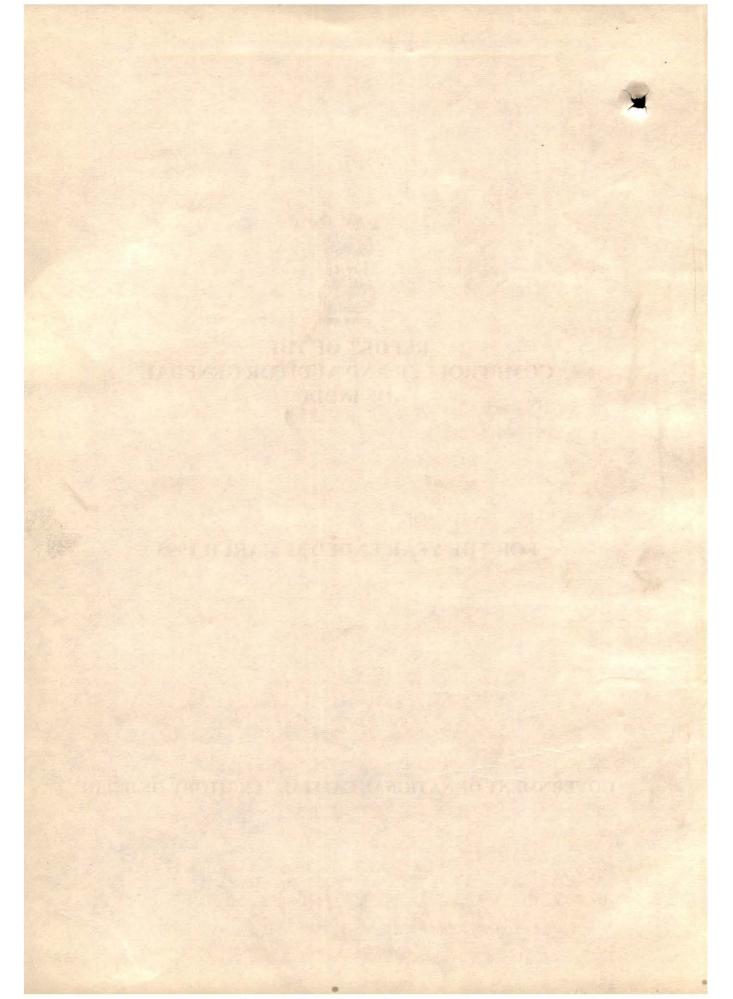


# REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1995

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI



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#### PREFACE

This report for the financial year ended 31 March 1995 has been prepared for submission to the Lt. Governor under Article 151 (2) of the Constitution of India. It covers matters arising from the accounts of the Government of National Capital Territory (NCT) of Delhi which came into existence by virtue of the Constitution (Sixty-ninth Amendment) Act, 1991. This Audit Report presents the results of test audit and review of financial transactions for the period 1994-95.

Service or utilities organisations under the jurisdiction of Government of NCT of Delhi which are featured in this report are the Municipal Corporation of Delhi (MCD), the New Delhi Municipal Council (NDMC), the Delhi Electric Supply Undertaking (DESU) and the Delhi Water Supply and Sewage Disposal Undertaking (DWS&SDU). The matters relating to public sector undertakings of the Government of NCT of Delhi like Delhi Tourism and Transport Development Corporation Limited (DTTDC), Delhi Financial Corporation (DFC), Delhi State Mineral Development Corporation Limited (DSMDC), Delhi State Civil Supplies Corporation Limited (DSCSC), Delhi Small Industries Development Corporation Limited (DSIDC) and Delhi Scheduled Castes Financial and Development Corporation Limited (DSCFDC) whose accounts are audited by the Comptroller and Auditor General of India have also been included.

Audit comments relating to Delhi Development Authority (DDA) find place in the report of the Comptroller and Auditor General of India relating to Union Government, Other Autonomous Bodies (Report No. 3 of 1996).

The cases mentioned in this report arise from the Audit conducted during 1994-95. Matters relating to earlier years have been included, wherever pertinent and transactions and developments after 31 March 1995 are also similarly mentioned, wherever relevant.

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#### **OVERVIEW**

This Audit Report for the year ended 31 March 1995 contains 52 paragraphs including 6 reviews. Major findings are summarised below:

#### I. Accounts of the Government of NCT of Delhi

During the year 1994-95 the total receipts and expenditure of Government of NCT of Delhi were Rs 1887.10 crore and Rs 2693.39 crore respectively, resulting in a deficit of Rs 806.29 crore. As compared to the last year's deficit of Rs 747 crore, this year's deficit has shown an increase of 8 per cent.

The total receipts comprising Tax and Non-Tax receipts during the year 1994-95 increased by 27 per cent over that in 1993-94 (Rs 1484.62 crore).

While social sectors accounted for 43 per cent of the total expenditure. Loans and Advances to local bodies constituted another major area of expenditure, accounting for 28 per cent.

Investment in Public Sector Undertakings increased from Rs 92 crore as on 31 March 1994 to Rs 95.30 crore as on 31 March 1995. There was a marginal increase in the dividend earned from Rs 2.71 crore during 1993-94 to Rs 2.85 crore during 1994-95.

(Chapter - I)

# II. Appropriation Accounts

Savings under all grants aggregated to Rs 312.22 crore, which constituted more than 10 per cent of the total provision of Rs 3005.61 crore. Rs 292.20 crore out of the total savings were surrendered on the last day of the financial year.

In 21 sub-heads the excess expenditure ranged between Rs one crore to Rs 127 crore as the provision in the grant was inadequate. In 89 sub-heads, the

savings exceeded 50 per cent of the budget provision. In 17 cases, savings exceeded Rs one crore in each case.



In one grant, total expenditure exceeded the amount voted under 'Capital' section by Rs 2.79 crore. This would need regularisation by Legislative Assembly.

In 5 sub-heads, despite re-appropriation there were excess of expenditure. Under 16 sub-heads final savings were more than the amount re-appropriated to these heads, indicating that the re-appropriations were injudicious.

In 9 sub-heads in which supplementary grants were obtained, the amount of supplementary grant remained wholly or largely unutilised.

In one case, expenditure was incurred by re-appropriation attracting the limitation of 'New Service'/ 'New Instrument of Service'.

(Chapter - II)

#### III. Urban Basic Services programme

Urban Basic Services programme aimed at upgrading the quality of life of the slum dwellers, especially women and children by providing childcare and health services, water and sanitation facilities, balwadies and day care centre etc. The programme targetted 3.22 lakh households comprising 15.24 lakh persons. Out of Rs 707 lakh spent during 1990-95, Rs 364 lakh were spent on honorarium to Area Volunteers and assistance to aged not covered under the scheme. Average annual per-capita expenditure per slum dweller during 1990-95 was only Rs 9 against Rs 175 contemplated under the scheme. Scrutiny of records revealed that the Project Authorities were not aware of two bank accounts in which amounts were deposited from time to time. In one of the bank accounts, opened without authority from the Finance Department, Rs 46.47 lakh consisting of grant of Rs 38.70 lakh and interest of Rs 7.77 lakh were lying for over three years. However, utilisation certificate was issued for the entire amount of grant, while it was still lying in the bank account.

Acceptance of peanuts far in excess of quantity in purchase order and irregular payment for excess supply compelled the administration to distribute peanuts to children during summer months also.

Books and furniture purched at Rs 12 lakh in June 1991 through Delhi State Industrial Development Corporation (DSIDC) for setting up of Central and Zonal libraries for slum dwellers have been dumped in zones/ headquarters in the absence of infrastructure. DSIDC charged upto 13 times the price of the books towards binding charges.

(Paragraph 3.1)

# IV Construction of District Courts and Lawyers Chambers at Shahdara

District Court building Shahdara including tower block and lawyers chambers was completed between February 1993 to September 1994 at an expenditure of Rs 21.61 crore. Review of construction, planning and execution revealed excess expenditure of Rs 10.68 crore without sanction, time overrun of upto 39 months mainly attributable to the failure of the department to provide drawings to the contractor, even when an architect was engaged for rendering artchitectural support to whom over Rs 38 lakh were paid. Scrutiny also brought out irregular payment of Rs 30.34 lakh to the architect. All 168 lawyers chambers and 48 chambers for petition writers completed in June 1994 remained vacant upto October 1995, resulting in loss of licence fee of Rs 39.15 lakh during the period July 1994 to October 1995.

(Paragraph 3.2)

# V Construction of Supplementary drain to Najafgarh drain (Phase-I)

Construction of supplementary drain to Najafgarh drain sanctioned in 1982 at Rs 25.07 crore, scheduled to be completed by December 1984 mainly to protect Delhi from floods has not yet been completed even after more than 13 years of approval and an expenditure of Rs 40.52 crore. The project is not likely to be

completed for another ten years. Review of the project brought out deficiencies in maintenance of land records as the department did not have records in support of 1033 acres of land, deficient supervision resulting in collapse of a bridge and overpayment/short recovery of Rs 13.25 lakh etc.



(Paragraph 3.5)

# VI Other points of interest

Registrar Co-Operative Societies, Delhi purchased six showrooms from DDA in different parts of Delhi in April 1989 for providing sale outlets to weavers against a provisional payment of Rs 35 lakh. The showrooms did not function though the department incurred an expenditure of Rs 10.31 lakh for their interior decoration and undertook additional liability of Rs 114.33 lakh, Rs 134.20 lakh, Rs 13.62 lakh towards balance cost of showrooms, interest and ground rent respectively until November 1995. Besides, the purpose of investment was defeated.

(Paragraph 3.7)

Two contracts for construction of Government Higher Secondary School at B-Block, Yamuna Vihar and Police Station building and residential quarters at Radhey Sham Park scheduled for completion in December 1990 and February 1991 were rescinded by the PWD in March 1991 and February 1991 respectively at the risk and cost of the contractor. These works were completed in September 1993 and February 1993 respectively at an extra cost of Rs 31.60 lakh. However, the department initiated action to recover the extra cost of Rs 31.60 lakh besides cost of steel valuing Rs 6.74 lakh from the contractor after more than two years in March 1995, only after being pointed out by Audit. The amount was yet to be realised.

(Paragraph 3.3 & 3.4)

Deficient management of recovery of instalment from 1314 allottees of houses constructed under "Integrated Subsidised Housing Scheme for Industrial Workers and Economically Weaker Sections of Community" resulted in non-realisation of Rs 42.40 lakh from them. Besides, 605 houses valuing at Rs 665 lakh at 1992 prices continued to be under unauthorised occupation.

(Paragraph 3.8)

37 schools were opened, bifurcated or upgraded during the period 1988-92 by the Education Department under the scheme "Additional Schooling facilities in the age group of 11-14 and 14-17 years" without concurrence of the Finance Department. 8905 dual desks costing Rs 49.53 lakh were purchased in 1991. Out of which 2255 dual desks became surplus as these were not required by the schools. 125 schools were run in tents since land was not available for construction.

(Paragraph 3.6)

#### **Revenue Departments**

# VII Revenue receipts

The total receipts of National Capital Territory of Delhi in 1994-95 were Rs 1887 crore. Tax receipts of Rs 1578 crore which accounted for the bulk of the revenue receipts were, mainly derived from Sales Tax (Rs 1272 crore) and State Excise (Rs 306 crore).

(Paragraph 4.1)

#### VIII Sales Tax

Out of sales tax dues amounting to Rs 1433.95 crore covered under Recovery Certificates, an amount of Rs 816.79 crore representing 57 per cent was due from defaulters who were not traceable.

(Paragraph 4.6)

In 57 cases there was short levy of tax, non-levy of interest and penalty amounting to Rs 7.16 crore due to suppression of sales by the dealers.

(Paragraph 4.9)

Irregular grant of exemptions on sales resulted in short levy of tax, non-levy of interest and penalty amounting to Rs 14.52 crore in 27 cases.

(Paragraph 4.10 & 4.11)

Failure to detect false or invalid declarations or interpolations in the declaration forms at the time of assessment in 7 cases resulted in short levy of tax, non-levy of interest and penalty amounting to Rs 2.37 crore.

(Paragraph 4.12)

Short levy of tax, non-levy of interest and penalty amounting to Rs 3.41 crore was detected in Audit in 5 cases on cross verification of statutory forms.

(Paragraph 4.13)

Out of 974 cases of seizures during 1990-91 to 1994-95, the department had taken action only in 448 cases. Scrutiny of survey cases revealed irregular grant of exemption on sales in six cases resulting in loss of revenue of Rs 1.33 crore. Delay in follow up action in two survey cases resulted in loss of Rs 40.83 lakh.

(Paragraph 4.17)

# Municipal Corporation of Delhi

#### IX Accounts

Compilation and certification of annual and appropriation accounts of all four wings of MCD are in arrears. Annual accounts of DESU from 1990-91 onwards and appropriation accounts from 1981-82 onwards are still to be certified by the Municipal Chief Auditor.

Loan liability of Rs 711.99 crore was payable by DWS&SDU as on 31-3-1994, Rs 3199 crore by DESU as on 31-3-1995 and Rs 20.92 crore by Slum & JJ department as on 31-3-1995.

(Paragraph 5.1)

# X Indraprastha Power Station (IPS)

IPS which accounts for 40 per cent of the total generation of power by DESU, meets 18 per cent of Delhi's requirement of power. Generation of power in IPS declined from 1478 million units in 1991-92 to 1116 million units in 1994-95 due to increase in shutdowns from 7116 hours in 1991-92 to 16433 hours in 1993-94 and running of plants at low loads. Forced shutdowns resulted in loss of 2151 million units of power valued at Rs 366 crore during 1990-95. Auxiliary consumption of power in excess of CEA's norm of 9 per cent was 119.09 million units valued at Rs 18.85 crore during 1990-95. Compared to the all India average, during 1990-95, there was excess consumption of 98504 kilolitres of furnace oil valuing Rs 42 crore.

Maintenance and overhauling of boilers and turbines were deficient resulting in frequent breakdowns. The poor quality of coal resulted in excess consumption of furnace oil and coal. Transit losses of coal were estimated at 20.73 per cent, valued at Rs 92 crore during 1991-95.

Air and water pollution control measures were not effective as the pollution was still not within the limits prescribed by Central Pollution Control Board despite an investment of Rs 20.91 crore in electrostatic precipitators.

(Paragraph 5.2)

#### XI Unutilised Cables

DESU procured 58.926 km of 66 kv single core cross linked polyethene insulated cable (XLPE) valued at Rs 11.20 crore prematuredly during 1993-95 (July) for use in laying of underground cables in Vasant Kunj/ Shastri Park area, even

though the evaluation of tender and award of works were yet to be finalised as of December 1995.



(Paragraph 5.3)

# XII Construction of Water Treatment Plant at Nangloi

The construction of water treatment plant of 40 MGD capacity at Nangloi was approved in 1989 on the assumption that Haryana would supply of 70 cusecs of raw water regularly through Delhi Tail. Distributory. However, no agreement with Haryana Government has been executed as of July 1995 though the project was originally scheduled to be completed by December 1994. The plant was not completed as of December 1995. Inability of the department to complete the water treatment plant at Nangloi according to the stipulated schedule, deprived the target residents of the benefit of potable water.

The Delhi Water Supply and Sewage Disposal Undertaking went on drawing additional instalments of loans, while it was not able to utilise most of the available amount during all five years. This entailed avoidable interest liability of Rs 7.38 crore. Inclusion of overhead expenses in the actual cost gave unintended benefit to the contractor (National Building Construction Corporation Ltd.). Besides the department gave undue advantage to the contractor by way of interest free advance of Rs 1.10 crore.

Mechanical equipment valuing Rs 240 lakh purchased in April 1993 has not been installed as civil works have not been completed. Laying of raw water main has been held up since December 1993 due to failure to obtain clear title of land. This resulted in avoidable blocking of Rs 891 lakh spent on procurement of pipes.

(Paragraph 5.4)

# New Delhi Municipal Council



#### XIII Accounts

Certification of accounts has been in arrears since 1985-86. Temporary advances amounting to Rs 2.48 crore had not been adjusted upto 31 March 1995.

(Paragraph 5.5)

# Government Companies & Statutory Corporation

# XIV General Aspects

There are five Government Companies and one statutory Corporation in the Government of NCT of Delhi.

(Paragraph 6.2.1 & 6.3.1)

The aggregate paid up capital of Government companies as on 31 March 1995 was Rs 43.88 crore, of which Rs 17.11 crore were invested by the Government of NCT of Delhi and Rs 26.77 crore by the Central Government. Loans aggregating Rs 8.59 crore were outstanding against DSIDC alone as on 31 March 1995.

(Paragraph 6.2.1 & 6.2.2)

Of the 5 Government companies, none of the companies finalised its accounts for the year 1994-95 by September 1995. The accounts of all 5 companies were in arrears for periods ranging from one year to seven years.

According to the latest finalised accounts of these companies, one company had incurred losses of Rs 1.21 crore and the remaining four companies earned profit of Rs 10.04 crore.



(Paragraph 6.2.6)

Total investment in Delhi Financial Corporation as on 31 March 1995 was Rs 50.60 crore (Equity Rs 15.35 crore and long term loans Rs 35.25 crore). During the year 1994-95 the corporation earned a profit of Rs 5.74 crore.

(Paragraph 6.3.2 & 6.3.3)

#### Delhi State Industrial Development Corporation Ltd.(DSIDC) XV

Schemes for development of industrial infrastructure by DSIDC.

DSIDC was incorporated in February 1971 as a wholly owned Government Company to function as an agency for development of industrial infrastructure in Government of NCT of Delhi.

(Paragraph 6.5.1)

109 sheds meant for allotment to educated unemployed youth under 'Half a million job' scheme were irregularly allotted to existing firms and business associates who were not entitled under the scheme.

(Paragraph 6.5.5 (a)(i))

Shares worth Rs 1.25 crore were issued to the Government of NCT of Delhi in excess to the consideration in transfer of 2919 work spaces under 'Industrial Work Centres Scheme'. The company took over 2571 work spaces and remaining 348 work spaces were under unauthorised occupation.

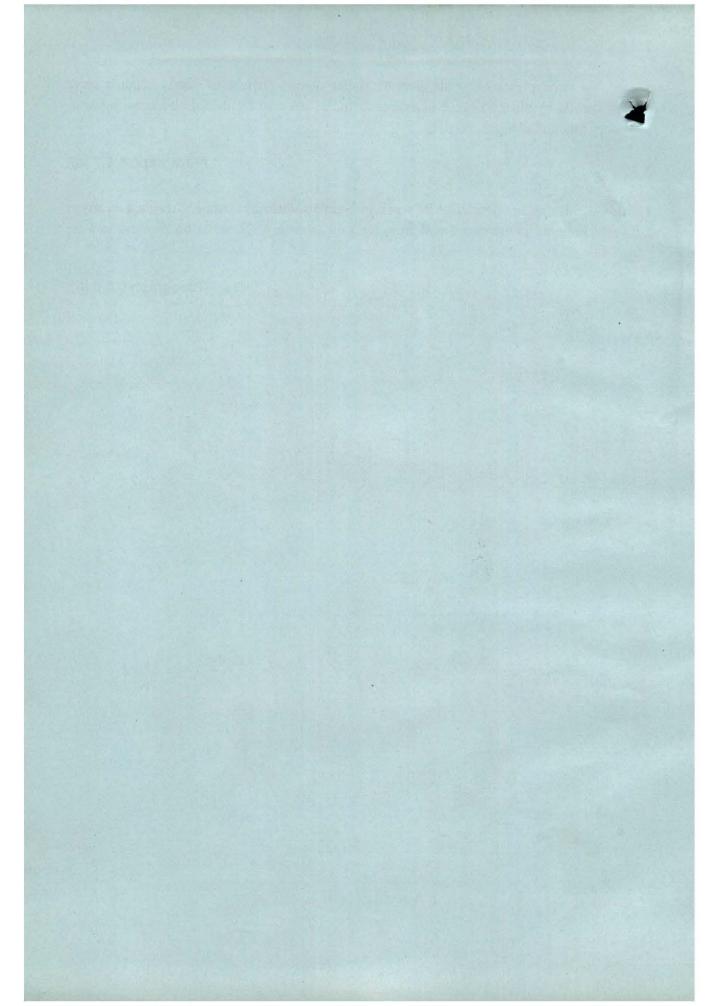
(Paragraph 6.5.6 (a) & (b))

Sale prices of sheds at Kirti Nagar under 'Own your sheds' scheme were scaled up by Rs 1.65 crore in excess to the actual cost by including excess interest, departmental charges etc.

(Paragraph 6.5.7 (a))

Delay in completion of work in Narela Industrial Complex resulted in seven fold increase in estimated cost from Rs 8.69 crore in 1976 to Rs 63.27 crore in June 1990.

(Paragraph 6.5.8 (b))



#### CHAPTER - I



#### **FINANCES**

# 1.1 Introductory

The budget of the Government of National Capital Territory (NCT) of Delhi for the year 1994-95 was approved by the Legislative Assembly of Delhi on 30 March 1994. All transactions relating to receipt and expenditure were accounted for under Consolidated Fund of Government of NCT of Delhi (Fund).

