

CHAPTER VI: MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

6.1 Scheme for setting up of Inspection and Certification Centres

Delay in finalisation of the equipment supplier, poor planning and ineffective monitoring resulted in delayed completion/non-operational of I & C Centres planned during XI Five Year Plan to till date (September 2019). Thus, the purpose of implementing the scheme i.e. implementation of an effective vehicle inspection system, improvement of roadworthiness and further replicating such model I & C Centres in the rest of the States could not be fully realised yet.

6.1.1 The Ministry of Road Transport and Highways (the Ministry) envisaged (August 2009), a scheme for setting up automated Inspection and Certification (I & C) Centres with estimated provision of ₹280 crore due to poor maintenance and servicing of old in use vehicles which not only damages the environment but also poses great safety hazards on road. Accordingly, a scheme for setting up of I & C Centre each in nine States¹ was initiated (XI Five year (FY) Plan/August 2009) by the Ministry on a pilot basis on the basis of study conducted by National Automotive Testing and R&D Infrastructure Project (NATRIP).

The main objective of these I & C Centres was to ensure safety and security of the in-service transport vehicles besides enhancing cleaner environment. The model I & C Centre was to demonstrate scientific testing of road worthiness of vehicles and to be equipped with automated testing facilities to avoid the prevalent manual assessment methods. The States were required to replicate such model I & C Centres on their own/through private partners, depending upon the vehicle population in a particular city.

The Ministry decided (August 2009) to engage Automotive Research Association of India (ARAI), Pune as technical consultant for providing technical assistance for the I & C Centres which included architectural/design concepts, tender documents, equipment procurement, installation cum commissioning and operation of Centre. The Ministry also proposed to bring out certain legislative changes in the Motor Vehicles Act, 1988 and the Central Motor Vehicles Rules (CMVR), 1989 as the list of parameters to be checked at the time of fitness tests, given in Rule 62 of CMVR 1998 were required to be modified to include more items concerning safety and environmental parameters requiring regular checks using the automated test equipment in a vehicle inspection Centre. It was also projected that each I & C Centre would generate revenue of ₹4.03 crore per annum.

The concerned State Governments were responsible for providing land (Three acres for each Centre) and other infrastructural facilities for setting up of new Centre. The Ministry decided to execute the scheme in the States by the Society of Indian Automobile Manufacturers (SIAM), International Centre for Automotive Technology

¹ *Karnataka, Delhi, Madhya Pradesh, Haryana, Gujarat, Maharashtra, Telangana, Rajasthan, Uttar Pradesh and Himachal Pradesh. I & C Centre in Himachal Pradesh was cancelled (July 2014) due to State Government not bearing the additional cost of land development.*

(iCAT) and Automotive Research Association of India (ARAI) and I & C Centres were to become operational within 12 months of start of the project activity. The Ministry conveyed (September 2010 to November 2014) to respective State Governments administrative approvals and financial sanctions (A/A & F/S) for establishing I & C Centres at an estimated cost of ₹14.40 crore² (exclusive of taxes) for each of four lane Centres except for Uttar Pradesh and Madhya Pradesh for which A/A & F/S amounting to ₹12.62 crore and ₹14.74 crore was conveyed, respectively. Details of projects sanctioned are shown in Table 6.1 below:

Table 6.1: Details of Projects sanctioned

(₹ in crore)

Sl. No.	Location of Centre and State	Name of Agency	Amount sanctioned for civil construction	Amount released	Scheduled Date of Completion	Operation start date
1.	Lucknow - Uttar Pradesh	ICAT, Manesar	5.80	8.40	January 2016	Centre is ready for installation of equipment
2.	Nashik - Maharashtra	ARAI, Pune	5.80	6.08	January 2013	October 2015
3.	Rail Magara- Rajasthan	ARAI, Pune	5.80	5.65	March 2013	Yet to start
4.	Surat-Gujarat	ARAI, Pune	5.80	4.90	March 14	May 2017
5.	Nelamangala- Karnataka	ARAI, Pune	5.80	5.55	January 2013	October 2016
6.	Jhuljhuli - Delhi	ICAT, Manesar	5.80	5.60	May 2013	July 2016
7.	Malkapur- Telangana	ARAI, Pune	5.80	5.35	August 2013	Centre is ready for installation of equipment
8.	Chhindwara- Madhya Pradesh	SIAM	8.50	10.20	May 2012	February 2016
9.	Rohtak- Haryana ³	ICAT, Manesar	5.80	5.70	-	August 2016
	Total		54.90	57.43		

