CHAPTER-V: Application controls and Other Irregularities

Snapshot

Application controls are controls over the input, processing and output functions of an individual application system. It can be manual or automated. The objectives of application controls are to ensure the completeness, accuracy, and validity of data entries.

Cases of incompleteness of data, insufficient validation checks, deficient input control and other irregularities were noticed in Audit and the Department has assured to take action in coordination with NIC in these cases.

5.1 Introduction

Application controls help to ensure data accuracy, completeness, validity, verifiability and consistency and thus ensure the confidentiality, integrity and availability of the application and its associated data.

The audit findings in this regard are mentioned in the following paragraphs.

5.2 Audit findings

5.2.1 Misclassification of maxi cabs as motor cabs

Section 2 (22) of the MV Act, 1988 defines 'maxi cab' as any motor vehicle constructed or adapted to carry more than six passengers, but not more than twelve passengers, excluding the driver, for hire or reward. Similarly, 'motor cab' is defined under Section 2 (25) as any motor vehicle constructed or adapted to carry not more than six passengers excluding the driver for hire or reward.

Data analysis of vehicles revealed that 2,405 vehicles having carrying capacity of 8 to 27 passengers were registered during the audit period from April 2016 to March 2021 as motor cab instead of maxi cab/bus in the State. Out of these 2,405 vehicles, 267 vehicles were registered as motor cabs instead of maxi cab with seating capacity 8 to 14 in 11 out of 12 sampled RTOs/ARTOs **(Appendix- 5.1)**.

During validation of data relating to 118 maxi cabs, it was found that 118 maxi cabs were misclassified as motor cabs either due to wrong feeding of data in Vahan application or absence of checks/application control. Hence, it is clear that due to misclassification of seating capacity of maxi cabs, checking/restriction was not done through the Vahan application as per the provisions of MV Act, 1988. Due to misclassification of maxi cabs there may be impact on permit fees[1] as permit fees for maxi cabs are higher than fee for motor cabs.

---

[1] As per Rule 125 of UPMV Rules, 1998

The Department in its reply (July 2022) stated that appropriate action will be taken in the subject in question after examining the cases by the Department. Necessary arrangements will be ensured by coordinating with NIC.

5.2.2 Absence of data validation in key fields

Analysis of the Vahan and Sarathi database of the 12 sampled RTOs/ARTOs for the period from 2016-17 to 2020-21 revealed that certain key fields contained incorrect data/values in several records due to inadequate data validation. The details are as under:

(i)   Incorrect mention of Cubic Capacity

Data analysis of vehicles registered during audit period revealed that 7,122 vehicles were registered with '0' cubic capacity in the State. Out of these, 2,557 vehicles were registered with '0' cubic capacity in 12 sampled RTOs/ARTOs **(Appendix- 5.2).** As per the make and model of these vehicle, the cubic capacity should have been more than zero. Out of 2,557 cases, Audit validated 211 cases in all sampled RTOs/ARTOs and found that in all the cases, cubic capacity was mentioned as zero.

The Department in its reply (July 2022) stated that after the implementation of the Vahan 4.0 system, at the time of vehicle registration, the basic data of the vehicle is registered through the homologation portal, on which the vehicle-related details are filled by the vehicle manufacturer. Therefore, there is no possibility of change in the cubic capacity. However, appropriate action will be taken in the cases after examining the cases by the Department.

Audit anlysed the data and found that after the implementation of the Vahan 4.0 system in February 2019, certain vehicles were registered with zero cubic capacity from March 2019 to January 2021 which shows that necessary check was not available in Vahan 4.0 system.

(ii)   Incorrect data of seating capacity under maxi cab category of vehicles

Analysis of data revealed that as on 31 March 2021, 89 vehicles were registered with wrong seating capacity in the State. Out of these, 27 vehicles were registered with wrong seating capacity in 5 sampled RTOs/ARTOs out of 12 sampled RTOs/ARTOs. The number of seats had been entered as ranging from 14 to 32, though these vehicles did not have such seating capacity as authorised seating capacity was 12 seats for these vehicles. The details are given in **Appendix-5.3.**

Out of 27 cases, Audit validated 21 cases in the sampled RTOs/ARTOs and found that seating capacity was incorrectly mentioned in all the cases.

The Department in its reply (July 2022) stated that after the implementation of the Vahan 4.0 system, entry of incorrect seating capacity could not be done.

However, appropriate action will be taken in the case after examining the cases by the Department.

Audit anlysed the data and found that after the implementation of the Vahan 4.0 system in February 2019, vehicles were registered with incorrect seating capacity from April 2019 to March 2021 which shows that necessary check was not available in Vahan 4.0 system.