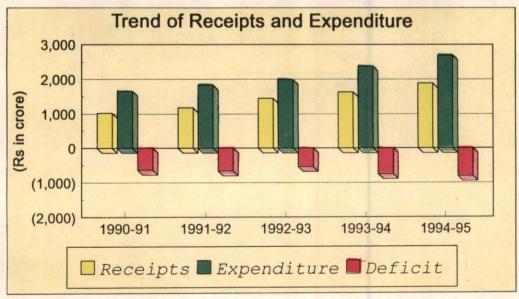
The financial position of the Government of NCT of Delhi as on 31 March 1995 emerging from the Appropriation Accounts and the Finance Accounts for the year 1994-95, the Abstract of Receipts and Disbursements and the details of Sources and Application of Funds during the year are given in succeeding paragraphs.

# 1.2 Trend of Receipts and Expenditure

The receipts and expenditure for the year 1994-95 and the previous four years (rounded to nearest 'Rs in crore') was as under:

(Rs in crore)						
	1990-91	1991-92	1992-93	1993-94	1994-95	
Receipts	1025	1175	1451	1634	1887	
Expenditure	1659	1834	1990	2381	2693	
Deficit	(-)634	(-)659	(-)539	(-)747	(-)806	

Note: The details of receipts and cost of collection are given in chapter-IV

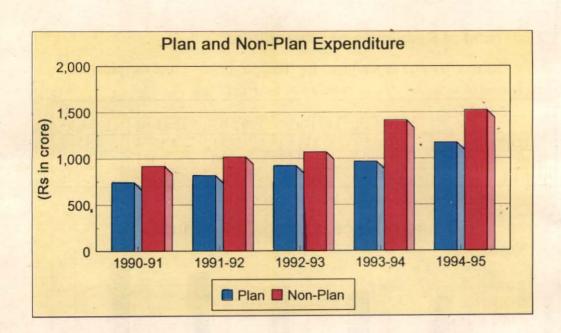


# 1.3 Plan and Non-Plan Expenditure

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The Plan and Non-Plan expenditure for the year 1994-95 and the previous four years was as under:

(Rs in crore)							
	1990-91	1991-92	1992-93	1993-94	1994-95		
Plan	740.91	816.45	919.67	966.36	1170.81		
Non-Plan	917.69	1077.74	1070.60	1414.53	1522.58		

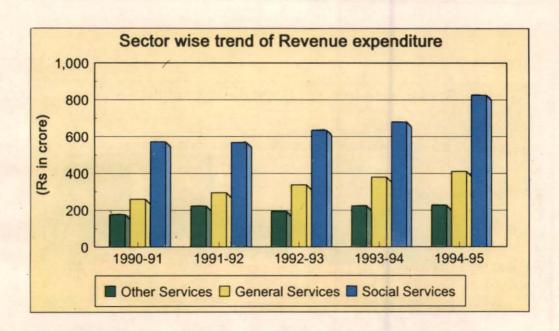




# 1.4 Sector-wise expenditure

# 1.4.1 Sector-wise trend of Revenue expenditure

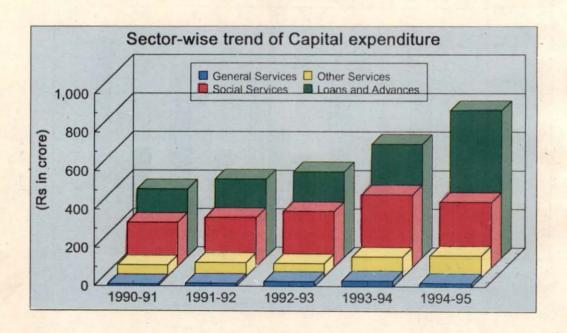
(Rs in crore)							
	1990-91	1991-92	1992-93	1993-94	1994-95		
Social Services	571.00	567.89	634.04	680.15	825.30		
General Services	258.91	294.49	337.13	378.68	410.34		
Other Services	176.38	221.95	191.66	223.12	224.88		
Total	1006.29	1084.33	1162.83	1281.95	1460.52		



# 1.4.2 Sector-wise trend of Capital expenditure

The expenditure on various sectors during the year 1994-95 and the previous four years was as under:

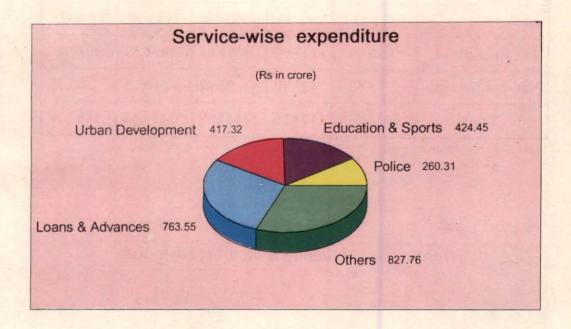
	(Rs in crore)							
	1990-91	1991-92	1992-93	1993-94	1994-95			
Social Services	230.13	256.68	289.07	377.00	339.33			
General Services	9.73	14.84	25.24	30.04	18.54			
Other Services	58.88	72.53	68.68	103.62	111.45			
Loans and Advances	353.58	405.81	444.45	588.28	763.55			
Total	652.32	749.86	827.44	1098.94	1232.87			





# 1.5 Service-wise total expenditure

The actual expenditure on various services during the year 1994-95 was as under:



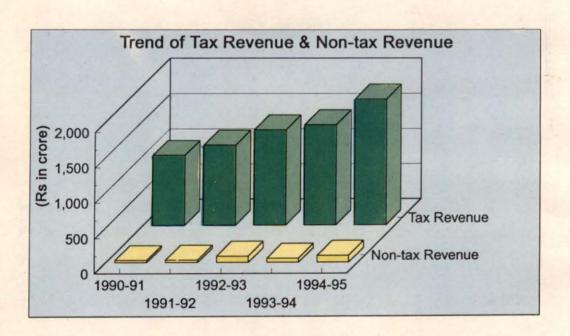
It would be seen from the above that while loans and advances constituted 28 per cent of the total expenditure, education & sports and urban development accounted for 16 and 15 per cent respectively.

# 1.6 Tax and Non-tax Receipts

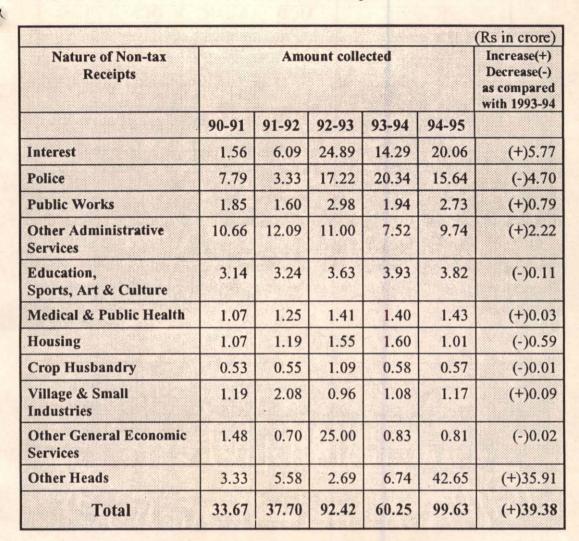
The trend of Tax and Non-tax receipts for the year 1994-95 and the previous four years was as under:

(Rs in crore)							
	1990-91	1991-92	1992-93	1993-94	1994-95		
Tax Receipt	990.99	1137.00	1351.67	1424.37	1787.47		
Non-tax Receipt	33.67	37.70	92.42	60.25	99.63		
Total	1024.66	1174.70	*1444.09	*1484.62	1887.10		

<sup>\*</sup>Excludes receipts on account of repayment of loans



#### **Non-Tax Receipts**



# 1.7 Assignment of certain tax receipts to local bodies

The proceeds from taxes on vehicles, other miscellaneous compensation in lieu of terminal tax, entertainment and betting taxes are assigned to local bodies as grants-in-aid and contributions booked under the head 3604-Compensation and Assignments to local bodies and *Panchayati Raj* institutions. During 1994-95, Rs 95.65 crore was apportioned to the local bodies.

	(Rs	in crore)		
	MCD	NDMC	DCB	Total
Taxes on Vehicles	19.86	3.44	0.62	23.92
Entertainment Tax	20.27	2.08	0.03	22.38
Betting Tax	-	1.43	-	1.43
Other misc. compensation in lieu of terminal Tax	45.93	1.50	0.48	47.91
Cattle Ponds	-	0.01		0.01
Total	86.06	8.46	1.13	95.65

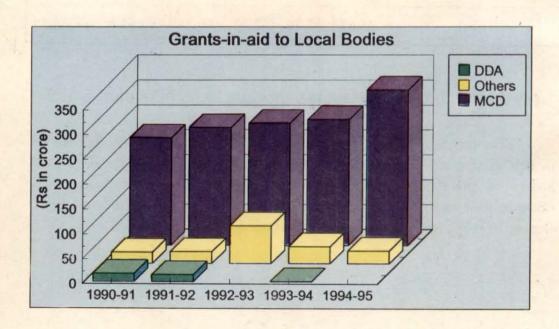
DCB-Delhi Cantonment Board

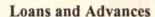
#### 1.8 Grants and Loans & Advances to local bodies

The loans and advances paid and grants given to the local bodies and Delhi Development Authority during the year 1994-95 and previous four years was as under:

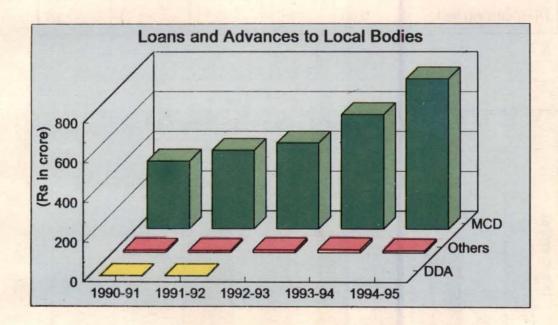
Grants-in-aid

		(F	(s in crore)		
	1990-91	1991-92	1992-93	1993-94	1994-95
MCD	215.43	236.60	245.49	253.11	312.05
DDA	16.17	14.15	Nil	0.59	Nil
Others	22.33	23.71	75.82	34.34	25.68
Total	253.93	274.46	321.31	288.04	337.73





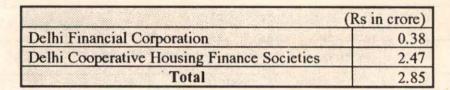
(Rs in crore)							
	1990-91	1991-92	1992-93	1993-94	1994-95		
MCD	339.82	393.34	430.70	573.39	754.21		
DDA	2.21	2.41	Nil	Nil	Nil		
Others	11.07	9.63	13.75	14.89	9.34		
Total	353.10	405.38	444.45	588.28	763.55		



# 1.9 Public Sector Undertakings

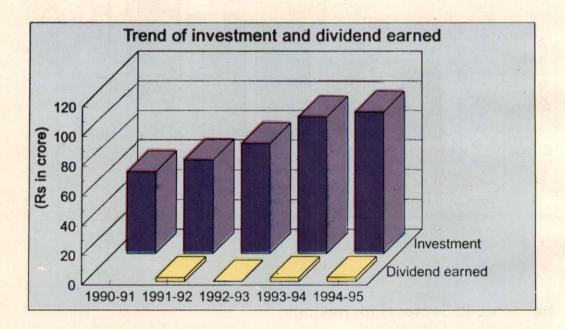
**Dividends:** Investment by the Government of NCT of Delhi in one statutory corporation, five Government companies, one NCR board, six co-operative societies and one co-operative bank stood at Rs 95.30 crore as on 31 March 1995

as against Rs 92 crore on 31 March 1994. Only one statutory corporation and one society declared dividend during the year as under:



Investment made and dividend received on investments during the last five years is shown below:

(Rs in crore)						
	1990-91	1991-92	1992-93	1993-94	1994-95	
Investment	55.00	63.00	74.00	92.00	95.30	
Dividend earned	0.00	2.63	0.35	2.71	2.85	



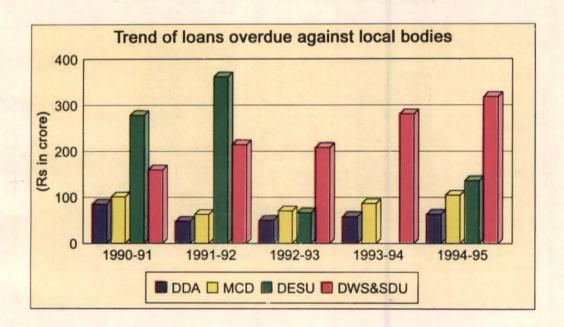
Thus, there is negligible return to Government from the investment made in these bodies. No dividend was received from 12 bodies on investment of Rs 38.07 crore made up to 1994-95. The accounts of these bodies are in arrears ranging between one year to seven years.



#### 1.9.1 Loans and interest overdue against local bodies

(a) Trend of loans overdue: The total loans and advances overdue with the local bodies and Delhi Development Authority after adjusting repayments as on 31 March of the last five years are given below:

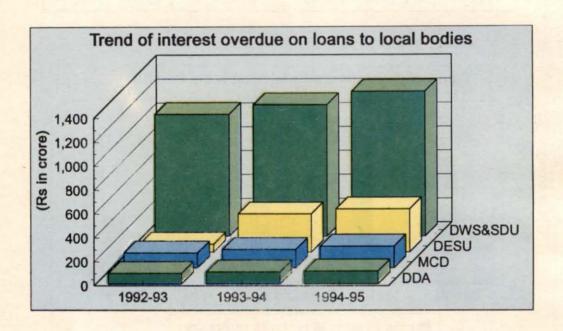
(Rs in Crore)							
Year	DDA	MCD	DWS&SDU	DESU	Total		
1990-91	84.77	100.95	159.68	277.84	623.24		
1991-92	47.91	63.17	214.02	361.61	686.71		
1992-93	50.05	70.48	207.93	66.31	394.77		
1993-94	57.80	86.38	280.79	Nil	424.97		
1994-95	62.92	104.92	318.28	135.80	621.92		



DWS&SDU was major defaulter in repayment of loans, the amount payable increased from Rs 280.79 crore in 1993-94 to Rs 318.28 crore in 1994-95.

Trend of interest overdue on loans to local bodies

(Rs in cro						
Outstanding as on	DDA	MCD	DESU	DWS& SDU	Total	
31-3-93	86.16	124.59	66.31	1019.31	1296.37	
31-3-94	98.42	152.70	318.43	1097.88	1667.43	
31-3-95	105.59	180.13	358.87	1207.67	1852.26	



DWS&SDU was major defaulter in payment of interest, the amount payable increased from Rs 1097.88 crore in 1993-94 to Rs 1207.62 crore in 1994-95.



# 1.9.2 Outstanding balances

In the Finance Accounts a debit balance of Rs 4260.86 crore and a credit balance of Rs 627.33 crore were outstanding under various loan/ advance heads. Details of loans above Rs one crore are given below:

		(Rs in crore			
	Heads of Account		Amount as on 31 March 1995		
6004	-Loans, Advances from the Central Government	Cr.	627.33		
6075	-Loans for Misc. General services	Dr.	24.24		
6210	-Loans for Medical & Public Health	Dr.	2.15		
6215	-Loans for Water Supply & sanitation	Dr.	1212.27		
6216	-Loans for Housing	Dr.	164.12		
6217	-Loans for Urban Development	Dr.	226.57		
6225	-Loans for Welfare of Scheduled Castes Scheduled Tribes and other Backward classes	Dr.	6.34		
6235	-Loans for Social Security and welfare	Dr.	4.61		
6401	-Loans for Crop. Husbandry	Dr.	1.17		
6403	-Loans for Animal Husbandry	Dr.	1.82		
6404	-Loans for Dairy Development	Dr.	5.60		
6801	-Loans for Power Projects	Dr.	2289.02		
6851	-Loans for Village & Small Industries	Dr.	3.77		
7452	-Loans for Tourism	Dr.	3.15		
7610	-Loans to Government Servants	Dr.	18.25		
7615	-Miscellaneous Loans	Dr.	295.96		

### CHAPTER - II



#### APPROPRIATION ACCOUNTS

# 2.1 Budget Demand & Expenditure

The summary of Appropriation Accounts i.e. expenditure during 1994-95 against approved demands (Grants and Appropriation) is given below:

					(Rs	in crore)
	Original	Supple- mentary	000000000000000000000000000000000000000	Actual Expenditure	Savings	
					Amount	Percent - age
Revenue						
Charged	9.91	1.93	11.84	10.27	1.57	13.26
Voted	1593.39	24.07	1617.46	1450.25	167.21	10.33
Capital						
Charged	72.84	-	72.84	44.83	28.01	38.44
Voted	1241.99	61.48	1303.47	1188.04	115.43	8.86
Total	2918.13	87.48	3005.61	2693.39	312.22	10.39

Overall savings of Rs 312.22 crore exceeded the supplementary grant of Rs 87.47 crore and constituted more than 10 per cent of the total provision of Rs 3005.61 crore. Details of grant/ appropriation wise savings and excess are given in Annexure - I.

In the case of 21 sub-heads, the grants were inadequate resulting in excess of expenditure between Rs one crore to Rs 127 crore in each case. Details of cases are given in *Annexure - II*.

Scrutiny of appropriation accounts revealed that original budget provision under 89 sub-heads were excessive and there were savings in excess of Rs 50



lakh in each of them. The savings ranged from 53 per cent to 96 per cent. Details of savings of more than Rs one crore in each case and exceeding 50 per cent of the original grant are given in Annexure - III.

#### 2.2 Excess over Grant

In Capital section of Grant No. 11, against voted grant of Rs 1130.45 crore the actual expenditure was Rs 1133.24 crore, resulting in excess expenditure of Rs 2.79 crore which required regularisation.

# 2.3 Savings due to non-implementation of schemes

Provision of Rs 148 crore made in the budget estimates remained wholly unutilised under 243 sub-heads due to non-implementation of schemes. In 177 sub-heads the entire provision totalling Rs 123.71 crore remained unutilised. Details of cases involving such provision of more than Rs one crore are given in *Annexure - IV*.

# 2.4 Injudicious re-appropriation

- (i) In 5 sub heads from which amounts aggregating to Rs 110 lakh were re-appropriated to other heads, excess expenditure occurred over the balance provision after re-appropriation.
- (ii) Under 16 sub heads to which an amount aggregating to Rs 284 lakh was re-appropriated from other heads, savings were more than the amount re-appropriated, which indicated that the re-appropriations were injudicious.

Details are given in Annexure - V.

# 2.5 Supplementary Grants

In 9 sub heads in which supplementary grants aggregating to Rs 528 lakh were obtained, the amounts of supplementary grants remained largely or entirely unutilised, indicating that the supplementary grants were either excessive or unnecessary. Details are given in *Annexure - VI*.

# 2.6 Expenditure on 'New Service! New Instrument of Service'

Financial limits have been prescribed for different categories of expenditure beyond which the expenditure constitutes a New Service/ New Instrument of Service and requires prior approval/ report to the Legislative Assembly. Test check of accounts revealed that in the following case, expenditure attracted the limits of New Service/ New Instrument of Service for which prior approval of Legislative Assembly was not obtained.

Department of Public Works [Grant No.11-BB-13(1)(1)] incurred Rs 4.45 crore for 'Buildings', without any budget provision. The expenditure was met out of Rs 4.43 crore re-appropriated from other heads and there was an excess expenditure of Rs 1.54 lakh over final provision. The expenditure was in excess of prescribed limit of Rs 50 lakh and therefore attracted the provision of New Service.

# 2.7 Recoveries in reduction of expenditure

The demands for grant are for gross amount of expenditure i.e. inclusive of recoveries arising from use of stores, etc. procured in the past or expenditure transferred to other Departments. While appropriation audit is done by comparing the gross expenditure with the gross amount of grant, the excess and shortfall in recoveries indicate inaccurate estimation of recoveries and defective budgeting.

In the revenue section, against estimated recoveries of Rs 38.96 crore actual recoveries were Rs 29.62 crore. In the Capital section against estimated



recoveries of Rs 306.64 crore, actual recoveries were of Rs 256.76 crore only. Grant-wise details of major variations involving more than Rs 50 lakh are given in *Annexure - VII*.

#### 2.8 Surrender of Funds

Savings in a grant or appropriation are to be surrendered as soon as these are foreseen instead of waiting for the last day of the financial year.

In the accounts for 1994-95, it was noticed that against final savings of Rs 312.22 crore, an amount of Rs 292.20 crore only was surrendered on the last day of the financial year. Failure to do so in time deprived the Government of opportunity to utilise the funds in other sectors. Despite surrender of funds on the last day, in four cases surrender of funds were more than the actual savings. In all the remaining cases, as listed in *Annexure - VIII*, the amounts were partly surrendered resulting in avoidable savings. Details of savings and amount surrendered are given in *Annexure - VIII*. This is suggestive of ineffective control and monitoring of expenditure.

#### CHAPTER - III

#### CIVIL DEPARTMENTS

#### URBAN DEVELOPMENT

## 3.1 Urban Basic Services Programme

#### 3.1.1 Introduction

Urban Basic Services (UBS) Programme started in 1987 with a view to improve the quality of life of urban poor, especially the slum dwellers through community participation in planning and implementation of the scheme. Initially the programme was launched in Delhi as a centrally sponsored scheme with financial assistance from Government of India, UNICEF and Delhi Administration in the ratio of 20:40:40. This scheme was transferred to Delhi Administration in April 1992 and is now being funded entirely by it. Another centrally sponsored scheme named 'Urban Basic Services for Poor' (UBSP) was launched in June 1990 to be funded by Centre and State governments in the ratio of 60:40. Under this programme urban poor residing in areas contiguous to low income neighborhoods/ slums were to be provided social services. Both the schemes are being implemented by the Urban Basic Services Cell of Government of NCT of Delhi.