An amount of ₹94.32 crore has been released by the Ministry for these projects in nine states which included ₹57.43 crore for civil construction, ₹3.20 crore for project management fees, ₹7.59 crore for utilities and taxes and ₹26.10 crore for equipment. The executing agencies i.e. SIAM, iCAT and ARAI for the I & C Centres were selected on nomination basis and the work was allocated on the basis of demographic locations of the States, expertise and capabilities to set up Centres.

² Includes equipment and utilities and software (₹5.30 crore), civil construction (₹5.80 crore), Operation and maintenance (₹2.65 crore, Project management fees and garage Auditing (₹0.65 crore)=Total ₹14.40 crore.

³ Records of Haryana not provided for audit.

6.1.2 Audit noticed that:

- (i) Initially (September 2010), it was decided that the equipment would be procured by the each executing agency of the projects. However, the tender was cancelled as it was not in conformity with provisions of GFR and it was decided (December 2010), to procure equipment for all I & C Centres under a single tender. However, the Ministry took two years (November 2012) in floating the tender due to time taken in finalisation of specifications for the equipment. The tender was finalised and letter of award was issued on 7 August 2013. Thus, there was delay of more than three years in finalisation of the tender.
- (ii) After completion/commissioning of the project, the Centre was to be operated by the equipment supplier for two years after which the I & C Centres were to be transferred to the State Governments. As such, it was considered essential that the State Governments may be actively involved in and oversee the progress of the project. For the purpose, the Ministry had to enter into a tripartite Memorandum of Understanding (MoU) with the State Governments and the executing agencies before releasing the funds for the projects. However, MoU in case of Madhya Pradesh was signed in January 2017 i.e. after completion of the project (March 2016). Moreover, in the case of Madhya Pradesh, the cost of land development amounting to ₹20 lakh was also released by the Ministry in violation of the scheme guidelines.
- (iii) Audit examination revealed that there was no prescribed monitoring mechanism in the project Guidelines except provisioning of quarterly progress reports in the sanction letters. However, it was noticed that except SIAM, which furnished five quarterly reports for I & C Centre at Chhindwara, Madhya Pradesh from December 2010 to April 2012, no other executing agency had submitted quarterly progress to the Ministry to monitor the progress. Moreover, neither the administrative approval nor any of the sanctions mentioned the mandatory provision of submission of Utilisation Certificates (UCs) under Rule 212 of General Financial Rules (GFR).
- (iv) It was observed that the main reason for delay was ineffective monitoring/co-ordination between executing and operating agency. The civil work and the supply of equipment overlapped as the technical specification of the equipment and the details of exact dimensions and properties of the pits were to be determined by the equipment supplier. The equipment was procured without ascertaining the availability of space, manpower and infrastructure required for installation for these Centres leading to delays.
- (v) Besides, Department of Expenditure, Ministry of Finance had prescribed guidelines (December 2011) in the matter of continuation of ongoing schemes from XI Plan to XII Plan. These stipulated that before continuation of the scheme in the XII Plan, the scheme was to be subjected to evaluation with regard to performance in the XI Plan. However, the Evaluation Report submitted (September 2017) by the technical consultant-Central Institute of Road Transport (CIRT), Pune to the Ministry regarding performance of the scheme during XI Plan revealed following main weaknesses:

- That the scope of work of each of the agency was not clearly defined. As per guidelines the shed construction layout was provided by the executing agency and the equipment foundation layout was provided by the operating agency. Due to lack of coordination between the two agencies the civil work was delayed.
 - Due to very less involvement of the Regional Transport Office (RTO) officials during the project inception stage, they were not well equipped with the testing procedures and lack knowledge of the equipment used for testing. The guidelines did not specify training to RTO officers and their capacity building to ensure sustainable operations of the Centre after project handing-over.
 - The scheme did not clearly define the terms of handling-over and taking-over procedures.
 - Although some of the Centres were established within given time frame, the transport department had delayed taking necessary measures to make vehicles available for testing. Therefore, such Centres have not been put to effective utilisation.
- (vi) As of November 2018, in three Centres (Telangana, Rajasthan and Uttar Pradesh) equipment were not installed/commissioned resulting in delays in operationalisation of the Centres. Six Centres (Karnataka, Delhi, Madhya Pradesh, Haryana, Gujarat, Maharashtra,) were ready for operation as on March 2018, after delays ranging between 26 months to 54 months. Audit test checked achievements against annual target for the number of vehicles to be inspected and noted the following number of vehicles inspected at each Centre and amount of revenue earned as shown in Table 6.2 below:

Table 6.2: Number of vehicles inspected and revenue earned at I & C Centres

Sl. No.	I & C Centre	Annual Target (No. of vehicles)	Achievement (No. of Vehicles inspected)	Revenue earned (₹ in lakh)	Period	Remarks
1.	Jhuljhuli, Delhi	Not fixed	36,560	Not provided	01 April 2017 to 31 October 2019	The Centre was designed to inspect about 1.25 lakh vehicles per annum as per the scheme document. However, only 36,560 vehicles (11.31% on per annum basis) were inspected against the installed capacity.

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2.	Nelamangla-Karnataka	Not fixed	11,440	Not provided	01 October 2016 to 28 February 2019	Centre is not functioning as on date. Tendering is in process for re-commencing operation from February 2020. Even during operationalisation period, the utilisation was only 3.79% (on per annum basis) of the installed capacity of 1.25 lakh vehicles per annum. Hence, the Centre remained mostly idle.
			Nil		01 March 2019 to 31 October 2019	
3.	Rohtak, Haryana	1.25 lakh to 1.50 lakh	33,664	Not provided	01 April 2017 to 31 October 2019	Only 33,664 vehicles (10.41% on per annum basis) were inspected against the installed capacity.
4.	Surat, Gujarat	36,000	3,835	28.42	06 October 2017 to 31 March 2018	Only 34% utilisation against the target fixed by state and 9.85% (on per annum basis) utilisation if the installed capacity of 1.25 lakh vehicles per annum is considered.
			13,487	99.45	01 April 2018 to 31 March 2019	
			8,186	58.29	01 April 2019 to 31 October 2019	
5.	Chhindwara, Madhya Pradesh	Not fixed	Nil	-	2016-17	Though the Centre was commissioned on 30 January 2016 only 10 vehicles were inspected. Resultantly the Centre remained practically idle and investment was wasted.
			10	0.09	2017-18	
			Nil	-	2018-19	
			Nil	-	01 April 2019 to 31 October 2019	
6.	Nashik, Maharashtra	Not fixed	14,342	69.39	14 October 2015 to 31 March 2016	Against the installed capacity of about 1.25 lakh vehicles per annum, no targets were fixed and only
			24,934	139.63	01 April 2016 to 31 March 2017	

			32,330	240.26	01 April 2017 to 31 March 2018	1,20,488 vehicles (23.80% on per annum basis) were inspected.
			30,667	234.79	01 April 2018 to 31 March 2019	
			18,215	139.15	01 April 2019 to 31 October 2019	
7.	Lucknow - Uttar Pradesh	Not yet operational				
8.	Rail Magara-Rajasthan					
9.	Malkapur-Telangana					

- (vii) It may be seen from above Table 6.2 that the annual target for number of vehicles to be inspected was not fixed in any of the Centres except by I & C Rohtak, Haryana and Surat, Gujarat. In six Centres which were operational, the total number of vehicles actually inspected and certified were much less than the installed capacity of 1.25-1.35 lakh vehicles per Center as envisaged in the scheme guidelines. Further, information provided by Surat-Gujarat, Chhindwara-MP and Nashik-Maharashtra for revenue earned indicated that only ₹1.86 crore, ₹0.09 lakh and ₹8.23 crore were earned, respectively, by these Centres for the periods indicated above, which were also much less than the projected revenue of ₹4.03 crore per Centre per year as envisaged in the scheme guidelines.