(iii)   Invalid date of registration of vehicles

Data analysis of vehicles registered during the audit period revealed that registration dates of 81 vehicles were prior to the date of purchase in the State. Out of these, 21 vehicles related to 8 out of 12 sampled RTOs/ARTOs **(Appendix- 5.4)**. The date of registration of these vehicles was prior to the date of purchase ranging between 1 to 710 days[2].

During validation of sampled offices, it was noticed that out of these 21 vehicles, eight vehicles were registered after getting NOC from other States and seven vehicles were registered in the State. The registration data of vehicles was mentioned incorrectly due to absence of validation checks and input control.

The Department in its reply (July 2022) stated that after the implementation of the Vahan 4.0 system, entry of registration could not be done before purchase date. However, appropriate action will be taken in the matter after examining the cases by the Department.

Audit analysed the data and found that after the implementation of the Vahan 4.0 system in February 2019, certain vehicles were registered before purchase date from June 2019 to March 2020 which shows that necessary check was not available in Vahan 4.0 system.

Recommendation 7:

The Department should take necessary steps to have in-built input and validation controls to prevent capturing of incorrect and incomplete data in system.

(iv)   Next Inspection Date for fitness not mentioned

As per Rule 39 (2) of UPMV Rules, 1998, the registering authority or the authorised testing station, by whom certificate of fitness was issued, may endorse thereon the date, appointee for the next inspection of the vehicle and the owner shall cause the vehicle to be produced for inspection accordingly.

Data analysis of Vahan application revealed that as on 31 March 2021, Next Inspection Date (NID) for fitness was not mentioned in respect of 1,83,530 vehicles plying in the State. Out of these, 48,823 vehicles were plying in 12

---

[2] Delay upto 30 days- 13 vehicles; delay between 31 to 180 days – 3 vehicles; delay between 181 to 365 days - 4 vehicles; and delay more than one year – 1 vehicle.

sampled RTOs/ARTOs **(Appendix- 5.5)**. Out of 48,823 vehicles, Audit validated 240 cases in all sampled RTOs/ARTOs and found that in all the cases, NID was not mentioned.

The Department in its reply (July 2022) stated that after the on-line fitness system was implemented in the entire state from 15 February 2019, the facility of selecting the fitness date has been given to the vehicle owners. However, appropriate action will be taken in the matter after examining the cases by the Department

Audit anlysed the data and found that after the implementation of the Vahan 4.0 system in February 2019, NID was not generated by the Vahan application from March 2019 to March 2021 according the rule 39 (2) UPMV Rules 1998. This shows that necessary check was not available in Vahan 4.0 system. Further, penalty could not be levied by Vahan application for delay in renewal of fitness as per Rule 39(4) UPMV Rules 1998.

Recommendation 8:

The Department should make a provision of selection of slot for renewal of fitness certificate as per Rule 39 (2) of UPMV Rules, 1998.

(v)   Fitness certificates issued for more than one/two year

As per Rule 62 of CMV Rules, 1989 (as amended November 2018) a certificate of fitness in respect of a transport vehicle is granted and such certificate shall be valid for two years for a new transport vehicle upto to eight years old and certificate of fitness of vehicles older than eight years shall be renewed for one year. Renewal of a fitness certificate shall be made only after the Inspecting Officer or authorised testing station has carried the specified tests.

Analysis of data revealed that in 2,06,544 cases, the validity of fitness certificate was shown valid for more than one/two years (ranging from 3 days to 6,395 days) from the fitness check date in respect of transport vehicles.

Out of these, in 58,548 cases relating to 12 sampled RTOs/ARTOs, the validity of fitness certificates was shown valid for more than one/two years (ranging from 3 days to 5,021 days[3]) from the fitness check date **(Appendix- 5.6).**

The Department, in its reply (July 2022), stated that after the implementation of the Vahan 4.0 system, the fitness validity is granted by the Vahan software according to the period of fitness validity as given in the Central Motor Vehicle Manual. However, appropriate action will be taken after examining the case by the Department.

---

[3]   Delay upto 30 days - 5,474 vehicles; delay between 31 to 180 days - 3 vehicles; delay between 181 to 365 days, 20 vehicles; and delay more than one year - 53,051 vehicles.

Audit analysed the data and noticed that after the implementation of the Vahan 4.0 system in February 2019, fitness validity was granted by the Vahan software for more than one/two years from March 2019 to March 2021 in case of transport vehicles which shows that necessary check was not available in Vahan 4.0 system.

