1.1 Contract for issue of Driving Licences

The Department invited tenders in 1997 to computerise issue of driving licences and awarded the task to M/s Hindustan Computers Limited (HCL) in March 1998 for all nine zones.

As per Agreement, if the total number of licences issued exceeds 2.5 lakh in a year, the HCL was to pay the Department at the stipulated rate of ₹ 5 per licence exceeding 2.5 lakh; ₹ 10 per licence exceeding 2.75 lakh; ₹ 15 per licence exceeding 3.00 lakh; and ₹ 20 per licence exceeding 3.25 lakh. An amount of ₹ 2.18 crore was due from M/s HCL as on March 2008 as reported earlier in the report of Comptroller and Auditor General of India for the year ended 31 March 2008 Volume-II (Revenue Receipts) Government of NCT of Delhi, however no action was found on record for the recovery of the same.

The agreement was on 'Build Own Operate Transfer' (BOOT) basis for a period of five years which expired in December 2003. The Department invited tenders for implementing Smart Card based Driving Licence system in September 2003, November 2004, August 2006, and June 2007, but the same could not fructify. Thus in the absence of any alternative, the agreement with M/s HCL was extended time and again.

3.7.12.1.2 Contract for Registration of vehicles

The lapses in the process of selection and award of work for implementation of Smart Card for registration of vehicles to 'M/s Shonkh Technologies International Ltd. (STIL)' were included in the report of Comptroller and Auditor General of India for the year ended 31 March 2008 Volume-II (Revenue Receipts) Government of NCT of Delhi. Public Accounts Committee (PAC) had also noted lapses and asked for remedial action in March 2006. However the Department had not taken any remedial action till date.

Though STIL started its services in September 2004, the work was only partially executed as implementation of VAHAN at headquarters office did not commence. The contract did not bind the vendor to complete work in a time bound manner. This is detrimental for the interests of the Department as by not doing the work in a time bound manner, STIL could create a situation where its contract with the Department will never end.

Another condition in the contract stipulates that STIL has the right to extend the contract till the issue of 40 lakh smart cards. In case of non extension of contract by STIL a sum of ₹ 50 per card was payable by the Department for the balance number of cards. Though the services of STIL were not satisfactory and Department had issued it show cause notices thrice (in June 2006, July 2007, and May 2008), the Department did not take any concrete step against the vendor. Inadequate monitoring of the contract had compromised the financial interests of the Government.

It was further observed that STIL had issued more than 42 lakh Smart Cards as of October 2011; however the Department had not yet initiated any tender process to award the work afresh or to decide upon continuing with the services of STIL.

The Department needs to give due attention to contract management to monitor the activities of the vendors and safeguards the interests of the Department.

3.7.13 Issue of Fancy Registration Number

While registering a vehicle under Delhi Motor Vehicle Act, the Transport Department, Government of NCT of Delhi normally assigns registration numbers in seriatim. However, on the basis of persistent demand from members of the public for allotment of specific numbers of their choice the Department categorised 136 numbers in a series as VIP/Fancy numbers. The Department allotted VIP/Fancy numbers in respect of two wheelers by charging prescribed additional fee. The VIP/Fancy numbers in respect of four wheelers/LMV (private/non-transport) are being allotted by the office of Minister (Transport) generally on the request of the individuals recommended by prominent persons.

The Cabinet in its decision No. 1252 dated 06/08/2007 decided to freeze, forthwith, allotment of fancy numbers for all motor vehicles of all descriptions. It was also decided that the State Transport Authority should not register any fancy number which may have already been allotted. The Cabinet further decided that the allotment of fancy numbers would remain frozen till such time as the Transport Department formulates a new policy in the matter. The Department prepared a policy for allotment of VIP/fancy numbers and sought approval of the Cabinet. However, the Cabinet vide its decision No. 1338 dated 24/12/2007 deferred the matter.