It is evident that the capacity of each Centre is highly underutilised and accordingly the revenue earned is far behind in comparison to annual projected revenue for each Centre.

- (viii) The required Amendment in Section 56 of the Motor Vehicles Act, 1988 regarding compulsory testing of vehicles in automated testing stations has been notified during August 2019. The date from which this amendment will be effective is to be notified by the Central Government. As the pilot projects for setting up automated I & C Centres is yet to be completed in three states and the scheme is yet to be replicated by States through own/through private partners, as envisaged, its immediate implementation in the entire country is uncertain.

The Ministry in its reply (February 2018/August 2019) stated that:

- Initially executing agencies were asked to procure the equipment. Later on, it was decided to float the single tender for equipment procurement. In addition to it, finalisation of specifications of equipment was a big challenge. Further, the Ministry attributed delays to a court case filed during tender evaluation process and finalisation of the equipment supplier;
- Though the executing agency did not submit the progress report but the Ministry has been regularly reviewing the progress of the Centres in the meeting held in the

Ministry from time to time. Payments were sanctioned only after receiving the progress report from the State Government.

- On the issue of Utilisation Certificates (UCs), the Ministry stated that though it was not mentioned in the sanction order for submission of UCs, the Ministry did not release fund without receiving the UCs except in case of Gujarat.
- Necessary provisions under section 56 of the Principal Act has been made vide Motor Vehicles (Amendment) Act, 2019.
- Though letter of award for supply of equipment at all I & C Centres was issued on 7 August 2013, delivery order was placed at different time.
- The Ministry has incorporated the recommendations of CIRT in the tender document of I & C Centre of XII FY Plan.

The Ministry's reply may be viewed in the light of following:

- As it was prudent on the part of the Ministry to finalise the specifications at the time of publication of the tender and issue of sanctions to the executing agencies afterwards. The said court case was filed early in the year 2013 and disposed off in May 2013. However, the sanctions for the projects were issued since September 2010.
- The reply of the Ministry was silent on funding land development cost of ₹20 lakh in violation of scheme guidelines.
- Letter of award for supply of equipment was issued without ascertaining technical specifications, availability of space and infrastructure required.
- Though the Motor Vehicle Act has been amended during August 2019, yet the notification for making the amendments effective, is yet to be made effective (September 2019).
- Though remedial measures has been taken by the Ministry for I & C Centres during XII FY Plan, still three centers of XI FY Plan are yet inoperative (September 2019).

6.1.3 Conclusion

The Vehicle Inspection & Certification program was an effective tool to improve the condition of in-use vehicle fleet. However, delay in finalisation of the equipment supplier, poor planning and ineffective monitoring led to delayed completion/non-operational of I & C Centres planned (August 2009) during XI FY Plan till date (September 2019). Consequently, the purpose of implementing the scheme i.e. implementation of an effective vehicle inspection system, improvement of roadworthiness and further replicating such model I & C Centres in the rest of the States could not be fully realised yet.

6.1.4 Recommendations

- The three incomplete Centers (Lucknow -Uttar Pradesh, Rail Magara-Rajasthan & Malkapur-Telangana) should be completed at the earliest, to avoid further time and cost overrun and postponement of the benefits of the scheme.
- Date from which the amendment in the Section 56 of Motor Vehicles Act will be effective should be notified by the Ministry immediately for implementation, to give effect to a stricter regime for testing of vehicles and new rates of user charges for certification.
- The capacity of operational Centers should be utilised in full to optimise the benefits of the scheme and to meet the revenue target for each Center as well.