5.2.3 Lack of documentation

Once a system is implemented, change control should be put in place to ensure the changes to the system are authorised, tested and documented to ensure adequate audit trail. The request for changes should be signed by the higher-level functionaries of the Department and all changes should be tested before they are put to use in the live environment.

Absence of Change Management Documents

The modification for the errors or deficiencies in Vahan 4.0, Sarathi 4.0 applications and E-Challan App are undertaken in the system by the Project Monitoring Committee comprising Departmental officials and NIC personnel. However, the procedure for change management was neither documented nor produced to the Audit.

The Department in its reply (July 2022) accepted the audit observation and stated that appropriate action will be taken on advice given by Audit in this matter.

Recommendation 9:

The Department should document change management to ensure audit trail.

5.2.4 Deficiencies in Report Module

As per Section 4 and 6 of UPMVT Act, 1997, no motor vehicle shall be used in any public place unless a tax and additional tax at the rate applicable in respect of such motor vehicle, (as may be specified by the State Government by notification issued time to time) has been paid in respect thereof. Further, imposition of penalty in case of not paying tax timely is prescribed under Section 9 of UPMVT Act, 1997 and Rule 24 of UPMVT Rules, 1998.

Vahan 4.0 Application supports generation of the list of tax defaulters; however, the application is not enabled to generate notices to the defaulters. Analysis of tax defaulters list as on 31 March 2021 revealed that in 12 sampled RTOs/ARTOs, 1,52,329 transport vehicles having tax arears amounting to ₹ 986.10 crore were reflected in the tax defaulters list. In this regard, Audit noticed an inconsistency that in addition to the aforesaid vehicles, 31,813 vehicles were reflected in the tax defaulter list with NA remark in tax arrears column in the application **(Appendix-5.7)**. Hence, actual arrears of these vehicles could not be ascertained by the Audit.

The Department in its reply (July 2022) accepted the audit observation and stated that, appropriate action in the matter will be taken after examining the case by the Department.

5.2.5 Analytics Portal

Considering the volume and complexity of data generated through various transport services, a progressive Analytics Portal has been implemented in the Vahan and Sarathi applications by NIC. NIC has adopted open source Business Intelligence (BI) tools such as Java script Libraries, Elastic Search and Text Search. An open source database PostgreSQL is used for all the required data repositories. The portal, provisioned with an aim to enable efficient decision making and forecasting, serves the following key purpose:

- Business Intelligence Portal to fulfil the analytics and reporting needs related to Vahan, Sarathi applications and other transport related data and comprehensive dashboards for Vahan and Sarathi applications to analyse and monitor the important analytics Key Performance Indicators (KPI).

- Advanced, fast and comprehensive search utility to quickly access details of Registration Certificates at Vahan and Driving Licenses at Sarathi applications.

- Leveraging advanced analytics to forecast the occurrence of events in future, based upon the historical data.

Audit noticed that NIC did not provide login password of the Analytics portal so far to the Transport Department. Hence, the Department was deprived off the benefits of Analytics portal.

The Department in its reply (July 2022) stated that the login ID for the analytics portal will be obtained after coordinating the same with NIC.

Recommendation 10:

The Department should activate the Analytics portal in coordination with NIC.

5.2.6 Other Deficiencies

(i) Discrepancies in Sarathi Application

During Audit of TC office, it was noticed that 2,762 driving licenses issued by office of the ARTO, Budaun were found (October 2016) suspicious and therefore, the matter was being investigated by RTO (Enforcement), Moradabad. Considering the seriousness of the issue, ARTO, Budaun requested (April 2018) the TC office to blacklist these suspicious driving licenses to prevent the license holders from on-line renewal and to avail other on-line services. The TC office issued a letter (April 2018) to NIC for blacklisting of these suspicious licenses. However, Audit noticed that these

driving licenses were still shown as active in M-Parivahan app[4]. Moreover, the Department did not furnish copy of the investigation report to the Audit.

The Department in its reply (July 2022) accepted the audit observation and stated that after examining the cases by the Department, appropriate arrangements will be made in coordination with the NIC accordingly.

(ii)   Lack of reconciliation in on-line Payment

The Department executed (November 2013)[5] a Memorandum of Undertaking (MoU) with State Bank of India (SBI) for providing facility of e-payment of fees/taxes and collection thereof. Clause 5 (iii) of the MoU provided for transfer of collections to the Government account. Further, it provided that SBI had to transfer the same in Transaction day+1 (T+1)[6] working days. Further, as per Clause 5 (iv) in case of delay in payment as specified in sub-clause (iii), the SBI shall pay interest for "Delayed Period" at the prevailing Bank Rate+2%.