Presently 493 *Jhuggi Jhonpri* (J.J.) clusters are being covered under UBS and 13 clusters under UBSP schemes comprising 3.22 lakh households and 15.24 lakh persons.

## 3.1.2 Highlights

 Out of Rs 707 lakh spent during 1990-95 under UBS/ UBSP schemes, Rs 364 lakh were spent on honorarium to Area Volunteers



and Assistance to Aged, which were not covered under the guidelines issued by the Government of India.

- Average annual per capita expenditure per slum dweller during 1990-95 was only Rs 9 against Rs 175 prescribed under UBSP norms.
- Cash books in respect of bank accounts were not maintained with the result that department lost track of balances lying in various banks. Rs 1.60 lakh lying in the Current Account of Allahabad bank since 1988 and Rs 0.50 lakh withdrawn from the Allahabad bank in March 88 were not accounted for.
- Rs 38.70 lakh received from the Government of India as grants during 1990-92 were kept unauthorisedly in a separate Saving bank Account. Incorrect utilization certificates were issued, though the entire amount of Rs 38.70 lakh with interest of Rs 7.77 lakh was lying in the bank till its transfer to the regular account in April 95.
- Books and furniture costing Rs 12 lakh purchased in June 91 for setting up of central and zonal libraries were lying un-utilized as of September 95. DSIDC was paid Rs 8.24 lakh for books including binding charges which was two to thirteen times of the printed price of the books.
- Contract of Rs 25 lakh for supply of nutrition items was awarded to a private firm ignoring conditions of tenders. Against order of peanuts for Rs 4 lakh, peanuts for Rs 13 lakh were received and payment made without the approval of the competent authority.
- Funds received from Government of India for UBS Programme were misused. Rs 0.55 lakh was spent on distribution of gifts to staff, Rs 0.96 lakh on renovation of Project Director's office, Rs 0.28 lakh on installation of air-conditioner in the staff car.
- Neighborhood groups/ basti level committees were not formed to enable beneficiaries to identify their own needs to be fulfilled through UBS Programme.

#### 3.1.3 Organisational set-up

Urban Development department, Government of NCT of Delhi, is the nodal agency for implementation of various activities under UBS programme. The Secretary, Urban Development department is the chairman of the UBS. programme. The day to day functioning of the UBS programme is looked after by the Project Director who is assisted by Project Officers of each of the five Zones viz. North, South, Central, East and West and at headquarters. The Zonal project officers supervise the activities of the Assistant Project Officers (APOs)/ Area Volunteers/ creche workers. Each APO is required to look after the development of 2000 households in J.J. Clusters through implementation of UBS/ UBSP schemes.

## 3.1.4 Objectives of the schemes:

The principal objectives of the UBS scheme are:

- to improve and upgrade the quality of life of the urban poor, especially the women and children by reducing substantially the morbidity and mortality rates of children,
- enhancing the awareness and ability of the community in meeting its own needs with or without outside help,
- to improve the capacity of the municipality and voluntary organisations to effectively launch and manage child specific programmes for the urban poor.

These objectives are to be achieved through child care and health services, water and sanitation facilities, learning opportunity in early childhood, provision of *balwadies* and day care centres, extension of health and community education services, awareness and consciousness raising programme, training etc.

The objectives of the UBSP scheme are similar to those of the UBS scheme. It extends the benefits of the scheme to the urban poor residing in areas contiguous to low income neighbourhoods/ slums.

## 3.1.5 Scope of Audit

Implementation of UBS/ UBSP Schemes during the period 1990-91 to 1994-95 was reviewed by test-check of records at zonal/ headquarters offices in April - July 1995.

#### 3.1.6 Programme implementation

#### a) Population Coverage

The total population covered under UBS programme during 1990-91 was 14.33 lakh which increased to 15.24 lakh by 1994-95. The average annual per capita expenditure on slum dwellers works out to a mere Rs 9 during 1990-95 against the norm of Rs 175 as per UBSP guidelines of 1990. Forty two per cent of this expenditure was incurred on salary/honorarium of project staff. Thus, the amount available for the component of the schemes was too meagre to provide benefits/services of consequence to slum dwellers. The coverage was expanded without commensurate availability of resources.

## b) Planning

The UBS programme provides for preparation of plans at the level of neighbourhoods so that the beneficiaries of the programme may identify their own needs. These plans are to be considered and consolidated at basti/ town/district/ state level committees for implementation. Further, in order to integrate the delivery of services to the target groups through various agencies viz. Municipal Corporation of Delhi, Delhi Development Authority (Slums), Health and Family Welfare, Social Welfare and Education Departments of Government of NCT of Delhi, Inter Agency Committees were to be formed.

Consequent upon sudden expansion of coverage of population from the existing 2.50 lakh to 12 lakh in 1989-90, the practice of constitution of *Basti* Committees and Inter Agency Committees was abandoned. Thus, the extent of local level participation diminished.

#### c) Finances

The position of funds allocated by Government of NCT of Delhi/ released by Government of India and the expenditure incurred during the last 5 years ending March 1995 was as under:

Year	Avail	ability of Fund	(Rs in lakh) Actual Expenditure					
	Plan allocation by State Govt.	Grant released by Govt. of India	Total	State Govt.	Govt, of India	Total		
	108	49	157	106	9	115		
1991-92	133	49	182	115	17	132		
1992-93	150	31	181	115	32	147		
1993-94	150	-	150	120	19	139		
1994-95	150	-	150	149	25	174		
Grand Total	691	129	820	605	102	707		

Note:-Excludes assistance received from UNICEF in cash and kind.

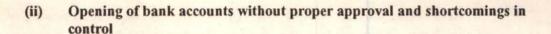
The details of assistance received from UNICEF were not made available to Audit. The department could not utilise fully even the meagre allotment of funds of Rs 820 lakh in five years during 1990-95.

## d) Shortcomings in maintenance of accounts

The department did not maintain proper accounts for the funds received under the programme. Some of the irregularities/ deficiencies noticed during test check of records were as under:

## (i) Non-finalisation of accounting procedure:

The accounts maintained by the department did not provide any details of expenditure incurred separately under the two schemes. Therefore, the share of liability of Government of India and Delhi Administration in accordance with the financing arrangement under the scheme could not be worked out.



UBS Project Administration operated a number of Current/ Saving Bank Accounts in the nationalised/ foreign banks without obtaining the approval of the Finance Department of NCT of Delhi.

Test check revealed that the department did not exercise effective control on operation of these accounts as would be evident from the instances narrated below:

- Cash books in respect of accounts with Allahabad Bank, Timarpur, Delhi and Grindlays Bank, Parliament Street, New Delhi were not maintained with the result that these accounts had not been operated after April 1988 and November 1989 respectively. The Department became aware of these accounts on it being pointed out by Audit in May 1995.
- At the instance of Audit the department contacted the Allahabad Bank in May 1995 and obtained bank statement which revealed that Rs 1.60 lakh were lying in the Current Account since April 1988. The balance of Rs 1.60 lakh in this account since April 1988 did not appear in the cash balance of the department. Retention of this amount in a dormant account for seven years entailed a loss of interest of Rs 1.34 lakh at 12 per cent per annum. Scrutiny of bank statement revealed that the department had not accounted for Rs 0.50 lakh drawn from this account in March 1988.
- The UBS Project Administration operated a Current Account with the Grindlays Bank, Parliament Street, New Delhi. It was revealed from the bank statement that a balance of Rs 1.12 lakh was lying in the bank in November 1989. This was also not reflected in the cash balances of the department. The department took note of it on being pointed out by Audit.
- The department opened a Saving Bank Account with the Oriental Bank of Commerce, Safdarjung Enclave, New Delhi in February 1991 under the orders of the Chairman, UBS, without the approval of the Finance



Department, Government of NCT of Delhi. The basis for opening of this bank account when the department was already having several other accounts, including their main account in the SBI, I.P. Estate, New Delhi, located close to their head office and selection of bank far away from the office was not clear. Grants of Rs 21 lakh and Rs 17.70 lakh received from the Government of India for 1990-91 were deposited in this bank in February 1991 and April 1991 respectively.

Except withdrawal of Rs 0.55 lakh in November 1991 for distribution of gifts to the field staff, the entire amount of Rs 46.47 lakh (Rs 38.70 lakh plus interest of Rs 7.77 lakh) had been lying unutilised in the bank from November 1991 till its transfer in April 1995 at the instance of Audit in the regular Account of SBI, I.P. Estate, New Delhi.

While the amount was still lying in that bank, the utilisation certificates of the entire amount of Rs 38.70 lakh had already been furnished to the Government of India during 1990-92. The names of the authorised signatories had also not been changed with the bank until April 1995 though they were transferred from the department long back.

Lapses in proper maintenance of Cash Book/ Bank Accounts etc. as pointed above needs an enquiry and if officers entrusted with the responsibility are found negligent, departmental action against them needs to be initiated.

#### (iii) Non-maintenance of records of utilisation certificate

According to the condition of grant received from Government of India, the department was required to furnish utilisation certificates along with statement of accounts to the funding agencies. The department had not maintained proper records relating to submission of utilisation certificates. As such the details of utilisation certificate furnished by the department to the funding agencies could not been ascertained.

## (iv) Diversion/irregular use of unspent balance of grant

Unspent balance of Rs 64 lakh under this programme was lying in various bank accounts. The amount was frequently being diverted/ used irregularly. A few examples of diversion/ misuse of funds are mentioned below:

- The department frequently withdrew amounts from the unspent balances of grants for meeting the expenses chargeable against the budget provision provided by Government of NCT of Delhi. Between October 1994 to March 1995, in eleven cases the department made payments of Rs 27.34 lakh out of unspent balances of grants on account of honorarium to Area Volunteers, fuel expenses etc. before their bills were submitted to the Pay and Accounts Office (PAO), Government of NCT of Delhi. These amounts were recouped after a period of two to seven months. The fact that the payment for the period had already been made was concealed from the Pay and Accounts office. This was indicative of weakness in internal control system.
- The department incurred expenditure out of unspent funds of UBS programme on inadmissible items i.e. Rs 0.55 lakh (November 1991) on distribution of gifts to staff, Rs 0.96 lakh (May 1995) on renovation of office and Rs 0.28 lakh (April 1995) on purchase and installation of air-conditioner in the staff car.
- An advance of Rs 0.30 lakh was paid to the project officer (West) for construction work in the area. The department adjusted the entire advance of Rs 0.30 lakh on the basis of utilisation certificate furnished by the project officer without receiving the vouchers/ documents in support of the works executed.

#### 3.1.7 Activities

Activity-wise expenditure figures for the last 5 years ending March 1995 detailed below may be glanced through:

							(Rs i	n lakh)					
		Activity-wise Expenditure											
SI No	Activities	90-91	91-92	92-93	93-94	94-95	Total	% to Total					
1.	Salary of Project staff	13	16	20	21	31	101	14					
2.	Honorarium to Area Volunteers	18	45	37	42	55	197	28					
3.	Assistance to aged	9	46	45	35	32	167	23					
4.	Supplementary Nutrition	7	2	16	4	25	54	8					
5.	Pre school cum crèches	5	7	10	14	14	50	7					
6.	Assistance to Non- Governmental Organisation			5	5		10	1					
7.	Other Activities	33	11	4	2	5	55	8					
8.	Office Expenditure	30	5	10	16	12	73	11					
	Grand Total	115	132	147	139	174	707	100					

Thus, the department incurred an expenditure of Rs 364 lakh which was more than 50 *per cent* of the total expenditure on account of honorarium to Area Volunteers and old age pension which were not covered under the scheme.

## a) Appointment of Area Volunteers in violation of approved scheme resulted in irregular expenditure of Rs 197 lakh

In 1989, the coverage of population under the UBS Scheme was expanded from 2.5 lakh to 12 lakh. This expansion was not approved by the Government of India. Delhi Administration engaged 480 volunteers on payment of honorarium of Rs 40 per day for 45 days wef 19 April 1989. This expenditure was to be met out of Delhi Lottery fund. However, the appointment of Area Volunteers continued till April 1990 for various types of casual/seasonal work. The expenditure up to December 1989 was met out of Delhi Lottery fund. Later on, Delhi Administration diverted funds of UBS without the approval of This was done inspite of the objections from the Government of India. Planning/Finance departments. The Area Volunteers were not assigned any regular duties and responsibilities. They were casual workers engaged for diarrohoea management during rainy season and thereafter assigned the job of conducting surveys in J.J. Clusters regarding educational requirements of school going children/ immunization etc. A payment of Rs 16.63 lakh was made for January 1990 to April 1990 out of UBS funds. 383 Area Volunteers were re-engaged wef 15 May 1990 and this expenditure was to be met out of the Delhi Lottery fund. Their honorarium was again paid out of the UBS funds. The department decided in 1992 to discontinue with the Area Volunteers. The Area Volunteers filed a case in the Central Administrative Tribunal who directed the



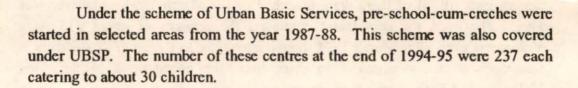
Government of NCT of Delhi in September 1993 to take steps for absorption of existing about 280 Area Volunteers against the vacancies in their various departments till all of them were absorbed or till March 1994 whichever was later. However, the department continued the services of about 215 Area Volunteers even after March 1994 though according to the court's judgement it was open to the department to discontinue the engagement of the Area Volunteers. A list to watch their absorption against further vacancies was only to be maintained. The Project Administration incurred an expenditure of Rs 197 lakh during 1990-91 to 1994-95 on account of payment of honorarium to Area Volunteers. Besides, the efforts in the formation of Basti level committees, mobilisation of support from the community through neighborhood groups did not continue after the appointment of Area Volunteers. Thus, the objective of community participation was defeated due to this policy adopted by the Project Administration in contravention of the guidelines.

## b) Assistance to aged - irregular expenditure of Rs 167 lakh

The guidelines for UBSP scheme provided that in case an old age pension scheme was operative in a given State, effort should be made to ensure that its benefits were made available to slum dwellers.

However, the Project Administration instead of ensuring that the benefits of the existing old age pension scheme being operated by the Social Welfare department flowed to the slum dwellers, started a fresh scheme of assistance to the aged, on their own from January 1991. The details of the scheme were not made available to Audit. However, it was noticed that cash assistance of Rs 100 p.m. was being given to persons of 60 years and above on the pattern of scheme run by social welfare department. The old age assistance scheme was started with the approval of the Chairman-cum-Secretary, Urban Development Department, Government of NCT of Delhi, who was not authorised to approve the scheme as per UBS/ UBSP guidelines. Thus, an average expenditure of Rs 33 lakh (approximately) being incurred under this programme every year on account of assistance to aged is irregular. The department incurred an expenditure of Rs 167 lakh from January 1991 to March 1995 on old age pension under the UBS/ UBSP scheme. The department had no means to verify if the beneficiaries were not already getting old age pension from the Social Welfare department.

#### c) Pre-School-cum-Creches



#### (i) Pre school-cum-Creches run by unqualified staff

According to the prescribed staffing pattern, each pre-school-cum-creche is to be managed by two creche workers i.e. Senior and Junior with a basic educational qualification of 10th and 8th standard.

Against the above norms, the pre-school cum creches were being run by only junior creche workers.

#### (ii) Hiring of accommodation for Creches

Low cost *Basti Vikas Kendras* were required to be constructed under this programme for running pre-school-cum-creches and other community based activities. The space for the purpose was to be provided by the Delhi Development Authority/ Municipal Corporation, Delhi. However, even after eight years of implementation of the UBS/ UBSP schemes, almost all the pre-school cum creches were being run in rented *Jhuggies* constructed by the *Jhuggi Jhonpri* dwellers on the encroached land. The rent being paid to these *Jhuggi* owners ranged between Rs 200 to Rs 350 per month.

#### 3.1.8 Purchases

## a) Supplementary Nutrition Programme

Scrutiny of records relating to purchase and distribution of items of supplementary nutrition under UBS programme revealed following irregularities/deficiencies:

#### (i) Injudicious expenditure on purchase of Crax/ Soya Rusk

In March 1992, the department purchased Crax/ Soya Rusk worth Rs 10.92 lakh for distribution among the eligible children. The average expenditure per child per day worked out to Rs 3.33 as against the norm of Rs 0.65 per day. This resulted in extra expenditure of Rs 8.79 lakh.

Items were distributed in six months though the shelf life of the items was only two months. It was not clear if nutrition norms of 300 calories and 10 grams protein a day per child was maintained.

## (ii) Undue favour to contractor for supply of supplementary nutrition item costing Rs 25 lakh

Notice Inviting Tenders was issued in May 1994 for award of contract for supply of glucose biscuit, soya puff and peanuts worth Rs 13 lakh, 8 lakh and 4 lakh respectively. The contract at Rs 25 lakh was awarded to a private firm in June 1994 for supply of biscuit, soya puff and peanuts at the rate of Rs 28.50, Rs 16.80 and Rs 29.80 per kg respectively. Following irregularities were noticed by Audit in award of contract and acceptance of supplies:

- The Purchase Committee did not include any nominee of the Finance Department of Government of NCT of Delhi.
- One of the essential condition of tender was that rupee one worth of glucose biscuit, soya puff and peanuts should contain 300 calories and 10 grams of protein. The tenders of Super Bazar and DSIDC were rejected by the Purchase Committee on the ground that either they had not appended the laboratory test reports or their samples did not contain the required calorific value. The firm which was awarded the contract also did not meet the requirement.
- Before finalisation of tenders, the premises of the supplier were to be inspected by the department to ensure apparatus for quality control and determine the capacity of the firm. However, no such inspection was carried out.



- Against the contract for Rs 13 lakh, Rs 8 lakh and Rs 4 lakh for biscuit, soya puff and peanuts, actual supplies received were of Rs 10 lakh, Rs 2 lakh and Rs 13 lakh respectively. Though the contractor supplied excess quantities of peanut at the expense of biscuits and soya puffs, payment was made to him without verification with reference to purchase order. There was excess procurement of peanuts to the extent of Rs 9 lakh, as a result of which peanuts which were to be distributed only in winter, had to be provided to children till June 1995.
- As per the contract agreement sample from each supply was to be sent for laboratory test to ensure the quality, protein and calorific contents. However, the department did not send even a single sample for laboratory test.
- The contractor was to provide all the items in packs of 800 grams each. However, glucose biscuits were supplied in commercial packs of 75 grams and soya puff and peanuts in polythene and gunny bags of 10 kgs. and 30 kgs. respectively giving undue advantage to the contractor. These were not marked "free UBS supply, not for sale".
- The project staff who received the supplies did not have any mechanism to weigh the items to ensure correctness of weight.

## (iii) Lack of control over distribution of supplementary nutrition

The project officers of each zone were required to maintain creche-wise stock position to assess the requirements in the creches/ zone and place orders with the contractor for point to point delivery. Test check of zonal offices/creches indicated that the project officers/ assistant project officers did not maintain creche-wise details of receipt and distribution of supplementary nutrition items.

## b) Non-utilisation of kits costing Rs 5.46 lakh

Scrutiny of stock registers of UBS headquarters and zonal offices revealed that during 1990-91, the department purchased 600 first-aid kits costing Rs 3.09 lakh, 600 *Dai* kits costing Rs 1.65 lakh and 240 Mason kits costing



Rs 0.72 lakh to equip the volunteers within the community to work for the welfare of the community in the field of health and sanitation.

A statement showing zone-wise stock position as at the end of June 1995 is given in the table below:

SI. No	Qty purchased	Zones	Issued	Distributed	Balance
1.	First-aid kit				
	600 *	North	145	122	23
		West	159	159	
		South	145	-	145
	4.5	East	150	128	22
2	Dai Kit				
	600	North	150	127	23
		West	150	72	78
		South	150		150
		East	150	95	55
3.	Mason kit				
	240	North	60	26	34
		West	60	29	31
		South	60	-	60
		East	60	23	37

<sup>\*</sup> One kit retained by Headquarters

It would, thus, be seen from the above table that south zone did not issue any kit. In North, West and East zones, though kits were shown in the stock registers as issued but receipts from beneficiaries were not made available.

## c) Setting up of library

An advance of Rs 12 lakh was paid in June 1991 to Delhi State Industrial Development Corporation (DSIDC) for setting up of four zonal and a central library. Separate purchase orders for books for Rs 8.24 lakh and furniture for Rs 3.76 lakh were placed with the DSIDC with the instructions that the books should be duly bound with hard board and the side of the book be printed in golden colour with name of the books, authors and that of the department.

#### Following irregularities were noticed in Audit:

- DSIDC charged binding charges at 2 to 13 times the printed price of the books. Test check of 780 books revealed that against the printed price of Rs 0.17 lakh, the DSIDC charged 0.41 lakh i.e. about two and half times the cost of books towards binding etc. Against printed costs of books viz. Swati (Part-I), Nirmala and Rastra Pita Mahatma Gandhi of Rs 4.70; Rs 10; and Rs 10 respectively, for which DSIDC charged Rs 25.30; Rs 120 and Rs 80 towards binding charges. The Project Administration UBS programme paid the entire amount of Rs 8.24 lakh as claimed by DSIDC without going into the merit and propriety of binding charges claimed by it.
- Books and furniture purchased in June 1991 at a cost of Rs 12 lakh had been dumped in the zones/ headquarters for want of infrastructure as of July 1995.