The Department started issuing VIP/Fancy numbers for two wheelers w.e.f. 28/03/2008 without the approval from the Cabinet. Also for LMV the Department started issuing VIP/Fancy numbers for official vehicles w.e.f. 14-02-2008 and then for private vehicles w.e.f. 13/10/2009. The Department had issued fancy numbers to 5778 vehicles from 1 April 2008 onwards (2519 for two wheelers and 3259 for LMVs). Further, the Department de-classified nine numbers viz. 1111, 2222, 3333, 4444, 5555, 6666, 7777, 8888, and 9999 from the list of fancy numbers of four wheeled vehicles. The Department had issued such de-classified fancy numbers to 1558 vehicles (582 for two wheelers and 976 for LMVs). The Department neither approached the Cabinet nor intimated it before allotting any number from the list of VIP/Fancy numbers.

We observed that, by not formulating fancy number allotment policy, the Department had missed the opportunity of revenue generation as prevailing in other States e.g. the charges for allotment of a fancy number in Tamil Nadu ranged from ₹ 1000 to ₹ 1,00,000, in Punjab it ranged from ₹ 1000 to ₹ 50,000, in Karnataka it ranged from ₹ 6000 to ₹ 75000, and in Andhra Pradesh it ranged from ₹ 1000 to ₹ 50,000 etc.

3.7.14 Permits

3.7.14.1 Application for National Permits

National Permit (NP) was introduced in 1975 with the objective of encouraging long distance road transport. NP is a permit issued for a public carrier (goods vehicle) for operation in a minimum of three contiguous states besides the home state chosen for operation by the applicant for such a permit. The home state charges authorisation fee and composite fee for issuing the NP valid for one year. Authorisation fee is kept by home state and composite fee is sent to the concerned States. Subsequently the Ministry of Road Transport and Highways, Government of India vide its notification dated 7th May 2010 implemented new NP system whereupon authorisation fee was increased from ₹ 500 to ₹ 1000 and instead of composite fee a consolidated fee of ₹ 15000 was to be paid by the NP applicant which will be operative throughout the country. The consolidated fee would be distributed among the States by Central Government on pro rata basis. The share of the Delhi Government was ₹ 606.

NIC developed the new web based NP system. The application system was implemented by the Department since September 2010. To obtain an NP, the applicant applies to the Department of Transport with relevant documents. The Department accesses the NIC portal and fills up the requisite information. The applicant pays the authorization fee to the Transport Department. The applicant can then pay consolidated fee either online or through cash. In case of cash payment, system generates a challan for depositing the consolidated fee in the designated bank. The bank subsequently uploads the payment status

after two days excluding the day of transaction. The applicant then goes to the Department where a National Permit generated electronically from the web portal is issued. The Department had issued 12767 National Permits during September 2010 to March 2011 using online application as detailed below:

Sl No	Period	NP issued (Delhi)	NP issued (All India)	Percentage of Delhi vis-à-vis All India NP issued
1	September 2010 to March 2011	12767	421305	3.03

Since the Department has not implemented VAHAN for transport vehicle, there is no State and National Register for transport vehicles registered in Delhi. As a result, neither the Department nor other States are in a position to verify vehicle/owner/permit details.

3.7.15 Conclusion

The Department did not implement VAHAN and SARATHI with cohesive planning strategies, resulting in fragmented computerisation. Transport vehicles not registered through VAHAN and licences issued through customised software were not imported into the State Register due to portability issues. Thus despite huge expenditure the computerisation is incomplete and does not serve the overall objectives of complete State and National Databases. The database lacked completeness, Input controls and validation checks. Manual intervention in the application software could not be avoided. The Department also failed to formulate any policy for issuing fancy numbers to vehicles thereby forgoing additional revenue. The Department also could not formulate and manage contracts in a manner which protect interests of the Government and monitor the activities of the vendors effectively.

3.7.16 Recommendations

(i) The Department may develop an IT strategy and an IT Plan to avoid ad hoc and fragmented implementations.

(ii) Department may ensure preparation of Delhi State Register for VAHAN and SARATHI.

(iii) Input controls and validation checks may be strengthened to ensure data completeness and correctness.

(iv) Manual interventions in the application system may be completely avoided.

(v) Contract management may be formulated in a manner which help monitoring the activities of the vendors and also protect interests of the Department and citizens.