In this regard, as pointed out earlier, Audit noticed that there was no reconciliation software to reconcile the taxes/fees collected on-line and deposited in Government Account by SBI.

During test checking of records of the TC office, Audit noticed that TC office intimated (August 2015) to SBI that in district Deoria, under Dealer point registration scheme the amount of taxes/fees was deposited (July 2015) by the dealer but it was returned to the dealer's account after two or three days. It confirmed the fact that on-line collection of fees/taxes was not fully deposited in the Government Account as per provision of the MoU.

In this connection, the Department reviewed (August 2015) the matter for the period from April 2015 to June 2015 and found that according to the MIS report of SBI Roll, amount of fees/taxes was ₹ 160.52 crore and as per MIS report of NIC portal, it was ₹ 161.60 crore. Thus, difference of an amount of ₹ 1.08 crore was found. Further, Transport Commissioner directed (August 2015) NIC and SBI to design a Revenue Reconciliation Software within 15 days to curb such revenue gaps.

The Department further reviewed (May 2016) the matter for the period from April 2015 to March 2016 and found that according to the SBI scroll, an amount of ₹ 1,201.95 crore was deposited, whereas, as per report generated from NIC portal, amount of ₹ 1,232.92 crore was shown as deposited. Thus, a difference of ₹ 30.97 crore was found between the SBI scroll report and the NIC portal. This difference was also due to absence of any reconciliation software.

---

[4] The mobile based application for citizens and transport operators for accessing various transport related services.
[5] Renewed on 16 September 2020.
[6] T+1 working day is as defined by RBI, where "T" is the day on which the money is made available by tax payer to the Bank.

Further, Audit asked for the dump data relating to the period from April 2016 to March 2021 for analysis of reconciliation but the desired data could not be produced either by the Department or by the SBI.

The Department in its reply (July 2022) accepted the Audit observation and stated Reconciliation software has been developed by NIC and is in testing phase. Its implementation will be ensured soon in coordination with NIC and State Bank of India.

The fact remains that reconciliation software could not be developed even after a lapse of more than five years since the instructions of the Transport Commissioner (August 2015). In absence of this software, it could not be ascertained by Audit whether the amount of fees/taxes collected by SBI has been fully and timely deposited in Government Account.

Recommendation 11:

The Department should speedily implement a reconciliation software reconciling on-line collection of revenue by SBI and its timely deposit in Government Account.

(iii)   Vehicles were plying without 'Pollution Under Control' certificate

Rule 115 (7) of the CMV Rules, 1989 provides that after the expiry of a period of one year from the date on which the motor vehicle was first registered, every such vehicle shall carry a valid "Pollution Under Control" (PUC) certificate issued by an agency authorised for this purpose by the State Government which will be valid for six months. Further, MoRTH issued (June 2018) a notification for linkage of PUC certificate with Vahan database.

Audit noticed that against the notification issued by the MoRTH (June 2018) the process for linkage of PUC certificate with Vahan database was started in the State from April 2019.

Analysis of data of vehicles revealed that 3,77,87,504 vehicles were registered in the State as on 31.03.2021. Out of these vehicles, 54,21,948 vehicles plied on road without PUC certificates.

Further, in 12 sampled units, analysis of data revealed that a total of 95,26,035 vehicles were registered as on 31.03.2021. Out of these, 14,81,367 vehicles in the sampled units, plied on road without PUC certificates **(Appendix-5.8).**

During validation of 20 vehicles at each sampled RTOs/ARTOs, it was found that all 240 vehicles had not got PUC certificate from the authorised testing agency.

The Department in its reply (July 2022) accepted the audit observation and stated that appropriate compliance will be done in relation to obtaining PUC certificate.
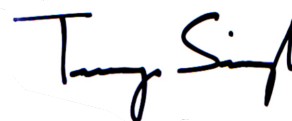
Recommendation 12:

The Department should ensure timely renewal of PUC certificates and get suitable modification done in Vahan 4.0 application in co-ordination with NIC to send SMS alerts to vehicle owners.

Conclusion:

There were certain deficiencies in validation controls affecting data accuracy, integrity and migration of the complete data. There was absence of documentation of change management. Deficient report module could not generate actual position of arrears therefore Department was not able to take action for recovery of its revenue. Online collection of revenue could not be reconciled with the amount deposited in Government accounts due to absence of reconciliation software.

Lucknow

The**9 December 2022**

(TANYA SINGH)

Accountant General (Audit-II),
Uttar Pradesh

Countersigned

New Delhi

The **1 4 DEC 2022**

(GIRISH CHANDRA MURMU)

Comptroller and Auditor General of India