#### 3.1.9 Monitoring

A State level steering committee was constituted in 1985 to meet quarterly under the Chairmanship of Secretary, Planning, Government of NCT of Delhi. Subsequently in 1987, when the UBS scheme was transferred to Urban Development department, the meetings were being held under the chairmanship of Secretary, Urban Development, Government of NCT of Delhi. It was noticed that the committee which was required to meet quarterly held only 5 meetings during the period 1990-95, the last meeting being in September 1992. The monitoring cell which was responsible to prepare information required for formulation of policy and monitoring of programme, had not been preparing updated situation analysis since 1992.

The matter was referred to the Government of NCT of Delhi in October 1995, their reply is awaited as of January 1996.

#### PUBLIC WORKS



## 3.2 Construction of District Courts and Lawyers Chambers at Shahdara

#### 3.2.1. Introduction

This review brings out cost escalation, irregular payment to architect, non-utilisation of chambers and irregular expenditure without approval of competent authority in construction of District Court building in Shahdara.

#### 3.2.2. Highlights

- The department did not obtain approval to the revised estimates of District Court Shahdara. Rs 2160.94 lakh were spent on construction of District Court and Lawyers Chambers up to 1994-95 against the sanctioned amount of Rs 1092.90 lakh. Rs 1068.04 lakh were spent without obtaining sanction of the competent authority.
- Inability of the department to provide drawings and materials to the contractor contributed to delay in construction by 12 to 39 months. The delay resulted in payment of escalation of Rs 83.13 lakh. Out of this, delays ranging between 56 to 82 per cent occurred due to failure of the department to provide approved drawings to the contractor inspite of a full fledged architecture wing in the Public Works Department headed by Senior Architect and engaging of an architect to provide architectural support to this project to whom fees of Rs 38.01 lakh were paid.
- The architect was appointed in August 1987, without finalising terms and conditions. Formal contract with him was concluded 31 months after his appointment. This contributed significantly to time overrun leading to cost overrun. The department made irregular

payment of Rs 3.99 lakh to the architect by including electrical and fire fighting works in the total value of works.



- The agreement with the architect did not provide for reduced rate of fees for repetitive works. The department did not levy any penalty for delay in submission of drawings by him.
- Government approved appointment of architect for the work relating to construction of District Court building only. The department, however, included the work of construction of lawyers chambers, staff quarters, development work etc. in the agreement unauthorisedly having financial implication of payment of Rs 20.57 lakh to him. The second phase of the project was entrusted to the same architect though administrative approval and expenditure sanction had not been obtained. Rs 9.77 lakh had been paid to the architect towards second phase.
- The building consisting of 168 lawyers chambers and 48 chambers for petition-writers has not been put to use since June 1994.
   Besides rendering the six months maintenance warranty by the contractor redundant, non-utilisation of the facilities has resulted in loss of licence fee of Rs 39.15 lakh up to October 1995.

## 3.2.3. Project estimates

Ministry of Law and Justice, Department of Justice, sanctioned construction of the building for District Court including Tower Block at an estimated cost of Rs 848.04 lakh in April 1987. Sanction for construction of Lawyers Chambers at an estimated cost of Rs 244.86 lakh in the District Court Complex was accorded by Delhi Administration in October 1989.

## 3.2.4. Project execution

## a) Time and cost overrun

For construction of District Court building, the Government of NCT of Delhi appointed a private architect in August 1987 without finalising the terms



and conditions. The works of construction of District Court, Tower Block and Lawyers Chambers other than electrification of complex, electric sub-station, lifts and development works etc. were awarded to contractors during 1989-90, although the agreement with the architect was executed in March 1990. The works due to be completed during the period January 1991 to February 1992 were, however, completed during February 1993 to September 1994 resulting in both time and cost overrun as indicated in the following table.

			100 1000				(R	s in Lakh)
SI. No.	Name of work	Tender- ed cost	Date of start	Stipulated date of completion	Actual date of completion	Actual expen- diture	Time overrun (Months)	Cost
1.	District court	364.58	Aug. 1989	Feb. 1992	Feb. 1993	440.28	12	75.70
2.	Tower Block	145.61	June 1989	June 1991	Sept. 1994	230.31	39	84.70
3.	Lawyers Chambers	150.30	Jan. 1990	Aug. 1991	June 1994	165.82	33	15.52
	Total	660.49			P T P T T	836.41	The party	175.92

Note: The work of Tower Block was rescinded in January 1992 and balance work was awarded in October 1992.

The time overrun of 12 to 39 months in completion of buildings was due to delay in issuing drawings at various stages; taking important decisions likedesign of brick work, colour scheme etc., completion of electrical work, issue of material as stipulated in the agreement. The time overrun of 56 to 82 per cent (District Court 82 per cent; Tower Block 74 per cent and Lawyers Chambers 56 per cent) was due to delays in issuing drawings at various stages. The delay in issue of drawings occurred as the formal agreement with the architect laying down his responsibility was concluded 31 months after giving him letter of appointment and 7 months after the award of work of District Court.

The works of construction of District Court and Tower Block were split for the purpose of tender and award of work. Construction of Tower Block was awarded to a contractor in May 1989 at the tendered cost of Rs 145.61 lakh which was 16.85 per cent above the estimated cost of Rs 124.61 lakh. The work was started in June 1989 and was to be completed by June 1991. In June 1991, the contractor alleged that delay in execution of work was due to delay on the part of the department in issue of drawings and structural details as also in issue of stipulated materials and demanded market rates (40 per cent above his quoted rates) for work done beyond the contract period ending June 1991. The contract was rescinded in January 1992.

An arbitrator was appointed in April 1992 for settlement of 12 claims for Rs 46.06 lakh submitted by the contractor and 10 counter claims for Rs 79.04 lakh made by the department. The arbitrator awarded Rs 9.22 lakh in favour of

the contractor. Out of the counter claims of the department for Rs 79.04 lakh, Rs 3.58 lakh were admitted.



While rejecting the claims of the department, the arbitrator observed that non-completion of work during the stipulated period was generally attributable to the department owing to their failure to issue structural drawings for the work.

The balance work was awarded to another contractor in October 1992 at a negotiated cost of Rs 167.65 lakh which was 52.72 per cent above the estimated cost of Rs 109.78 lakh. This resulted in extra expenditure of Rs 39.38 lakh. The work was completed in September 1994. Besides, an extra expenditure of Rs 11.57 lakh was also borne by the department on account of rise in prices of material.

Thus, failure on the part of the department in timely preparation/ finalisation of drawings etc. resulted in time overrun by 39 months and an extra expenditure of Rs 50.95 lakh, besides payments of Rs 83.13 lakh (District Court Rs 53.55 lakh; Tower Block Rs 8.38 lakh; Lawyers Chambers Rs 21.20 lakh) as cost escalation to the contractors till June 1995.

#### b) Expenditure without approval

Against the approved estimates of Rs 848.04 and Rs 244.86 lakh for the construction of District Court and Lawyers Chambers and other items of works respectively, department incurred an expenditure of Rs 2160.94 lakh as of March 1995. The expenditure of Rs 1068.04 lakh in excess of the approved estimates has not so far been got regularised by the Department by obtaining sanction of Ministry of Law and Justice.

## 3.2.5. Planning and designing

## a) Undue favour to private Architect

PWD has a separate architectural wing to look after the work of architectural planning and designing. The wing has a number of senior (13) and junior (49) architects and other staff. The building plans for the District Court were prepared by the architectural wing in October 1983.



However, the department appointed a consultant/ architect for the project in August 1987. The fee of architect was fixed 3 per cent of tendered/ estimated amount of works, whichever was less. The department paid fee aggregating Rs 28.24 lakh for Phase-I and Rs 9.77 lakh for Phase-II as of July 1995.

#### b) Irregular increase in scope of work

Government of NCT of Delhi appointed a private architect/ consultant M/s Benjamin and Benjamin for the work "construction of new court building at Shahdara" in 1987 at an estimated cost of Rs 848.04 lakh. It was noticed that the firm was formed in 1984 and headed by a retired Architect of CPWD who had superannuated in June 1978. The scope of work entrusted to him was, however, enlarged to "construction of District Courts Complex at Shahdara" in the agreement executed with the Architect in March 1990 without approval of the Government. This resulted in increase in the scope of his work to include lawyers chambers, staff quarters, development work, covered parkings etc. The Department stated in July 1995 that even though lawyers chambers, staff quarters are separate schemes, these are architecturally and functionally inter-related and ancillary to the District Courts as the District Court cannot function without these. The contention of the department is not tenable as the architect was appointed only for District Court connected with Tower Block.

When the appointment of private architect was approved in 1987, only the construction of District Court connected with Tower Block had been approved by the Ministry of Law and Justice. Other structures were added later and sanctions for them were also accorded much later. Thus, there was no justification for giving additional architectural work to the same architect. If additional architectural work was at all justified, the Department should have gone through the tendering process. Thus, the extension of scope of work of the architect would result in undue benefit to the Architect and additional payment of Rs 20.57 lakh in respect of works executed/to be executed in phase-I.

It was also noticed that the work of planning and designing of phase-II, was also entrusted to the same architect. The Administrative approval and expenditure sanction of phase-II is yet to be obtained. Thus, the department was not authorised to enlarge the scope of contract with the architect to include phase-II. Payments of Rs 9.77 lakh made to Architect are irregular. The Department needs to ensure that (a) no further payments are made to architect

without obtaining sanction of the project and (b) the appointment of Architect for Phase II is got regularised by the competent authority.



#### c) Avoidable expenditure

The electrical, mechanical and air-conditioning services were to be planned and designed within the department by the Chief Engineer (Electrical). As such, the cost of these installations were to be excluded from the architect's fee as per decision taken in June 1987. Department, however, did not withdraw the electrical and mechanical work from the scope of work of architect awarded in July 1987.

In April 1988, the Chief Engineer, Zone II withdrew the electrical work from the architect, while the work of fire-fighting was not withdrawn on the ground that considerable work had been done by the architect. Department paid Rs 1.19 lakh and Rs 2.80 lakh to the Architect on account of planning and designing of electrical and fire-fighting works before withdrawing it from him.

The department stated in July 1995 that withdrawing of any service was optional and not mandatory. The reply furnished by the department is not tenable as it had been decided before the award of the work to the architect, that the electrical and fire-fighting work was to be carried out by the department.

## d) Delay in execution of agreement

The agreement between the department and the architect was executed in March 1990 more than 30 months after the work was entrusted to him in August 1987. No time schedule was set by the department to monitor the timely submission of drawings/ designs.

Due to delay in providing drawings to the contractors, there was a delay of 12 to 39 months in construction of District Court, Tower Block and Lawyers Chamber and the department suffered substantial losses on account of payment of Rs 83.13 lakh as escalation paid to contractors, extra expenditure of Rs 50.95 lakh on execution of balance work for tower block and payments of Rs 5.11 lakh to DDA.

## e) Lapses in drawing agreement with Architect

The agreement with the architect did not provide for payment of fee at reduced rate for repetitive work. Though, the department stated in July 1995 that the architect had agreed to accept payment of fee at reduced rate of 0.5 per cent for repetitive work it was not clear how it would be enforced in the absence of an agreement with him. Besides, in the absence of a liability clause in the agreement, the department could not recover compensation for delays on his part.

#### 3.2.6. Non-utilisation of Lawyers Chambers and Tower Block

The construction of buildings of Lawyers Chambers and Tower Block were completed at a cost of Rs 165.82 lakh and Rs 230.31 lakh in June 1994 and September 1994 respectively. These buildings were, however, not taken over by the court authorities and were lying unoccupied since their completion.

Non-utilisation of the all 168 Lawyers Chambers and 48 chambers for petition writers resulted in loss of licence fee amounting to Rs 39.15 lakh during the period July 1994 to October 1995 at Rs 2.45 lakh per month worked out at the rate of licence fee fixed by the Public Works Department. Besides, the maintenance period of six months for which the contractors were responsible for rectification of defects, if any, had also lapsed with the buildings remaining vacant.

## 3.2.7 Other point of interest

Electrical goods worth Rs 9.31 lakh procured during 1992 to 1994 for use in the buildings of Tower Block and Lawyers Chambers had not been utilised as of July 1995, since these have not been taken over by court administration.

The matter was referred to the Government of NCT of Delhi in October 1995, their reply is awaited as of January 1996.

#### 3.3 Cost and time overrun

The work of construction of Government Higher Secondary School at 'B' Block, Yamuna Vihar, was awarded by PWD to a contractor in April 1989 at the tendered cost of Rs 96.61 lakh, for completion by December 1990. Scrutiny of records in Division-XVIII during February/ March 1995 revealed that the contractor was asked several times between December 1989 and November 1990 to accelerate the work. Finally he was served with a show cause notice in December 1990. The contractor neither replied to the show cause notice nor accelerated the work. The contract was rescinded in March 1991 at the risk and cost of the contractor when 39 per cent of the work valuing Rs 37.19 lakh had been completed.

The balance work was awarded to another contractor in January 1992 for Rs 81.78 lakh. The work was completed in September 1993 at a total cost of Rs 90.13 lakh.

This resulted in extra expenditure of Rs 22.36 lakh which was recoverable from the first contractor.

Besides, at the time of rescinding the contract, 44.926 tonnes of steel valuing Rs 6.74 lakh was lying unused with the contractor.

No action was taken by the department to recover the extra expenditure of Rs 22.36 lakh and cost of unutilised steel (Rs 6.74 lakh) upto March 1995. It circulated the recovery to other offices/ divisions on being pointed out in Audit. Further, the department had neither taken administrative action against the contractor for the purpose of safeguarding future contract nor has been successful in effecting the recovery as of November 1995.

The matter was referred to Government of NCT of Delhi in August 1995, their reply is awaited as of November 1995.

## 3.4 Non-recovery of Rs 9.24 lakh from contractor

A work relating to construction of Police Station building and residential quarters at Radhey Shyam Park, Delhi estimated to cost Rs 46.79 lakh was awarded in December 1989 to a contractor at the tendered amount of Rs 56.18 lakh which was 20.07 per cent above the estimated cost put to tender. The work was to be completed by February 1991. As the progress of the work was very slow, the contractor was asked from time to time to accelerate the same. The contractor not only failed to comply with the requests of the department, but also abandoned the work in May 1990. The department served him with a show cause notice in June 1990 which was not replied to by him. Finally the contract was rescinded in February 1991 at the risk and cost of the contractor.

The balance of work estimated to cost Rs 46.75 lakh was awarded to another contractor in July 1991 at his tendered amount of Rs 65.42 lakh. The work was completed by the contractor in February 1993 at a total cost of Rs 91.26 lakh.

Scrutiny of records in Division-XVIII of Public Works department revealed that an amount of Rs 9.24 lakh was recoverable from the first contractor. The department initiated action by circulating recovery to other divisions/ offices in March 1995 i.e. after more than two years of completion of work by the second contractor after being pointed out in Audit in February 1995. Further the department did not take any action for his default.

The matter was referred to Government of NCT of Delhi for their comments in August, 1995 their reply was awaited as of November 1995.

#### IRRIGATION AND FLOOD CONTROL



# 3.5 Construction of supplementary drain to Najafgarh drain (Phase-I)

#### 3.5.1. Introduction

Ministry of Water Resources approved construction of a supplementary drain of 5000 cusecs capacity at an estimated cost of Rs 2507 lakh in June 1982 to cater for the heavy discharge entering Delhi and diversion of flood water from Najafgarh Drain. The stipulated date of completion of the scheme was December 1984. The scheme envisaged construction of the drain taking off from downstream of the Kakraula regulator via Rohini and outfalling into river Yamuna downstream of Wazirabad Barrage. The scheme on completion is expected to protect about 65,000 acres of land on the north of supplementary drain and provide an effective drainage for the Rohini residential complex. The total length of the drain is 34.50 Km.

## 3.5.2. Organisational set-up

The project is being implemented by Irrigation and Flood Control department of Government of NCT of Delhi headed by a Chief Engineer. He is assisted by 2 Superintending Engineers, 6 Executive Engineers, a Surveyor of Works, 2 Assistant Surveyors of Works, 28 Assistant Engineers and 173 Nongazetted officials.

## 3.5.3. Highlights

The project for completion of 35 kilometre drain meant primarily to provide supplementary drainage to save Delhi and surrounding areas from flash floods to be completed by December 1984, is likely to be delayed by more than 20 years.



- Original estimate of the scheme sanctioned in June 1982 for Rs 2507 lakh was revised to Rs 12287 lakh in February 1995. It was still awaiting approval of Ministry as of November 1995. Rs 4052 lakh had already been spent by March 1995 against approved sanction of Rs 2507 lakh.
- Out of 1627.25 acres of land acquired for the project, the department did not have records in support that 1033 acres of land costing Rs 830 lakh was under its ownership.
- The department transferred a total of 307.51 acres of land to DDA and got back only 234.61 acres, resulting in short exchange of 72.90 acres.
- Collapse of one of the spans of the bridge and development of cracks in other two spans due to shortcoming in supervision resulted in wasteful expenditure of Rs 16.53 lakh.
- Construction of syphon work estimated at Rs 17.88 lakh was actually completed at a cost of Rs 46.61 lakh.
- Advance payment of Rs 56 lakh was made to Railways in March 1989 for construction of a bridge. The execution of work had not been taken up as of May 1995.
- Overpayment/short recovery of Rs 13.25 lakh to/from the contractors were noticed in test check.

## 3.5.4. Project planning and expenditure

## a) Approval of the project

The original scheme for the construction of supplementary drain was sanctioned by the Ministry of Irrigation and Water Resources in June 1982 at an estimated cost of Rs 2507 lakh. The project was to be completed by December 1984. However, due to resistance from local population upstream of Rohini, the

alignment had to be revised necessitating revision of estimates. The revised alignment was approved by the Ministry in March 1988 with revised date of completion as March 1991.



Delhi Administration/ Government of NCT of Delhi took nearly seven years to submit revised estimates to the Ministry of Water Resources for approval. The revised estimates of Rs 12287 lakh submitted to the Ministry in February 1995 is yet to be approved as of November 1995.

The department did not fix year-wise physical targets for the execution of the scheme nor any programme was drawn for execution of various stages of the schemes. Therefore it was not possible to analyse physical progress of work with respect to targets.

#### b) Budget and expenditure

Allotments and actual expenditure during 1988-89 to 1994-95 were as under:

			(Rs in lakh)
Year	Budget Estimates	Actual Expenditure	Savings(+) Excess(-)
1988-89	508.54	547.44	(-) 38.90
1989-90	760.00	671.56	(+)88.44
1990-91	881.54	491.44	(+)390.10
1991-92	705.00	568.91	(+)136.09
1992-93	545.00	546.29	(-) 1.29
1993-94	676.00	661.87	(+)14.13
1994-95	563.36	564.77	(-) 1.41
TOTAL	4639.44	4052.28	587.16

Rs 4052 lakh have already been spent against the hitherto approved cost of Rs 2507 lakh. This included infructuous expenditure of Rs 341.55 lakh on the drain upstream of Rohini, which was abandoned in the face of resistance of local population.

## c) Inadequate provision in original estimates

The increase in the estimated cost from Rs 2507 lakh to Rs 12287 lakh was attributable to the increase in prices (20.30 per cent), change in scope of



work (33.55 per cent) change in design (20.02 per cent) and inadequate investigation (9.49 per cent) and consequent inadequate provision (12.55 per cent) while preparing original estimates.

#### 3.5.5. Implementation of the project

The main items of work executed upto June 1995 as per the scheme are as under:

SI. No.	Name of work	Provision in revised estimates	Works completed	Balance work to be completed	Percentage of physical progress of work left over
1.	Earth work of drain / Excavation (Lakh cum)	100	67.30	32.70	32.70
2.	Bridges:- (i) Road bridges/steel Truss bridges/Foot bridges and culverts (ii) Railway bridges	34	20	14	41 50
3.	Regulator	4	2	2	50
4.	Inlets	51	19	32	62.74
5.	Acquaducts	7	2	5	71.43
6.	Lining(Metres)	17239	150	17089	99.13

It would be seen from above that more than 50 per cent of overall works are yet to be completed. The department stated in March 1995 that if regular funding was assured it might take another 10 years to complete the project.

## a) Creation of extra divisions

To implement the project, four divisions (three for civil works and one for mechanical works) were created between October 1983 to May 1985. Two more divisions were created in June and July 1990 respectively.

As per the norms for supervision of works included in CPWD Manual a division should have works for Rs 159 lakh per annum. The divisions under this project on an average supervised works valued at Rs 84.16 lakh per annum during 1990-91 to 1994-95. In some of the divisions, particularly the divisions set-up in 1990 the annual expenditure was between Rs 17 lakh and Rs 104 lakh only during the entire period. Setting up of large number of divisions without adequate work was not justified.

The department stated, that, apart from the work on this scheme, work of Najafgarh drain, its maintenance and plan works relating to Rural Development Department were also entrusted to these two divisions.



#### 3.5.6. Execution of works

#### a) Cost escalation

Test check revealed avoidable cost escalation mainly on account of delay in supply/approval of drawings in the following cases.

#### (i) Construction of an aquaduct

The project included construction of an aquaduct at Delhi Tail distributory (Haryana). It was agreed in September 1990 that this work would be executed as a deposit work by Irrigation department of Haryana Government at an estimated cost of Rs 125 lakh. The department paid an advance of Rs 40 lakh in December 1991. The department was to supply the drawings by 15 July 1992 and complete work of diversion channel and laying of pipes by September 1992. Thereafter, Haryana Government was to complete the construction of the aquaduct by 30 June 1994.

The department delayed supply of drawings by 8 months and the estimated cost has gone up to Rs 159 lakh.

## b) Delay in construction of bridge

Construction of bridge at RD 11730 metre awarded at a cost of Rs 73.83 lakh was to start in May 1987 and to be completed by November 1988. The department, however, supplied the drawings as late as May 1988.

This resulted in extra payment of cost escalation amounting to Rs 10.80 lakh.

## Construction of retaining wall

C)

Construction of RCC retaining wall from RD 29325 metre to RD 29625 metre awarded for Rs 106.71 lakh was to begin on 12 October 1989 and completed by 11 October 1990. Department paid escalation charge of Rs 4.32 lakh during February 1990 to February 1992 due to delay in approval of designs and drawings by the competent authority, non-availability of full working site etc.

## d) Construction of a syphon work

Mention was made in paragraphs 3.7.1 and 16 of the Report of the Comptroller and Auditor General of India for the years 1985-86 and 1990-91 of the delay of over 10 years in completion of syphon work at Coronation Treatment Plant to cross the supplementary drain. The work which was started in October 1982 at a cost of Rs 17.88 lakh for completion by October 1983 was rescinded in June 1986 at risk and cost of the contractor Smt. Sushila Devi after incurring an expenditure of Rs 20.04 lakh. The balance work was awarded to another contractor M/s Parmar Construction Company in October 1989 at a cost of Rs 14.06 lakh for completion by April 1990. This contractor was also unable to complete the work and was paid Rs 11.71 lakh upto August 1991 when 16 per cent work was incomplete. Risk and cost recoveries from the two contractors namely Smt. Sushila Devi and M/s Parmar Construction Company were not made.

No further progress in completing the work was made due to excessive leakage at joints and at walls in respect of work completed earlier.

The work of repair of leaking joints of syphon was awarded to another contractor M/s Parmar Construction Company in May 1993 for Rs 13.24 lakh for completion by August 1993. The work was completed in July 1994 at a cost of Rs 14.86 lakh.

Thus, the work which was estimated to cost of Rs 17.88 lakh was actually completed at a cost of Rs 46.61 lakh.

## e) Infructuous/extra expenditure



#### (i) Collapse of Ranhola bridge

Ranhola bridge at RD 30825 metre constructed at a cost of Rs 15.93 lakh was opened for traffic on 13 December 1993 and was closed a week later on 20 December 1993 due to development of cracks in the main RCC. beams and piers cap of the left pier. The Central Road Research Institute (CRRI) which was asked in February 1994 to investigate the reasons for development of cracks, stated in its report of September 1994 that the overall quality of the concrete of the superstructure in all the three spans of the bridge was of bad to moderate quality.

In December 1994, a year after the bridge had been opened to traffic, the department issued a show cause notice to the architect stating that the designs and drawings of the bridge were not conforming to the relevant IRC codes and Indian Standard Guidelines. In January 1995, the department issued a show cause notice to the contractor on the grounds that the material used for construction of bridge was inferior. Further, departmental action against the contractor could not be ascertained from records.

This matter is presently under investigation by the National Council for Cement and Building Materials. Their report was awaited as of August 1995. The work of demolition of existing bridge was awarded to a contractor in March 1995 at a cost of Rs 0.60 lakh.

The collapse of one of the spans of the bridge and development of cracks in other two spans, resulted in wasteful expenditure of Rs 16.53 lakh on account of failure of supervision by the department to ensure quality of material during construction.



Overpayments/ recoveries due from contractors.

#### (i) Overpayment/ Short recovery

Test check of payments made to different contractors in respect of construction of a few works revealed that there were overpayments/ short recoveries of Rs 13.25 lakh due to:

- incorrect measurement/ execution of earth work (Rs 3.90 lakh),
- non recovery of royalty of surplus earth taken out by contractors (Rs 4.52 lakh),
- excess allowance of rates (Rs 2.11 lakh),
- non recovery of cost of material issued by department but not utilised in work (Rs 1.23 lakh),
- adoption of excessive rate (Rs 0.98 lakh),
- payment made for work not done (Rs 0.42 lakh) and
- Incorrect calculation of escalation cost (Rs 0.09 lakh).

## (ii) Quality-control

Test-check of records of two works revealed that against a requirement of 9074 bags of cement as per specifications, only 7539 bags were utilized. The department did not furnish reasons for use of lower quantity nor whether quality of work was compromised.

## (iii) Non-substantiated-cube-test-reports

Scrutiny of cement-concrete test-reports of the work of RCC retaining wall from RD 29325 metre to RD 29625 metre revealed that 5 samples of RCC were stated to have been collected for cube-tests and reports obtained, according to which the samples were approved. The tests could not be substantiated as no

cement had been issued for test. The department stated in November 1995 that the cement was accounted for subsequently and further added that the matter was being looked into.



#### (iv) Irregular payment of Rs 1.22 lakh for extra/ substituted items

A review of work relating to excavation of supplementary drain from RD 195 metre to 392 metre revealed that sanction of the competent authority was not obtained for the payment of deviation of 340.16 per cent in quantity of work by the contractor. 4105 cubic metre of earth was excavated in excess of agreed quantity of 1207 cubic metre. As such, payment of Rs 0.49 lakh for excess quantity to the contractor was irregular. In addition, two extra items of work valuing Rs 0.73 lakh were taken up. Payment was made for these items without the approval of the competent authority.

#### 3.5.7. Other points of Interest

#### a) Excess transfer of land

The department acquired a total of 1627.25 acres of land at a cost of Rs 1307.23 lakh. As per decision of April 1988, the department transferred a total of 307.51 acres of land to the DDA and got back 234.61 acres, resulting in shortfall of 72.90 acres.

## b) Records of land worth Rs 830 lakh

The department acquired in 1980-83, 1627.25 acres of land at a cost of Rs 1307.23 lakh. Out of this land, only 594.06 acres, costing Rs 477.23 lakh was actually being utilised for construction of present Supplementary Drain or transferred to Delhi Development Authority/ Municipal Corporation of Delhi in exchange of land. The department has no records in support that balance 1033 acres of land is under its possession and had no knowledge whether any land had been encroached upon.

## c) Advance payments

Railways, Municipal Corporation of Delhi and Haryana State Electricity Board to whom advance payments aggregating to Rs 63.23 lakh were made for execution of works, have not taken up the execution of the works. The advance payment included Rs 56 lakh to Railways in March 1989 for construction of a bridge.

#### d) Underutilisation of special Tools & Plants

The scheme provided for large quantity of earth work to be done by departmental machines. 5 draglines were purchased in June 1986 for Rs 90.15 lakh, 2 dozers for Rs 46.16 lakh in April 1985 and one dredger for Rs 101.40 lakh in March 1990.

These equipment were underutilized. The underutilisation in terms of hours was 5 per cent to 59 per cent in case of draglines, from 41 per cent to 60 per cent for dredger and from 56 per cent to 90 per cent for dozers.

The matter was referred to the Government of NCT of Delhi in October 1995, their reply is awaited as of January 1996.

#### **EDUCATION**

## 3.6 Additional schooling facilities in the age group of 11-14 & 14-17

Based on the projected increase in the population in National Capital Territory, Delhi, the 8th Five Year Plan document envisaged an additional enrollment of 10,000 to 20,000 students in schools for the age group of 11-14 and 14-17 years under the scheme 'Additional Schooling Facilities'. This was to be achieved by (i) opening of new schools including model and composite schools (ii) opening of new sections in the existing schools (iii) upgradation of existing middle and secondary schools to secondary, senior secondary schools

respectively (iv) bifurcation of the existing over crowded schools and hiring of tents for new schools.



The scheme was implemented by Director of Education, Government of NCT of Delhi assisted by nine Deputy Directors, one each in nine districts.

Test check by Audit of records in the office of Director of Education and its field offices revealed the following:

#### 3.6.1 Allotment and expenditure

Out of total allotment of Rs 70712 lakh for this scheme during the period 1988-89 to 1994-95, Rs 470 lakh remained unutilised.

#### 3.6.2 Targets and achievements

The targets and achievements for the last seven years are given below:

	1988-	89	1989	9-90	199	0-91	1991	-92	1992	2-93	1993	-94	1994	1-95	T	otal
Particulars	T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A
Opening of new schools	25	9	30	14	16	11	18	17	28	11	19	11	20	13	156	86
Bifurcation of the existing over crowded schools	32	9	34	13	13	10	16	3	9	1	9	7	9	10	122	53
Up-gradation of existing middle and secondary schools	43	25	45	59	40	28	45	45	38	22	42	28	47	44	310	251

T=Targets

A=Achievements

It would be seen from the above that as against a target of opening of 156 schools, bifurcation of 122 schools and up-gradation of 310 schools, only 86 schools were opened, 53 schools were bifurcated and 251 schools were upgraded during the period under review.

## 3.6.3 Schools opened without observing norms

As per norms, middle schools and secondary schools were not to be opened if the additional students could be admitted in existing schools within the radius of 2 and 3 km for urban areas and 3 and 5 km for rural areas respectively. The minimum expected enrollment for new middle schools was not to be less



than 150 and 200 in rural and urban areas respectively. The minimum expected enrollment for secondary schools was fixed at 250 and 350 in rural and urban areas respectively. It was further prescribed that minimum accommodation of 7 classrooms should be provided for new middle schools. For upgrading existing middle schools, 4 additional class rooms of prescribed size were required.

Test check of records revealed that 37 schools were opened/ bifurcated or upgraded during the period 1988-92 by the Education Department without concurrence of the Finance Department. The Finance Department later observed that the proposals to open/ bifurcate/ upgrade the schools did not fulfil the prescribed criteria in all 37 cases. However, since the schools were already functional, the Finance Department subsequently regularised them as fait accompli.

## 3.6.4 Land and building

Test check revealed that an average of 125 schools were being run in tents every year. The department incurred a total of Rs 224 lakh during 1990-95 on hiring of tents. Out of these, in case of 16 schools the land on which they were run did not belong to Education Department.

The new schools meant for residents of Tigri and Sultanpuri were run in the premises of already existing schools in Ambedkar Nagar and Ghitorni as land was not available.

The land for the construction of three schools was offered by the DDA. However due to non-payment of premium, the department could not obtain their title. The result was that the tented schools existing on these sites could not be converted into *pucca* school.

#### 3.6.5 Furniture

In 1991 a purchase order of 8905 dual desks at a cost of Rs 49.53 lakh was placed, out of which 2255 dual desks were not accepted by the Principals of 11 schools as they already had sufficient desks. In contrast, in one case it was also observed that a school at Ambika Vihar which was running in 27 tents, did not have dual desks in 7 tents.

The matter was referred to the Government of NCT of Delhi in October 1995, their reply is awaited as of January 1996.



#### CO-OPERATIVE SOCIETIES

## 3.7 Defective Planning

With a view to eliminating middlemen by providing sale outlets to weavers the Registrar of Co-operative Societies, Delhi purchased six showrooms from DDA in different localities of Delhi in April 1989. The department made a provisional payment of Rs 35 lakh to DDA in March 1989 and took possession of showrooms in June 1989.

The department spent Rs 10.31 lakh for interior decoration of the showrooms through DSIDC in January 1990. The showrooms did not function at all due to poor response from the co-operative societies.

In August 1990, the DDA intimated the actual cost of showrooms as Rs 149.33 lakh and demanded Rs 140.44 lakh which included the balance cost of showrooms of Rs 114.33 lakh, interest of Rs 22.22 lakh for the period from 14-5-89 to 13-6-90 and ground rent of Rs 3.89 lakh for two years. However, the payment had not been made to DDA until November 1995 which resulted in additional liability of interest of Rs 111.98 lakh until November 1995 at the rate of 18 per cent per annum and ground rent of Rs 9.73 lakh.

Thus, due to defective planning, the department spent Rs 35 lakh besides incurring an additional liability of Rs 114.33 lakh, Rs 134.20 lakh, Rs 13.62 lakh towards balance cost of showrooms, interest and ground rent respectively until November, 1995 while the facilities could not be made available to the weavers.

The matter was referred to the Government of NCT of Delhi in September 1995, their replies are awaited as of December 1995.

#### LABOUR DEPARTMENT



# 3.8 Non-recovery of cost of tenements

Out of 4844 houses constructed by Delhi Administration under "Integrated Subsidised Housing Scheme for Industrial Workers and Economically Weaker Sections of Community", ownership rights in 2485 cases were/are being transferred to allottees on payment of dues in pursuance of a decision of 1978 by Government of India.

Of the remaining 2359 houses, 605 are under unauthorised occupation, 92 have been given on rent and 1662 are to be transferred to their existing allottees on payment of instalments fixed by the Government.

Test check of the office of Assistant Housing Commissioner, Labour department, Government of NCT of Delhi revealed that the records of houses to be transferred, instalments due, actual recovery of instalments etc. were not maintained properly by the department. They did not furnish the uptodate unrealised dues from the allottees.

Compilation by Audit of amounts due on the basis of hire purchase transfer ledger maintained by the department revealed that Rs 62.80 lakh were recoverable from 1314 allottees up to December 1993. The department stated in October 1995 that Rs 20.40 lakh had been recovered after December 1993. However, the uptodate unrealised dues from the allottees were not furnished.

Thus, failure of the department to realise the dues from the allottees and evict the unauthorised occupants has resulted in non-realisation of Rs 42.40 lakh as of October 1995, besides continued unauthorised occupation of 605 houses valued at Rs 665 lakh in April 1992.

## CHAPTER - IV



# 4.1 Trend of revenue receipts

The total revenue receipts of Government of NCT of Delhi for the year 1994-95 were Rs 1887 crore against the anticipated receipts of Rs 1995 crore registering an increase of 27.15 *per cent* over those of 1993-94 (Rs 1484 crore). Of these the tax revenue was Rs 1787 crore and non-tax revenue Rs 100 crore.

The growth of revenue receipts during the last three years is given below:

(Rs in crore)					
	1992-93	1993-94	1994-95		
Tax revenue	1359	1424	1787		
Non tax revenue	92	60	100		
Total	1451	1484	1887		

## 4.2 Cost of collection of tax revenue

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collections during the years 1992-93, 1993-94 and 1994-95 along with the relevant all India average percentage of expenditure on collection to gross collections for 1993-94 are given below:

Head of Revenue	Year	Gross collection	Expenditure on collection	Percentage of expdr. to gross collection	(Rs in crore) All India per- centage for the year 1993-94
Sales Tax	1992-93	930	6.67	1	
	1993-94	1001	7.12	1	1.3
	1994-95	1272	10.98	1.2	
State Excise	1992-93	278	1.23	Negligible	
	1993-94	284	0.51	Negligible	2.7
	1994-95	306	0.94	Negligible	
Stamp Duty &	1992-93	49	0.20	Negligible	
Registration	1993-94	66	0.38	1	4.8
Fees	1994-95	112	0.37	0.3	
Taxes on	1992-93	37	1.36	4	
motor vehicles	1993-94	47	2.41	5	2.6
	1994-95	66	1.40	2	



## 4.3 Analysis of collection

The break up of the total collections (at the pre-assessment stage and after regular assessment) of sales tax during the year 1994-95 and the corresponding figures for the preceding two years as furnished by the department are given below:

						(Rs in crore)
Year	Amount collected at pre-assess- ment stage	Amount collected after regular assessment	Amount of arrear demand collected	Amount refunded	Net collection	Percentage of col. 2 to 6
1	2	3	4	5	6	7
1992-93	906.87	22.89	*	0.23	929.53	97.53
1993-94	954.31	47.94		-	1002.25	95.21
1994-95	1195.04	27.05	*	0.03	1222.06	97.78

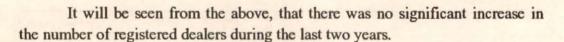
<sup>\*</sup> Information not made available to Audit

The position of revenue collected by Sales Tax Department as detailed above, shows that the collection of revenue at pre-assessment stage ranged between 95 and 98 *per cent* during last three years ending March 1995. This indicates a high degree of voluntary compliance by tax payers.

# 4.4 Number of registered dealers

Under the Delhi Sales Tax (DST) Act, 1975, a dealer is required to get himself registered and pay tax if his gross turnover exceeds the limit prescribed in the Act. Dealers are required to get themselves registered under the Central Sales Tax (CST) Act, 1956 also, if they are engaged in inter-State sales or purchases. The information regarding the number of registered dealers during the last three years ending 31 March 1995 as furnished by the Sales Tax Department, Government of NCT of Delhi is given below:-

	No. of Registered dealers				
Yearly turnover	1992-93	1993-94	1994-95		
Rs 10 lakh and above	39476	39842	40787		
Rs 5 lakh to 10 lakh	29483	31404	48460		
Rs 1 lakh to 5 lakh	30639	32872	28365		
Rs 1 lakh and below	23316	24161	14648		
Total	122914	128279	132260		
Percentage increase over the previous year	3.08	4.36	3.13		



# 4.5 Sales tax demands raised and pending

The information relating to the demand raised during 1992-93, 1993-94 and 1994-95 and pending at the end of each year as furnished by the department is given below:-

(Rs in crore)				
	1992-93	1993-94	1994-95	
Demands awaiting recovery at the beginning of the year	1117.12	2054.68	2517.32	
Demands raised during the year	969.77	655.67	577.59	
Tax collected during the year	21.01	47.94	27.05	
Adjustment on account of reduction and remission of demands during the year	11.20	145.09	14.68	
Demands pending at the end of the year	2054.68	2517.32	3053.18	

It can be seen from the above, that, the demands raised during the year have been showing a decreasing trend since the last three years, whereas, the amount of tax recoverable has increased from Rs 2054.68 crore in 1992-93 to Rs 3053.18 crore in 1994-95.

# 4.6 Sales tax demands in process of recovery

Recovery certificates are required to be issued in cases where dealers fail to deposit within the stipulated period, dues against demands raised by the assessing authorities.

As on 31 March 1995, sales tax dues amounting to Rs 1433.95 crore were pending collection from 9815 assesses for which revenue recovery certificates have been issued by the collectors. The age-wise break-up called for from the department (June 1995) has not been received (December 1995).

The position regarding various stages of recovery of arrears as on 31 March 1995 is given below:

Sl. No.	Particulars	Amount (Rs in crore)
1.	Total amount involved in Recovery Certificates	1433.95
2.	Amount stayed by various appellate authorities	587.03
3.	Amount outstanding against defaulters not traceable	816.79
4.	Amount held up in sick companies	4.65
5.	Amount estimated to be recovered	25.48

Out of total amount of Rs 1433.95 crore covered under Recovery Certificates an amount of Rs 816.79 crore representing 57 per cent was due from the defaulters which were not traceable. This indicates the lacunae in the process of verification of the dealers' credentials.

## 4.7 Frauds and evasions

The information relating to frauds and evasions called for from the department (June 1995) has not been received (December 1995).

#### 4.8 Results of Audit

Test check of records of Sales Tax, State Excise, Motor Vehicles and other revenue earning departmental offices of the Government of NCT of Delhi during the year 1994-95 revealed under assessment/ short levy/ loss of revenue amounting to Rs 34.73 crore in 468 cases.

This chapter contains 9 paragraphs which illustrate some of the major points noticed in Audit. Of these, audit observations in respect of 9 dealers, involving an amount of Rs 3.24 crore were accepted by the Department and a demand of Rs 4.12 crore was raised.

## 4.9 Suppression of sales

#### 4.9.1 Local sales

Delhi Sales Tax Act 1975 provides that if a dealer conceals particulars of his sales/furnishes inaccurate particulars he is liable to pay, in addition to the amount of tax payable, penalty not exceeding two and half times the amount of tax avoided. Interest is also payable for non-payment of tax with returns/delayed payments.

During test check of records of 36 wards, it was noticed in Audit that in 51 cases the dealers had concealed particulars of sales/had furnished inaccurate particulars. The assessing authorities while finalising the assessments, failed to detect the suppression. This resulted in short levy of tax of Rs 1.56 crore, interest Rs 1.17 crore and penalty not exceeding Rs 3.84 crore as detailed in *Annexure - IX*. In four cases the department accepted the omission and raised an additional demand of Rs 1.27 crore.

A few illustrative cases are given below:

(i) A registered dealer engaged in the business of electrical goods purchased goods valued at Rs 253.34 lakh during the year 1989-90 and Rs 164.46 lakh during 1990-91 without payment of tax from other



registered dealers on the strength of statutory forms. In his books of accounts, he however accounted for purchases of Rs 184.34 lakh and Rs 140 lakh during 1989-90 and 1990-91 and thus concealed purchases amounting to Rs 69 lakh and Rs 24.46 lakh during 1989-90 and 1990-91 respectively. This resulted in corresponding suppression of sales amounting to Rs 95.92 lakh (after adding margin of profit at the rate of 2.42 per cent and 3.21 per cent respectively) and short levy of tax of Rs 9.59 lakh. Besides, interest of Rs 7.99 lakh and penalty not exceeding Rs 23.98 lakh were also leviable.

The omission was brought to the notice of department in October 1994, their reply has not been received (December 1995).

(ii) A registered dealer engaged in the business of edible and non edible oils purchased goods valued at Rs 352.88 lakh during 1989-90 from other registered dealers on the strength of statutory forms. He however, accounted for purchases amounting to Rs 178.57 lakh only in his book of accounts, thereby concealing purchases amounting to Rs 174.31 lakh. This resulted in corresponding suppression of sale of Rs 175.64 lakh (after adding margin of profit at the rate of 0.76 per cent) and short levy of tax of Rs 8.78 lakh. Besides, interest of Rs 7.20 lakh and penalty not exceeding Rs 21.95 lakh were also leviable.

The department accepted the omission and after reassessment raised a demand of Rs 62.91 lakh in August 1995.

(iii) A registered dealer engaged in business of resale of ferrous and non-ferrous metal purchased goods valued at Rs 171.61 lakh during 1989-90 on the strength of statutory forms. The dealer, however, accounted for purchases valued at Rs 122.61 lakh in his books of accounts. This concealment of purchases amounting to Rs 49 lakh resulted in corresponding suppression of sales of Rs 50.96 lakh (after adding pro rata margin of profit at the rate of 4 per cent) and short levy of tax of Rs 3.57 lakh. Besides interest of Rs 3.19 lakh and penalty not exceeding Rs 8.92 lakh were also leviable.

The omission was brought to the notice of the department in April 1995, their reply has not been received (December 1995).

(iv) A registered dealer engaged in the business of exporting auto parts purchased goods valued at Rs 87.04 lakh and Rs 257.24 lakh during the years 1990-91 and 1991-92 respectively on the strength of



statutory forms. The dealer, however, accounted for purchases valued at Rs 83.18 lakh and Rs 158.03 lakh in his books of accounts, for the two years respectively. Concealment of purchases amounting to Rs 3.86 lakh and Rs 99.21 lakh resulted in corresponding suppression of sale of Rs 4.03 lakh and Rs 156.90 lakh during the year 1990-91 and 1991-92 (after adding pro rata margin of profit at the rate of 4.34 per cent and 58.14 per cent respectively) and short levy of tax of Rs 16.09 lakh. Besides interest of Rs 7.71 lakh and penalty not exceeding Rs 40.23 lakh were also leviable.

The omission was brought to the notice of the department in February 1995, their reply has not been received (December 1995).

(v) A registered dealer engaged in the business of petroleum products, lubricants and rubber purchased goods valued at Rs 54.56 lakh, Rs 293.30 lakh, Rs 637.78 lakh and Rs 511.04 lakh during the year 1988-89, 1989-90, 1990-91 and 1991-92 respectively from other registered dealers on the strength of statutory forms. The dealer, however, accounted for purchases amounting to Rs 10.01 lakh, Rs 124.52 lakh, Rs 448.78 lakh and Rs 302.24 lakh only in his books of accounts. Thus, the dealer concealed the purchases of Rs 611.13 lakh which resulted in corresponding suppression of sales of Rs 617.65 lakh (after adding the pro rata margin of profit). This resulted in short levy of tax of Rs 43.24 lakh. Besides, interest of Rs 30.57 lakh and penalty not exceeding Rs 108.09 lakh were also leviable.

The omission was brought to the notice of the department in March 1995; their reply has not been received (December 1995).

(vi) A registered dealer engaged in the business of manufacturing and printing of tin sheets purchased goods valued at Rs 145.72 lakh and Rs 136.60 lakh during the year 1989-90 and 1990-91 respectively on the strength of statutory forms. The dealer, however, accounted for purchases amounting to Rs 117.67 lakh and Rs 124.67 lakh only in his books of accounts. Thus the dealer concealed the purchases of Rs 28.05 lakh and Rs 11.93 lakh which resulted in corresponding suppression of sales of Rs 37.92 lakh and Rs 16.49 lakh (after adding the *pro rata* margin of profit at the rate of 35.2 and 38.3 *per cent* respectively) and short levy of tax of Rs 3.81 lakh. Besides, interest of Rs 3.14 lakh and penalty not exceeding Rs 9.52 lakh were also leviable.



The omission was brought to the notice of the department in April 1995; their reply has not been received (December 1995).

(vii) A registered dealer engaged in the business of plastic powder purchased goods valued at Rs 150.27 lakh during 1989-90 against statutory forms. He, however, accounted for purchases valued at Rs 26.25 lakh in his books of accounts, thus concealing purchases amounting to Rs 124.02 lakh and corresponding suppression of sale of Rs 130.85 lakh (after adding pro rata margin of profit at the rate of 5.5 per cent). This resulted in short levy of tax of Rs 9.16 lakh. Besides, interest of Rs 8.06 lakh and penalty not exceeding Rs 22.90 lakh were also leviable.

The department accepted the omission and after reassessment raised an additional demand of Rs 40.12 lakh in July 1995.

#### 4.9.2 Inter-State sales - Stock transfers

CST (Registration and Turnover) Rules, 1957 permit transfer of goods from a branch office situated outside Delhi for subsequent sales in Delhi without payment of tax against statutory form - `F'. Concealment of particulars of sales by a dealer makes him liable to pay penalty at the rate of one and half times the tax avoided and interest on the amount due.

It was noticed in Audit that in six wards six dealers had transferred goods valued at Rs 11.77 crore on the strength of Form 'F', from their branch offices situated outside Delhi during the period from April 1988 to March 1992. They, however, accounted for goods valued at Rs 9.96 crore only. This resulted in short levy of tax amounting to Rs 14 lakh. In addition, interest of Rs 9.62 lakh and penalty not exceeding Rs 35.02 lakh were also leviable as per details given in *Annexure - X*.

# 4.10 Irregular exemptions on sales under Delhi Sales Tax Act



## 4.10.1 Irregular exemption on sale of pesticides

Under the provision of DST Act, 1975, pesticides for plant protection only are exempt from payment of sales tax. Similarly, by an explanation under section 8(2A) of the Central Sales Tax Act, 1956, a sale or purchase of any goods would not be exempted from tax if the sale or purchase of such goods is exempt only in specified circumstances and under specified conditions under the sales tax law of the appropriate State.

Test-check of records in Audit of seven wards showed that in 12 cases exemptions were granted by the assessing authorities during the period from April 1988 to March 1992 on sale of pesticides although the dealers had not disclosed/ furnished proof that the same were sold for use in plant protection. Thus irregular grant of exemption resulted in short levy of tax of Rs 7.63 crore and interest of Rs 5.03 crore as detailed in *Annexure - XI*.

The Department admitted in June 1995 the misuse of this clause. In order to rectify this discrepancy, Government decided to levy tax at the rate of 2 per cent on all pesticides with effect from June 1995.

Results of re-examination of records in the cases pointed out by Audit are however awaited as of December 1995.

# 4.10.2 Irregular exemption on defective export documents

DST Act, 1975 exempts from payment of Sales Tax goods exported out of India. In order to claim these exemptions, copies of relevant bills/ cash memos along with a certificate of export of such goods are to be furnished by the dealer.

It was noticed in Audit that in two cases exemptions were granted by the assessing authorities during the years 1990-91 and 1991-92 on the certificates which were either incomplete or defective. This resulted in non-levy of tax of



Rs 36.04 lakh, interest of Rs 21.88 lakh and penalty not exceeding Rs 54.05 lakh as detailed below:

(Rs in la						
SI. No.	Ward No.	Assessment	Extent of sales exempted by assessing authority	Tax	Interest	Penalty
1.	57	1990-91 1991-92	91.08 225.50	31.66	18.73	47.49
2.	57	1990-91	43.76 Total	4.38 36.04	3.15 21.88	6.56 54.05

On this being pointed out in Audit the department reviewed these cases. On verification with the Custom Authorities, it was found that the certificates furnished by the dealers were fake. Department issued directions to the assessing authorities to grant exemption only after prior verification from the customs authorities.

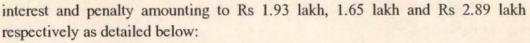
## 4.10.3 Exemption on sales not covered by statutory forms

In six cases test checked in Audit it was noticed that the dealers were granted exemptions on sales amounting to Rs 805.28 lakh made to other registered dealers on the strength of statutory forms during the period from April 1989 to March 1992. However the statutory forms covered sales of Rs 595.91 lakh only. This resulted in short levy of tax amounting to Rs 11.10 lakh. Besides interest of Rs 9.14 lakh and penalty not exceeding Rs 26.48 lakh were also leviable as detailed in *Annexure - XII*.

# 4.11 Irregular grant of exemption from tax under Central Sales Tax Act

# 4.11.1 Exemptions on sales not covered by statutory form

(a) Under the provision of Central Sales Tax Act, 1956 concessional rate of tax of 4 per cent is levied on inter-state sales. In order to claim these concessions the dealer must furnish the prescribed statutory forms. It was noticed in Audit that in three cases, the concessional rate of tax was allowed in excess of sales covered by the statutory forms resulted in short levy of tax,



SI., No.	Ward No.	Assess- ment Year	Extent of sales allowed by assessing authority	Extent of sales supported by 'C' form	Short fall in 'C' forms	Tax	Interest	Penalty
1.	34	1989-90	79.72	51.67	28.05	1.68	1.43	2.52
2.	51	1988-89	102.12	99.63	2.49	0.15	0.13	0.22
3.	103	1988-89	61.58	59.01	2.57	0.10	0.09	0.15
			75.77			1.93	1.65	2.89

The omission was brought to the notice of the department in January 1995, April 1994 and July 1994 respectively; their reply has not been received (December 1995).

(b) CST Act, 1956 lays down that goods sold during transit through transfer of documents of title, to the Government or to a registered dealer are exempted from tax, provided the goods fall under sub-section 3 of section 8 of the Act. The dealer claiming exemption from tax should furnish a certificate in Form E-I or E-II from the dealer from whom goods were purchased and forms 'C'/D' from the dealer to whom goods were sold at the time of assessment. If the form 'C' or 'D' as the case may be, is produced but the dealer fails to produce form E-1 or E-II, the sales are to be taxed at the concessional rate of 4 per cent.

A registered dealer was allowed exemption of tax on sale of Rs 81.70 lakh, during 1988-89 although sales were not supported by form E-I or E-II. This resulted in short levy of tax of Rs 3.27 lakh. Besides, interest of Rs 2.88 lakh and penalty not exceeding Rs 4.90 lakh were also leviable.

The omission was brought to the notice of the department in May 1994; their reply is awaited as of December 1995.

## 4.11.2 Irregular exemptions on stock transfer

In three cases, the dealers were allowed exemption on goods transferred from branch offices situated outside Delhi for sale within Delhi during the years 1988-89 to 1990-91. It was noticed in Audit that irregular grant of exemption on short or defective statutory forms resulted in short levy of tax of Rs 2.95 lakh, interest of Rs 2.16 lakh and penalty not exceeding Rs 4.10 lakh as detailed below:



(Rs in lak							
SI. No.	Ward No.	Assessment year	Irregular exemption allowed	Tax	Interest	Penalty	
1.	27	1988-89	2.02	0.22	0.21		
2.	54	1989-90	3.50	0.28	0.22	0.42	
3.	68	1989-90 1990-91	12.84 11.69	2.45	1.73	3.68	
		1990-91	Total	2.95	2.16	4.10	

The omission was brought to the notice of the department in November 1994, September 1994 and March 1994 respectively; their reply has not been received (December 1995).

# 4.12 Mistake in ex parte assessments

Section 23 of DST Act, 1975 empower the assessing authorities to make an assessment to the best of their judgement, if the dealer fails to furnish the returns or respond to the notice served on him.

In seven cases, the dealers did not appear with their books of accounts at the time of assessment. While finalising the ex parte assessment, during the years 1992-93 to 1994-95 the authorities under-assessed the turnover of these dealers resulting in short levy of tax amounting to Rs 57.96 lakh, interest of Rs 34.21 lakh and penalty not exceeding Rs 144.87 lakh as detailed in *Annexure - XIII*. On being pointed out in Audit, during 1994-95 the department reassessed three cases and raised a demand of Rs 241.68 lakh (August 1995 & October 1995). In the remaining four cases, replies of the department are awaited (December 1995).

# 4.13 Short levy of tax detected in cross-verification of statutory forms

(a) A registered dealer can claim exemption from sales tax on sales made to other registered dealers under provision of DST Act, 1975 on the strength of statutory forms obtained by the selling dealer from the purchasing dealer. At the time of assessment, the dealer is required to submit a complete list of such sales supported by prescribed declarations. In case a dealer conceals the



particulars of his sales, penalty not exceeding two and a half times of the tax avoided, is leviable.

In two cases Audit cross-verified the declarations of the selling dealers with the utilisation account (of forms) submitted by the purchasing dealers during the year 1989-90. Cross-verification revealed that the forms were issued for different amounts to the selling dealers resulting in short levy of tax of Rs 0.80 lakh, interest of Rs 0.66 lakh and penalty not exceeding Rs 2.02 lakh was also leviable in these cases.

On the irregularity being pointed out in Audit, the department reassessed one case and raised a demand of Rs 9.09 lakh (October 1995). Reply in the second case is awaited as of December 1995.

(b) In three cases, assessing authorities, allowed exemption of sales amounting of Rs 1088.60 lakh on the basis of declarations submitted by the dealers. Audit found that these exemptions were irregular as the statutory forms submitted by the selling dealer had been declared obsolete and invalid by the department. This resulted in short levy of tax amounting to Rs 81.99 lakh, interest of Rs 50.95 lakh and penalty not exceeding Rs 204.98 lakh as detailed below. At the instance of Audit, department reassessed the demand in one case and raised an additional demand of Rs 30.79 lakh. The reply in the remaining two cases is awaited as of December 1995.

(Rs in lakh)							
SI. No.	Ward No.	Assessment year	Extent of exemption allowed on obsolete forms	Tax	Interest	Penalty	
1.	16	1988-89	17.04	1.19	1.29	2.98	
2.	40	1991-92	193.09	19.31	9.46	48.27	
3.	56	1989-90 1990-91 1991-92	125.78 450.14 302.55	61.49	40.20	153.73	
		Total	1088.60	81.99	50.95	204.98	

## 4.14 Non-levy of penalty

As per provision of DST Act, 1975 a registered dealer is permitted to deal in the goods covered by his certificate of registration. Any deviation to this, is treated as unauthorised attracting penalty not exceeding two and a half times of tax leviable. The offence is also punishable with rigorous imprisonment for a



term which may extend to six months or with fine or with both and where the offence is a continuing one with a daily fine not exceeding Rs 200 during the period of continuance of offence.

It was noticed in Audit, that in 4 cases the dealers made purchases during the period from April 1988 to March 1992 against declaration forms, the goods which they were not authorised to deal in as per their certificate of registration. The assessing authority failed to detect the misrepresentation while finalising the assessment and to initiate prosecution proceeding or to impose penalty on the dealers. This resulted in non levy of penalty not exceeding Rs 74.13 lakh. The omission was brought to the notice of the department in March 1994 and April 1995; their reply had not been received (December 1995).

## 4.15 Non-levy of purchase tax

Central Sales Tax (Registration and Turnover) Rules 1957 provides that a dealer may in support of his claim that he is not liable to pay tax in respect of any sale of goods on the ground that the sale of such goods is a sale in the course of export of those goods out of the territory of India is required to furnish to the prescribed authority a certificate in form 'H' duly filled and signed by the exporter along with evidence of export of such goods.

A registered dealer engaged in the business of manufacture and export of aluminium fittings purchased aluminium sections valued at Rs 13.69 lakh and Rs 17.09 lakh during the year 1989-90 and 1990-91 respectively from other registered dealers on the strength of statutory forms 'H' for manufacturing aluminium fittings. This resulted in short levy of tax amounting to Rs 3.07 lakh and interest of Rs 2.35 lakh.

The omission was brought to the notice of the department in August 1994; their reply has not been received (December 1995).

# 4.16 Short levy of tax

## 4.16.1 Short levy of tax due to application of incorrect rate of tax

(a) Under the provision of Section 4 of DST Act, 1975 items specified in the First Schedule are to be taxed at the rate of 10 per cent.

A registered dealer engaged in the business of rubber tyres and tubes (items of First Schedule) sold these items valued at Rs 5336.01 lakh during the period April 1987 to March 1990 of which sales proceeds of Rs 334.06 lakh were taxed at 5 per cent and the balance at the rate of 10 per cent. This resulted in short levy of tax of Rs 16.70 lakh and interest of Rs 16.06 lakh.

The omission was brought to the notice of the department in November 1994; reply is awaited (December 1995).

(b) Similarly edible oils produced in indigenous *kolhu* or *ghani* are taxed at the rate of 5 *per cent* under DST Act, 1975 and at 10 *per cent* under CST Act, 1956 (at the rate of 4 *per cent* if sales are supported by statutory forms).

A registered dealer engaged in the business of edible oils made local sales amounting to Rs 5 lakh during the year 1991-92 and inter-State sale of Rs 3.23 lakh, Rs 5.90 lakh and Rs 3.54 lakh during the year 1989-90, 1990-91 and 1991-92 respectively. Under the Delhi Sales Tax Act, 1975 the rate of tax on sale of edible oil is 5 per cent and a concessional rate of 4 per cent is leviable under-Central Sales Tax Act, 1956. The assessments of the dealer were completed after charging tax at the rate of 1 per cent both under DST Act and Central Sales Tax Act, which resulted in short levy of tax of Rs 0.58 lakh and interest of Rs 0.39 lakh.

The omission was brought to the notice of the department in June 1995, their reply has not been received (December 1995).

## 4.16.2 Short levy of tax due to computation mistake

The assessment of a registered dealer, engaged in the business of resale of edible oils was completed on the gross turnover of Rs 80 lakh (Rs 55 lakh local sales and Rs 25 lakh inter-State sales) for the year 1991-92 on best judgement basis as the dealer had not appeared at the time of assessment. The tax at the rate of 7 per cent on Rs 55 lakh worked out to Rs 3.85 lakh while the assessing authority had calculated it as Rs 30,500 only. This resulted in short levy of tax of Rs 3.54 lakh.

The omission was brought to the notice of the department in July 1995; their reply has not been received (December 1995).

# 4.17 Inadequate disposal of seizure cases

- During the period 1990-91 to 1994-95 the Sales Tax Department surveyed the premises of 10,816 dealers and seized documents in 974 cases under Section 41 of the Delhi Sales Tax Act, 1975. However, only in 448 cases the department had taken action at the time of assessment and 526 seizure cases are still outstanding (September 1995) and not taken up for disposal.
- A test-check of the records revealed, that, in 15 seizure cases pertaining to the assessment years 1990-91 and 1991-92 the assessing authorities while finalising the assessment of erring dealers, did not take into account the survey reports and the documents seized by it. Reasons for doing so were not available on record. This resulted in short levy of tax amounting to approximately Rs 6.12 lakh in 8 cases, as per suppression of sales indicated in the survey reports and the seized documents. In the remaining 7 cases, the evasion of tax could not be ascertained in Audit as the survey reports while mentioning the quantity of suppression of sales did not mention the money value. However, the survey reports were not considered.
- In another 12 seizure cases, although tax amounting to Rs 10.12 lakh was levied on account of suppression of sales by the dealers, which

attracted a penalty not exceeding Rs 25.30 lakh. However, from records it could not be ascertained whether the assessing authorities had exercised their powers of imposing/ waival of penalty.



## 4.17.1 Contravention of departmental instructions

A test check of the disposal of seizure cases revealed, that, in two cases of seizures, the exemptions on sales were allowed to the dealers in contravention of departmental instructions. This resulted in loss of revenue amounting to Rs 1.33 crore. The details of the irregular disposal of the cases of seizures are as under:

- The business premises of two registered dealers B and C were surveyed in September 1992. Enquiries revealed, that, the dealers had misutilised statutory forms issued by the department. The Commissioner of Sales Tax decided (October 1993) not to give exemption on sales to those dealers who had sold goods to B and C against the statutory forms. Nevertheless, the assessing authorities, allowed the exemption to six such dealers amounting to Rs 497.41 lakh resulting in loss of revenue of Rs 1.33 crore.
- In another case, a dealer whose premises were surveyed in March 1991 did not produce his books of accounts for further investigation. Despite the departments instructions to the assessing authorities not to issue statutory forms, 307 statutory forms were issued to the dealer. An exparte assessment of the dealer was made for the year 1990-91 in July 1994 and tax amounting to Rs 55.15 lakh was levied, of which the dealer had paid Rs 5.07 lakh and the balance tax of Rs 50.08 lakh remained unrecovered (September 1995).

## 4.17.2 Delay in finalisation of seizure cases

Out of a total 526 undisposed seizure cases pertaining to 1990-91 to 1994-95, in 307 seizure cases, the survey reports and the seized documents were still lying in the Enforcement Branch even after the lapse of 6 to 18 months and had not been sent to concerned wards for disposal (September 1995). This was in contravention of specific departmental instructions of July 1992. In this

regard a few cases where this delay resulted in loss of revenue are mentioned below:

- The survey of the business premises of a registered dealer engaged in resale of kiryana goods conducted in September 1990, revealed, that the dealer had no godown and had nil stock on the date of survey. Subsequent surveys conducted in March 1991 and October 1991 showed no change in status. The nil stock in three surveys raised doubts on genuineness of the transaction of the business of the dealer. Meanwhile, the department issued 230 statutory forms during July 1990 and November 1991 for tax free purchase of goods for resale. After a delay of about 3 years in August 1994, the department, made an exparte assessment for 1990-91 and 1991-92 amounting to Rs 40.83 lakh. However, the amount could not be recovered as the dealer was not traceable.
- In another case of delay the business premises of a dealer, engaged in re-sale of dry fruits and kiryana goods were surveyed in September 1990, and stock amounting to Rs 31 lakh was found short. The shortage was also admitted by the dealer, (September 1990) but immediate assessment to quantify suppression of sales was not undertaken by the assessing authority. After a delay of 4 years, the dealer stated in July 1994, that, in view of white washing in his premises Rs 31 lakh of goods were stored in a nearby shop. The assessing authority without verifying the survey report accepted the stand of the dealer in August 1994.

Department action if any taken against the assessing authorities and against individuals who stood surety for these dealers in the above cases could not be ascertained from records.

#### CHAPTER - V



#### MUNICIPAL CORPORATION OF DELHI

## 5.1 Administrative set-up and financial aspects

#### 5.1.1 Introduction

The Municipal Corporation of Delhi (MCD) was established in April 1958 as a civic body under the Delhi Municipal Corporation Act, 1957 with jurisdiction over the Union Territory of Delhi excluding the areas under the New Delhi Municipal Council and the Delhi Cantonment Board. It was superseded by Central Government in January 1990 and Chief Secretary, Government of NCT of Delhi was vested with powers and duties conferred on the Municipal Corporation of Delhi.

#### 5.1.2 Form of Accounts

The Delhi Municipal Corporation (Maintenance of Accounts) Regulations, 1959 prescribe maintenance of separate accounts of all receipts and expenditure in the form approved for the budget estimates, in respect of its wings viz.

- General Wing;
- Delhi Water Supply and Sewage Disposal Undertaking (DWS&SDU);
   and
- Delhi Electric Supply Undertaking (DESU)

With effect from 1st September 1992, Slum & Jhuggi Jhonpri (SJJ) wing of Delhi Development Authority (DDA) was also transferred to MCD.



The monthly and annual accounts of these wings are submitted to the Standing Committee of MCD by the Municipal Chief Accountant after its certification by the Municipal Chief Auditor (MCA).

#### 5.1.3 Arrears in accounts

The status of arrears in preparation of monthly, annual and appropriation accounts of MCD and their certification by MCA is indicated below:

	General Wing	DESU	DWS & SDU
Annual accounts			
Year upto which accounts submitted	1993-94	1990-91	1990-91
Year upto which accounts certified	1991-92	1989-90	1990-91
Appropriation accounts			
Year upto which accounts submitted	1992-93	1980-81	1989-90
Year upto which accounts certified	1990-91	1980-81	1987-88
Monthly accounts			
Month upto which accounts submitted	February 1995	June 93	February 1993
Month upto which accounts certified	January 1994	March 91	March 1992

As regards SJJ wing, annual accounts upto 1991-92 were to be certified by CAG. After 1991-92 the accounts were to be certified by MCA as the SJJ Wing was transferred to MCD with effect from 01 September 1992. Though annual accounts upto 1993-94 and monthly account upto February 1995 have been submitted to the Chief Accountant, these have not so far been approved and submitted to the MCA.

Due to non-finalisation of accounts by MCA, (i) the actual amount of revenue and capital deficit, (ii) accumulated amount of loan and other liabilities, (iii) reasons for shortfalls in receipts and increasing trend in expenditure and (iv) remedial action being taken by each of the wings of MCD could not be verified.

# 5.1.4 Financial position



The financial position of the four wings of MCD for the years 1991-92 to 1994-95 was as under:

## (a) General wing

Year		Income		Ex	penditure	
	Revenue	Capital	Total	Revenue	Capital	Total
1991-92	342.33	210.43	552.76	342.39	205.85	548.24
1992-93*	327.48	226.73	554.21	357.24	233.11	590.35
1993-94*	433.15	222.12	655.27	417.21	226.11	643.32
1994-95*	504.05	274.46	778.51	487.79	263.60	751.39

<sup>\*</sup> Figures provisional as annual accounts yet to be certified by MCA

Roads, education and facilities in resettlement colonies accounted for major part of the expenditure. It has increased from 51 per cent of the total plan expenditure in 1992-93 to 57.9 per cent in 1993-94. As the accounts of 1994-95 had not been compiled as of December 1995, the increase or decrease in trend of expenditure could not be verified.

Receipts increased from Rs 226.25 crore in 1992-93 to Rs 301.66 crore in 1993-94; property tax (Rs 205.71 crore) accounted for 68.19 per cent of the total collection in the year 1993-94. As the accounts of 1994-95 had not been compiled as of December 1995 the trend of internal revenue could not be verified.

(b) (i) Delhi Water Supply and Sewage Disposal Undertaking (DWS&SDU)

						(Rs	in crore)
Year	r Revenue			Loan			
	Receipts	Expenditure	Deficit	Percentage of excess expenditure to income	Receipts	Expenditure	Balance
1991-92*	75.03	184.98	109.95	147	127.65	121.99	5.66
1992-93*	76.81	214.34	137.53	179	124.50	113.28	11.22
1993-94*	80.62	241.31	160.69	199	141.10	131.77	9.33
1994-95*	106.64	259.93	153.29	144	184.00	219.10	(-)35.10

<sup>\*</sup> Figures provisional as accounts yet to be certified by MCA.



The gap between income and expenditure of the undertaking has been persisting, resulting in the accumulation of deficit of Rs 877.77 crore as on 31 March 1994. The excess expenditure has apparently been met by withholding repayment of loans received from Government of NCF of Delhi as is evident from the fact that the loan liability had risen to Rs 711.99 crore as on 31 March 1994. The progressive accumulated deficit vis-a-vis the loan liability including interest during 1989-90 to 1994-95 is given below:

		(Rs in crore)
Year	Accumulated Deficit	Loan liability
1989-90	387.99	323.01
1990-91	469.60	393.73
1991-92*	579.55	481.62
1992-93*	717.08	587.52
1993-94*	877.77	711.99
1994-95*	902.57	Not available

<sup>\*</sup> Figures are provisional as accounts are yet to be certified by MCA

As per records of PAO, the total loan liability including interest amounted to Rs 1378.67 crore as on 31 March 1994, whereas in the revised Budget Estimates of DWS&SDU for 1995-96, it was calculated at Rs 711.99 crore. Reconciliation of the difference had not been done upto December 1995.

(ii) The revenue deficit is attributable mainly to the expenditure on Internal Water Supply and Internal Drains and Sewers as evident from the following table:

Year	Overall deficit	Deficit attributed to internal water supply & internal drains sewers	Percentage to overall deficit
1989-90	71.24	67.22	94
1990-91*	81.62	76.35	94
1991-92*	109.94	105.60	96
1992-93*	137.53	133.42	97
1993-94*	160.69	160.69	100
1994-95*	153.30	153.30	100

<sup>\*</sup>Figures are provisional as accounts yet to be certified.

<sup>\*\*</sup> Source-Revised Budget Estimates

<sup>\*\*</sup>Source-Revised Budget Estimates

## (iii) Arrears of water charges

The MCA in his report for the year 1993-94 pointed out the slackness in recovery of water charges. The recovery of revenues as percentage of total demand dropped from 75.98% in 1991-92 to 68.62% in 1993-94. Report for the year 1994-95 had not been compiled as of December 1995.

Arrears of water charges due from Government Departments, DDA, and Railway etc. at the end of 1989-90 to 1993-94 are indicated in the table below:

(Rs in crore)						
Name of the party	1989-90	1990-91	1991-92	1992-93	1993-94	
Govt. Deptt., DDA,	8.91	8.64	11.50	14.01	16.20	
Railways etc.			*	*	*	

<sup>\*</sup> Figures provisional as accounts yet to be certified by MCA.

(iv) Analysis of Budget Estimates vis-a-vis Actual receipt of scavenging tax showed short-fall in realisation ranging between 16 per cent to 100 per cent of the estimates during 1991-92 to 1993-94 as given below:

Year	(Rs in crore) Scavenging Tax				
	<b>Budget Estimates</b>	Actual	% Shortfall		
1991-92*	2.50	2.10	16%		
1992-93*	6.00	3.00	50%		
1993-94*	6.60	nil	100%		
1994-95*	6.00	Not available	-		

<sup>\*</sup>Figures are provisional as accounts yet to be certified by MCA.

## (c) Delhi Electric Supply Undertaking (DESU)

	(Rs in crore)						
Year		Revenue	Capital				
	Receipt	Expenditure	Deficit	Receipt	Expenditure		
1991-92*	923.85	1031.00	107.15	215.35	223.51		
1992-93*	982.31	1226.07	243.76	251.48	347.26		
1993-94*	1281.39	1545.02	263.63	298.73	311.13		
1994-95	Accounts	Accounts for the year not complied as of January 1996.					

<sup>\*</sup>Provisional figures as accounts yet to be finalised and sent to MCA.

DESU purchases power from outside sources. The accumulated liability on this account stood at Rs 4669.02 crore as on 31 March 1995. Apparently the

<sup>\*\*</sup> Source - Revised Budget Estimates



excess of expenditure over receipts was met by non-payment of this liability. Out of the above dues, Rs 2614.84 crore were payable to six State Electricity Boards, Badarpur Thermal Power Station, and two corporations and Rs 134.63 crore were payable to Railways, Coal India Ltd. and others. The liability also included non-payment of Rs 1919.55 crore towards interest on the dues payable to State Electricity Boards.

In addition, there existed a loan liability of Rs 3199 crore as on 31 March 1995 (including interest) payable to the erstwhile Delhi Administration, now Government of NCT of Delhi and the Central Electricity Authority.

#### Dues receivable

Rs 320.76 crore were receivable at the end of 1994-95 on account of electricity supplied to various government agencies as under:

Brane Sala la	(Rs in crore)
Particulars of agency	Dues recoverable as on 31-3-1995
NDMC	105.87
MES	0.25
HSEB	214.64

# (d) Delhi Slum and Jhuggi Jhonpri Department (SJJD)

## (i) Internal receipts and expenditure

Year		Revenue			Capital			
	Receipt	Expendi- ture	Deficit(-) Surplus(+)	Receipt	Expendi- ture	Deficit(-) Surplus(+)	Deficit(-) Surplus(+)	
1991-92	4.13	5.49	(-)1.36	0.79	1.45	(-)0.66	(-)2.02	
1992-93*	2.30	6.51	(-)4.21	0.67	0.84	(-)0.17	(-)4.38	
1993-94*	2.91	7.21	(-)4.30	2.45	0.60	(+)1.85	(-)2.45	
1994-95*	0.33	7.11	(-)6.78	3.03	0.52	(+)2.51	(-)4.27	

<sup>\*</sup> Provisional figures as accounts yet to be certified by MCA

The revenue deficit increased from Rs 2.02 crore in 1991-92 to Rs 4.27 crore in 1994-95 i.e. an increase of 111 per cent.

The increasing trend in expenditure was attributable to the unprecedented growth of 0.40 lakh jhuggi jhonpries every year vis-a-vis their rehabilitation and resettlement.



#### (ii) Loans and grants

The receipt and expenditure against loans and grants were as under:

(Rs in crore)						
Year	Receipt	Expenditure includes repayment				
1991-92	11.75	38.78				
1992-93*	19.41	9.42				
1993-94*	9.61	5,66				
1994-95*	17.78	23.27				

<sup>\*</sup> Provisional figures as accounts yet to be certified by MCA

Loan liability of Rs 20.92 crore was outstanding as on 31 March 1995.

Though the SJJ wing was transferred by DDA to MCD wef 1 September 1992, the DDA had not prepared the balance sheet for SJJ wing. As a result, the total assets and liabilities of this unit could not be taken into account by the MCD.

## 5.1.5 Outstanding temporary advances

Temporary advances are required to be adjusted within a period of one month from the date of withdrawal and, if left unadjusted, a detailed report is required to be sent to the Government of NCT of Delhi.

Advances amounting to Rs 3.62 crore in General Wing, Rs 733.68 crore in DESU, Rs 8 crore in DWS&SDU and Rs 4.20 crore in SJJD had not been adjusted upto 31 March 1995 as shown below:

(Rs in crore)					
Period	MCD	DESU	Slum & JJ Deptt.	DWS & SDU	
Advances paid upto 1986-87	1.75	80.44	0.28	0.41	
Advances paid between 1987-88 to 1993-94	0.27	612.89	1.75	7.59	
Advances paid during 1994-95	1.60	40.35	2.17	*	
Total	3.62	733.68	4.20	8.00	

<sup>\*</sup> Figures not made available by DWS&SDU



Steps taken to adjust the outstanding advances were not available in the records. Possibility of all or parts of the amounts becoming irrecoverable with passage of time cannot be ruled out.

## 5.1.6 Non-reconciliation of external receipts

The figures relating to grants-in-aid and loan appearing in the books of the Government of NCT of Delhi were found to be at variance with those of the MCD as shown in the table below:

			(Rs in crore)
Year	Loans and gr	Difference	
	Released as per Govt. of NCT of Delhi	Received as per MCD	
1991-92	629.94	553.43	76.51
1992-93	676.19	602.71	73.48
1993-94	826.50	671.56	154.94
1994-95	1066.26	1040.87	25.39
Total	3198.89	2868.57	330.32

The difference amounting to Rs 330.32 crore had not been reconciled by MCD, though these were pointed out in earlier Reports of Comptroller and Auditor General of India.

# 5.1.7 Audit by Municipal Chief Auditor

The last Inspection Report of MCA for the year 1993-94 was issued on 21-9-95. A total of 7481 Inspection Reports containing 45281 objections relating to the period 1963-64 to 1993-94 were awaiting settlement at the end of March 1995 as shown below:

	Upto 1990-91	1991-92	1992-93	1993-94	Total
General Wir	ıg				and the second
Inspection reports	3478	169	152	119	3918
Paras	21704	1457	1490	1498	26149
DWS&SDU					
Inspection reports	1084	91	84	51'	1310
Paras	5744	652	696	543	7635
DESU					
Inspection reports	1991	122	83	57	2253
Paras	9780	770	538	409	11497

In addition, in respect of SJJ, 88 audit objections in 13 Inspection Reports for the period 1974-75 to 1991-92, issued by AG (Audit), Delhi the then Statutory Auditor and transferred to MCA in 1993-94 remained outstanding as on 31 March 95.

#### DELHI ELECTRIC SUPPLY UNDERTAKING

# 5.2 Working of Indraprastha Power Station

#### 5.2.1 Introduction

Delhi Electric Supply Undertaking (DESU) generates 2203 million units (MU) power which meets around 18 per cent of the total requirement of power in Delhi. Power generation in Indraprastha Power Station (IPS) accounts for 40 per cent of the total generation by DESU. Five units of IPS have a capacity to generate 2431 MU of power every year.

Records relating to performance of the power station during the period 1990-95 were scrutinised in Audit.





- Generation of power by the five units of IPS deteriorated from 1478 million units in 1991-92 to 1116 million units in 1994-95.
- Planned and forced shutdowns of the five units of IPS increased from a total of 7116 in 1991-92 to 16433 hours in 1993-94. It was 14956 hours during 1994-95. Forced shutdowns resulted in loss of generation of 2151 million units of power valued at Rs 366 crore.
- Maintenance of boilers and turbines was not satisfactory. Boilers
  were overhauled once in 2-4 years against the norm of annual
  overhauling. Turbines were overhauled after 3-4 years against the
  norm of every 8000-10000 operational hours or every year. Tardy
  maintenance schedule of boilers and turbines contributed to forced
  shutdowns of the plants.
- Consumption of furnace oil in IPS was three times the national average. Excess consumption of 98504 Kilolitres of furnace oil compared to all India average during 1990-95 was valued at Rs 42 crore.
- Transit loss of coal during 1991-92 to 1994-95 was 8.69 lakh tonnes valued at Rs 92.26 crore.
- The emission of particulate matter was beyond the permissible limit in two units even after installation of electrostatic precipitators to control pollution. The temperature of effluent water was more than the normative level, affecting the acquatic life.

# 5.2.3 Operational performance

Operational performance of a thermal power plant can be assessed on:

 Plant load factor which measures the ratio of actual generation to its total capacity;



- Plant availability factor indicates the number of hours the plant could be put into operation. It is measured as the ratio of hours actually operated to the total number of hours available and;
- Plant utilisation factor which is the ratio of actual generation of plant to the capacity of the plant to generate power in the hours actually operated.

Against a capacity to generate 2431 MUs of power, actual generation during five years 1990-95 was as detailed below:

Sl No.		1990-91	1991-92	1992-93	1993-94	1994-95
1.	Power generated(MU)	1399.56	1478.34	1386.19	1143.75	1115.92
2.	Targetted generation(MU)	1360.00	1350.00	1282.00	1300.00	1270.00
3.	Plant load factor	57.57	60.65	57.02	47.05	45.90
4.	Auxiliary consumption					
	(i) in million units (MUs)	153.65	160.87	146.48	116.95	128.51
	(ii) as a percentage of actual generation	10.97	10.88	10.56	10.22	11.51
5.	Hours available during the year	43800	43920	43800	43800	43800
6.	Hours operated	34897	36804	33311	27367	28844
7.	Plant availability factor ((6/5)*100)	79.67	83.80	76.05	62.48	65.85
8.	Units that could be generated during the hours operated (MU)	1889.42	2034.34	1831.08	1498.42	1594.58
9.	Plant utilisation factor (1/8)*100)	74.07	72.67	75.70	76.33	69.98

## a) Low capacity utilisation of the plants

Plant load factor (PLF) declined from 60.7 per cent in 1991-92 to 45.9 per cent in 1994-95 due to sharp fall in generation. The all-India PLF ranged between 68.4 per cent and 50.8 per cent during 1994-95 while for IPS it was 45.9 per cent. Even the targeted generation in IPS was scaled down from 56 per cent in 1990-91 of the installed capacity to 52 per cent in 1994-95. No reasons were furnished for the lowering of the targets.



Analysis of PLF of each unit during the period 1990-95 are as given below:

Year	Unit I	Unit II	Unit III	Unit IV	Unit V	Average
1990-91	57.16	57.72	57.36	43.00	73.01	57.57
1991-92	44.82	45.58	72.31	61.65	71.06	60.65
1992-93	50.97	71.70	43.06	60.47	55.70	57.02
1993-94	38.53	60.27	71.07	16.00	44.84	47.05
1994-95	35.72	63.27	25.87	43.86	55.80	45.90

Unit I registered a consistently poor performance during the four years. There were sharp fluctuations in PLF in the remaining four units. IPS did not analyse the decreasing trends and abrupt fluctuation in PLF.

#### (i) Frequent break downs in the units

Annexure - XIV gives unit-wise shutdowns during 1990-95. Unit-IV remained out of operation for 41 per cent of the total hours available during this period, of which forced shutdowns accounted for 78.4 per cent of the total hours of shutdown.

Further, an analysis of shutdowns during 1990-95 showed that the average duration of halt in every shutdown increased from 33.57 hours to 102.07 hours during 1991-94. It was 75.54 hours in 1994-95. Unit-wise duration of halts ranged between 14.98 hours to 263.31 hours. IPS did not analyse the reasons for prolonged periods of shutdowns.

Hours lost due to forced<sup>1</sup> and planned<sup>2</sup> shutdowns increased substantially from 7116 hours in 1991-92 to 14956 hours in 1994-95. Loss in generation due to forced shutdowns during 1990-95 was 2151.257 MU of power valued at Rs 366.08 crore.

Forced shutdowns are breakdowns due to unforeseen faults in the system

Planned shutdowns are the periods the plants are not in operation due to overhauling and other maintenance schedules



Increase in planned shutdowns was mainly due to extended period of overhauling which were in excess of the norms laid down by Central Electricity Authority (CEA)<sup>3</sup>. Frequent breakdowns in the units would indicate poor maintenance as is evident from lack of regular overhauling of the units as brought out in paragraph - 5.2.5.

## (ii) Operation of the plant at partial loads

Against an installed capacity of 277.5 MW, the average load on the plants did not exceed 211.20 MW. Unit-I was operating at 62 per cent of its capacity in 1992-93, which declined to 54 per cent during 1993-95. As a result of operation at partial loads, the average plant utilisation factor of the units ranged between 70 to 76 per cent during 1990-95.

## b) Auxiliary consumption

Auxiliary consumption is the power consumed in coal handling plant, pulverising mills, forced draft fans etc. Low capacity utilisation of the plant also leads to increase in percentage of auxiliary consumption to total generation of power. Unit-wise auxiliary consumption to electricity generated were as given below:

Percentage of total generati								
Year	Unit I	Unit II	Unit III	Unit IV	Unit V	Average		
1990-91	19.28	11.07	08.78	09.64	10.25	10.97		
1991-92	21.68	10.78	08.94	09.22	11.08	10.88		
1992-93	18.84	08.93	08.61	09.24	12.04	10.56		
1993-94	16.19	09.00	08.92	08.67	12.09	10.22		
1994-95	19.82	10.39	10.18	10.20	11.89	11.51		

The above table indicates that auxiliary consumption had increased during 1994-95 in all the five units. It was excessively high in Unit I due to operation at very low loads.

<sup>3</sup> further details in paragraph 5.2.5



As per the norms of CEA, the power consumed by auxiliaries, should not exceed nine *per cent* of the total generation. Higher auxiliary consumption in IPS over the norm during the year 1990-95 resulted in excess consumption of 119.092 million units of power valued at Rs 18.85 crore.

## 5.2.4 Impact of shutdowns

## Extra consumption of furnace oil

In order to put the plant into operation after a shutdown, additional quantities of furnace oil are required to start up the boilers. Frequent shutdowns entailed an increase in the number of start up operations which required more furnace oil. During 1990-95, there were 1056 shutdowns resulting in fresh lighting of the boilers under 508 cold<sup>4</sup> conditions and 548 hot conditions. Unitwise shutdown of the five units per 1000 hours during 1990-95 fluctuated widely between 3.11 and 13.58. The annual average number of shutdown of these units was between 5.76 and 7.78 per 1000 hours of operation during 1990-91 to 1994-95.

Had the average shutdowns been maintained at the level of at least the minimum of 5.76 per 1000 running hours achieved in 1991-92, IPS could have saved 1822.82 kilolitres of furnace oil valued at Rs 79.48 lakh (worked out at the minimum rate of consumption of oil).

#### 5.2.5 Maintenance of boilers and turbines

The main components of a power generating unit are (a) Boiler which generate steam in the tubes fitted on its walls and (b) turbines, rotors of which are rotated by the steam generated by boilers producing electricity in the connected generator.

In conditions when the boiler has been shut down for periods long enough to have cooled the heated water.



CEA recommends annual overhauling of boilers. The turbines are also required to be overhauled once a year or after 8000-10000 operational hours. Analysis of the periodicity and time taken for overhauling of boilers and turbines revealed the following:

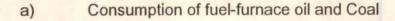
## a) Boilers

- Overhauling of boilers was taken up once in 2-4 years. Boilers of Unit II and Unit IV were last overhauled in October 1991 and September 1990 respectively. Boiler of Unit V was last overhauled in April 1993, after a lapse of seven years.
- As per the norms of CEA, the overhauling period of boilers should be
   45 days. IPS fixed a norm of 51-94 days for overhauling of boilers.
   However, the actual time taken for overhauling of boilers ranged between 72 days (Unit I) to 139 days (Unit III).
- It was found that Unit IV and Unit III were shutdown for a
  continuous stretch of 304 days and 122 days due to faults in the
  turbines during 1993-94 and 1994-95 respectively. These units were
  due for overhauling of boilers in 1993-94 and 1994-95 respectively.
  However, simultaneous overhauling work of the boilers was not taken
  up by IPS.
- Delay in undertaking overhauling resulted in high incidence of breakdowns. An analysis of shutdowns during 1994-95 further showed that out of 190 forced shutdowns, 95 were on account of faults in boilers and flow system of water/steam in the boilers in all the five units.

## b) Turbines

The turbines were overhauled once in 3-4 years as against the norm for annual overhauling. Unit I was last overhauled in January 1990. Against the stipulated period of 30 days fixed for each overhauling, IPS took 85 days to 242 days in overhauling on ten occasions. Out of ten occasions of overhauling taken up during the 1990-95 seven forced shutdown were due to faults in the turbine system which is attributable to less than prescribed frequency of overhauling.

# 5.2.6 Fuel-purchase and consumption.



#### (i) Furnace Oil

Furnace oil is needed to ignite the pulverized coal in the furnace of the boilers for initial start up after each outage. Thereafter, it is also used as supplementary fuel for flame stability in the furnace.

Unit-wise consumption of furnace oil (in mililitres for every kilo-watthour of energy generated) was as given below:

Year	Unit I	Unit II	Unit III	Unit IV	Unit V	Average
1990-91	72.33	29.76	24.43	31.99	03.63	26.35
1991-92	74.29	27.32	23.83	27.04	02.56	23.80
1992-93	73.24	23.52	24.72	23.42	03.61	24.30
1993-94	84.48	21.58	24.78	21.23	03.28	24.44
1994-95	83.30	17.59	21.21	20.17	04.00	20.55

Excess consumption of furnace oil is attributable to the poor quality of coal resulting in use of oil as a supplementary fuel. It was also due to increase in shutdowns as discussed in paragraph 5.2.3(a)(i). The excessively high consumption in Unit I was because of the high designed coal quality required for its optimum operation. Against its designed quality of 5864 kcal/ kg (in other units it ranged between 3665-4727 kcal/ kg), the calorific value<sup>5</sup> of coal received in IPS ranged between 3908 kcal/ kg to 4565 kcal/ kg.

Given the uniformly low quality of coal received in thermal plants, the consumption of furnace oil in IPS was almost three times the all-India average. Against the all India average of 8.91 ml/ kwh in 1991-92, consumption of furnace oil in IPS was 23.80 ml/ kwh in the year. The average consumption increased from 12 ml/ kwh in 1985-86 to between 20.55 ml/ kwh to 26.35 ml/ kwh during 1990-95. Compared to all India average the total excess consumption

<sup>5</sup> Heat generated in kilocalories by burning one kilogram of coal

of furnace oil in IPS during 1990-95 was 98504 kilolitres valued at Rs 42.02 crore.



#### (ii) Coal

Consumption of coal also showed an increasing trend from 697 grams/ kwh to 825 grams/ kwh during 1990-95. This was primarily due to poor quality of coal received in relation to its high ash content and low calorific value. Use of coal of calorific value lower than the designed value required handling of increased quantities of coal for the same level of generation.

#### b) Purchase of coal

Coal is purchased from Coal India Limited (CIL). An agent of IPS is posted at the collieries to supervise the loading to ensure quantity and quality of coal loaded in the wagons. During the period 1990-95, coal worth Rs 506 crore were purchased for use in IPS.

#### (i) Short weight received in coal wagons

CIL is paid on the basis of the weight of coal loaded at the colliery as exhibited in the railway receipts. The agreement with CIL lays down that the transit losses would be entirely borne by IPS.

A weighing instrument is mounted on the tippers in the IPS which unload the coal received in open wagons. Scrutiny in Audit revealed that in most cases coal received is taken into account in the books by subtracting three *per cent* for transit losses from the carrying capacity of each wagon as a matter of routine.

Compilation of the data for 1994-95 from the records maintained in the coal cell of IPS showed that only 5542 wagons (representing 36.5 per cent) of the total 15185 wagons received, were actually weighed. Of the wagons weighed data relating to weight of only 4262 wagons were available. Based on the average transit loss of 20.73 per cent notice in these 4262 wagons, the value of transit loss on 71656 wagons received during 1991-92 to 1994-95 worked out to Rs 92.26 crore.

#### (ii) Missing wagons

The agreement provides that IPS will bear all loss on account of wagons loaded at the collieries but not received in IPS and would directly lodge the claims with the Railways for all missing wagons.

It was observed that claims amounting to Rs 20.90 crore were lying unsettled for the period 1973-94 as detailed below:-

				(Rs in crore)
Year	Claims at the begining of the year	Claims during the year	Claims settled during the year	Claiming out- standing at the end of the year
1990-91	17.53	6.90	9.92	14.51
1991-92	14.51	9.02	4.42	19.11
1992-93	19.11	15.48	5.32	29.27
1993-94	29.27	6.72	15.09	20.90

In 1994-95, 1604 claims were lodged; value of these claims were not furnished. Reasons for claims remaining unsettled for over 20 years were not furnished.

# (iii) Pending adjustments in purchase of coal

Claims on account of quality of coal received are made through debit notes raised by IPS on CIL. Deductions are made from the bills on acceptance of the claims by CIL. Rs 29 crore remained to be recovered from the bills of CIL as detailed below:

88 to 95 per cent of the coal received from the collieries during the period 1991-95, was below the grades marked by CIL at the time of loading the wagons. Debit notes amounting to Rs 10.81 crore relating to periods prior to March 1991 were yet to be accepted by CIL. Subsequently, no further claims were lodged by IPS on account of poor quality of coal received. IPS stated in July 1995 that an amount of Rs 18 crore requires to be adjusted from the bills of CIL for the period 1991-95.

The agreement provides that suppliers shall take reasonable steps to ensure that pickable shales or stones are removed and no lumpy coal is supplied. Presence of lumps of coal stones, iron pieces and other foreign materials in coal

wagons choke the feeder and can also damage the conveyer belt and the coal crusher. In such a situation, operations in the plant would have to be stopped which also causes unnecessary detention of wagons.



Out of 50195 coal wagons received in IPS during the period 1992-95, 6932 wagons were found to contain lumps of coal and stones. Further, Rs 19.48 lakh was reported to have been spent on repairs of damages caused by these materials during the period 1990-95, of which Rs 0.39 lakh was recovered from the bills of CIL. CIL did not accept the balance claims on the ground that the wagons were loaded in the presence of the representative of IPS.

#### (iv) Non-disposal of coal rejects

Coal which does not get pulverised is collected from the coal mills and dumped in the coal yard. It was found that percentage of coal rejects to the total consumption of coal increased from 0.62 per cent to 1.09 per cent during 1991-95. Scrutiny of bills on transportation showed that 42856 tonnes of coal rejects valued at Rs 4.55 crore were collected and transported from the coal mills to the coal yard at a total cost of Rs 6.92 lakh during 1990-95.

As the contract with CIL did not provide for claim on account of coal rejects, claims on this account could not be lodged. The coal rejects were not auctioned during 1990-95.

#### 5.2.7 Pollution control

In order to control the dust emission from the IPS, Rs 20.91 crore were spent on installation of five electrostatic precipitators in all the five units of IPS. The level of pollution was last checked by Central Pollution Control Board (CPCB) in February 1995. As per this report, the emission of particulate matter was beyond the prescribed standards in Unit I and Unit V which were emitting particulate matter between 428 and 1134 mg./ cuNm against the normative standards of 350 mg./ cuNm in February 1995.

The temperature of the cooled water released in river Yamuna was five degrees centigrade higher than the normative level.

The dust/ash collected through the electrostatic percipitators is mixed with water and the slurry thus formed is discharged into four ash ponds (for drying) which have a capacity to accommodate 13.34 lakh cubic metres of ash slurry. The dry ash, thus, collected in the ponds is not removed from the ponds in time. This caused air pollution during summer.

The review was sent to DESU in October 1995, their reply was awaited as of January 1996.

#### 5.3 Unutilised Cable

Delhi Electric Supply Undertaking placed purchase order for 40 Km. and 19.5 Km. of 66 KV single core cross linked polyethylene insulated cable (XLPE) on two firms in August 1993 at the rate of Rs 19 lakh per km. for use in laying of underground cable: (i) from 220 KV Vasant Kunj sub-station to cable end point near Vasant Continental Hotel, (ii) Vasant Kunj 'C' block sub-station to Jawahar Lal University (JNU) 66 KV sub-station and (iii) double circuit cable between Park Street sub-station to 66 KV sub-station at Shastri Park.

The firm supplied the cable during 1993-94, 1994-95 and 1995-96 as under:

Year	Quantity (in kms)	Value (Rs in lakh)
1993-94	17.283	328
1994-95	27.987	532
1995-96 Upto July 1995	13.656	260
Total	58.926	1120

However, while bulk of cable was received during 1993-95 and first half of 1995-96, DESU is yet to finalise the evaluation of tender and award the work as of December 1995.

Thus, premature purchase of cables resulted in avoidable blocking of Rs 1120 lakh.

The matter was referred to Government of NCT of Delhi in September 1995, their reply was awaited as of January 1996.



# DELHI WATER SUPPLY AND SEWAGE DISPOSAL UNDERTAKING

# 5.4 Construction of Water Treatment Plant at Nangloi

#### 5.4.1 Introduction

Requirement of potable water in Delhi was estimated at 530 million gallons per day (MGD) in 1990, against which the installed capacity of water treatment plants was only 417 MGD. To meet the projected demand of 625 MGD potable water by 1995, MCD proposed in 1989 to augment capacity for water treatment by 200 MGD through construction of four water treatment plants. As part of this plan Municipal Corporation of Delhi (MCD) approved construction of a 40 MGD plant at Nangloi by December 1994 at an estimated cost of Rs 5872 lakh in 1989 to benefit a population of 9 lakh.

# 5.4.2 Scope of Audit

Delhi Water Supply and Sewage Disposal Undertaking (DWS&SDU) of Municipal Corporation of Delhi is responsible for supply of potable water in Delhi. Documents relating to construction of water treatment plant at Nangloi pertaining to the period 1990-95 were examined in Audit during February-July 1995 with specific reference to planning, budgeting, award and execution of work and inventory control.

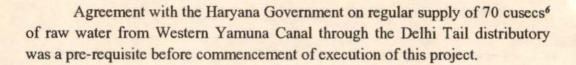
# 5.4.3 Highlights

 Non-completion of Water Treatment Plant at Nangloi according to the stipulated schedule, deprived the target residents of the benefit of potable water.



- Agreement with Haryana Government for supply of raw water for treatment in this plant had not been entered into as of July 1995, making the availability of raw water uncertain.
- Excess drawal of loan left DWS&SDU with huge amounts of unspent balances resulting in avoidable interest liability of Rs 738 lakh
- Work on construction of the water treatment plant was awarded at Rs 1440 lakh to NBCC without call of tenders. This firm did not have expertise in electrical and mechanical work which was to cost Rs 490 lakh.
- Defective contractual obligations which allowed inclusion of overhead expenses in the actual cost resulted in loading the cost of the project by Rs 126 lakh.
- While the project was funded through interest bearing loans, the firm executing the work was unauthorisedly paid interest free advances amounting to Rs 110 lakh, in addition to a revolving fund, resulting in undue advantage to the firm.
- Deficient planning of work and failure to obtain clear title of land resulted in idling of conveyance pipes worth Rs 891 lakh besides rendering the work of laying of conveyance pipes for raw water uncertain.
- Mechanical equipment worth Rs 240 lakh brought to site much ahead of schedule, remained idle at site resulting in avoidable blocking of funds for more than two years.

## 5.4.4 Non-compliance with the conditions of sanction



This agreement could not be executed with Haryana Government up to July 1995 though the scheduled date of completion of the project was December 1994. Failure of the DWS&SDU to ensure adequate availability of raw water in the absence of an agreement jeopardised the prospects of the project, from the point of running of the plant to its full capacity.

## 5.4.5 Funding of the scheme

a) The scheme was funded through interest bearing loans received from Government of NCT of Delhi at 10.75 to 12.50 per cent per annum. The details of loan received and actual expenditure during 1990-95 are as under:

Year	Opening Balance	Receipt	Total amount available	Expenditure	Closing balance	Percentage expenditure to total amount available
1990-91		1235.00	1235.00	255.97	979.03	21
1991-92	979.03	800.00	1779.03	135.33	1643.70	8
1992-93	1643.70	920.00	2563.70	322.80	2240.90	13
1993-94	2240.90	1200.00	3440.90	1963.64	1477.26	57
1994-95	1477.26	2150.00	3627.26	*1135.55	2491.71	31
Total		6305.00		3813.29		

<sup>\*</sup> The figure is provisional

Cubic feet per second

Since the project was financed through interest bearing loans, it was incumbent upon DWS&SDU to phase drawal of loan to match the expected progress of work. The utilisation of available fund was consistently low throughout the period under review culminating in unspent balance of Rs 2491.71 lakh at the end of 1994-95. Additional instalments of loan were drawn while the opening balance of fund year itself was sufficient to meet the expenditure during all five years. This contributed to avoidable interest liability of about Rs 738 lakh on unspent balances.

b) Components of the scheme along with estimated and actual expenditure upto March 1995 are as under.

		(Rs in lakh)
	Estimated cost	Actual expenditure
Construction of raw water channel and pump house	2395.2	924.40
Acquisition of land	100.0	372.78
Construction of treatment plant	1113.4	1260.00
Laying of pipe-lines for distribution	996.3	496.08
Conveyance of treated effluent	884.6	Nil
Construction of staff quarters	170.4	Nil
Others	26.6	9.36
Total	5686.5	3062.62

None of the components of the project had been completed as of December 1995. Work on laying pipelines for conveyance of treated effluent and on staff quarters had not been taken up.

# 5.4.6 Planning

Records revealed, that no PERT/ CPM charts indicating milestones for completion of various stages/items of work were prepared in advance by DWS&SDU to monitor the progress of work. Since a number of agencies were involved in execution of various items of works, absence of control charts hindered efficient coordination and monitoring of the progress of work.

#### 5.4.7 Award and execution of work



#### a) Award of work

DWS&SDU resolved in November 1989 to award the work of construction of water treatment plant at Nangloi to National Building Construction Corporation (NBCC) without invitation of open tenders.

Following negotiations with NBCC over 26 months, work was awarded to them on turnkey basis in February 1992 on actual cost plus 10 per cent basis, to be completed in 30 months i.e., by December 1994. The work was awarded at a cost ceiling of Rs 1440 lakh consisting of Rs 950 lakh for civil works and Rs 490 lakh for electrical and mechanical (E&M) works besides escalation not exceeding 10 per cent.

#### (i) Loading of cost of works

NBCC was to be paid on actual cost plus 10 per cent to cover the head office overheads and the margin of profit. In the agreement entered into by DWS&SDU with NBCC, however, the estimated cost included overhead expenses which should have been covered in the 10 per cent margin. Also included among others in their estimate was the cost of preparation of the structural drawings and designs and expenses relating to business promotion. Thus overhead expenses of Rs 115 lakh were committed to NBCC for which there was no justification. By adding 10 per cent margin on this amount, the total avoidable loading of cost of works comes to Rs 126 lakh.

# (ii) Acceptance of unjustified charges

As per clause 11 of agreement with NBCC, no escalation was payable on E&M portion of work. However, the DWS&SDU agreed in January 1992 to pay escalation on E&M works also, resulting in irregular commitment of Rs 49 lakh.

# b) Progress in works

The stipulated date of completion of work was December 1994. The work has not been completed as of November 1995. Among others the delay in

completion was attributable to delay of 195 days in getting electricity connection and 218 days in supply of materials.

It was also noticed that NBCC delayed submission of drawings and designs, for approval by Tata Consulting Engineers (TCE). While the work was awarded to NBCC in February 1992, only 128 drawings out of a total of 131 were finalised during June 1992 to June 1995. The remaining three had not been received till June 1995. Due to this delay, TCE could examine only 103 drawings upto June 1995. The extent of delay in submission of different drawing and designs could not be analysed since DWS&SDU did not lay down any time frame for their submission.

Although the contract stipulated levy of penalty for delays in execution, in the absence of a time frame for submission/ completion of various items of work, no penalties could be levied on NBCC. Instead, the delays were regularised by granting extensions from time to time and Rs 26.48 lakh had been paid as escalation as of August 1995.

#### (i) Payment of interest free advance

The contract laid down that an interest free revolving fund of Rs 30 lakh was to be provided to NBCC to meet day to day expenditure for the work. The amount was to be recouped from the running account bills. No other advance was to be paid to the firm.

Scrutiny of running account bills showed that in addition to the revolving fund, NBCC was paid interest free advances aggregating to Rs 110 lakh during December 1992 to February 1994. These advances were released by divisional officer though he is not competent to sanction such advances under the delegation of financial powers resulting in undue benefits to the NBCC. The amount was finally recovered 14 months later in February 1994.

# c) Electrical and Mechanical Work

# (i) E & M work through NBCC

Despite being aware that performance of NBCC for E&M works at Haiderpur was unsatisfactory, the department awarded the work of the Nangloi

Plant to it in February 1992. Earlier, the NBCC had informed the department in August 1991 that E&M work will be carried out in association with an E&M firm. Accordingly the cost of work was estimated at Rs 458 lakh on the basis of rate indicated by the firm plus 7 per cent to cover the overheads of NBCC. The estimates of the firm were accepted without examination by the department.

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NBCC, however, intimated, in June 1992 that the firm was being dissociated and that the work would be executed independently by them. Thus, there was no justification for paying 7 per cent overhead charges which needs to be recovered from them.

The execution of the work through NBCC which did not have adequate expertise in E&M work, thus, had no justification.

#### (ii) Idling of equipment valuing Rs 240 lakh

Mechanical equipment valued at Rs 310 lakh was procured for this plant in April 1993. Out of this, equipment valued at Rs 70 lakh only had been installed as of March 1995. Remaining equipment are to be installed only after completion of civil work, expected by March 1996. The equipment were, thus, procured prematurely.

# d) Conveyance of raw and treated water

# (i) Loss due to delay in supply of pipes

- Supply order for 3.7 Km of 1000 mm diameter and 2.31 Km of 1200 mm diameter respectively was placed on a firm at a cost of Rs 184.94 lakh in August 1992 for completion by September 1993. The firm delayed supply of pipes which was completed only by March 1995. The department did not levy penalty of Rs 18.49 lakh in accordance with the terms of agreement. The department also paid an escalation of Rs 7.15 lakh to the contractor which was not admissible as the firm was responsible for delay in supplies. The department needs to recover this amount from the contractor.
- Another firm was awarded supply order for 7.4 Kms of 1000 mm diameter pipes and 0.5 Km of 1100 mm diameter pipes at an estimated cost of Rs 206 lakh in August 1992 for completion by 9 September 1993. The firm supplied



only 0.41 Km of 1000 mm pipes by September 1993. Provisional extension was granted upto February 1995. However, the firm supplied only 0.8 Km of 1000 mm pipes against 7.4 Kms ordered until February 1995.

The contract was rescinded at the risk and cost of the firm in February 1995. Rs 2.05 lakh levied as penalty in June 1995 and Rs 12.05 lakh towards unutilised steel and cement were recoverable from the contractor against an amount of Rs 6.44 lakh payable to him on account of refund of securities and unpaid bills.

#### (ii) Laying and jointing of pipes

#### Conveyance of raw water

Pipes worth Rs 891 lakh were purchased for conveyance of raw water. The work relating to laying, jointing and commissioning of pipes for conveyance of raw water from pump house at Bawana to the water treatment plant at Nangloi was divided in four reaches and was awarded to four firms in October 1993 to be completed by April 1995. Work on the first reach (Sultanpur Dabas and Puth Kurd villages) was not taken up and the work on the second reach (Sultanpur Dabas villages) was held up since December 1993 after completion of only 10 per cent work, due to opposition from the local population.

Only 81 and 62 per cent of the work on third and fourth reaches had been completed as of July 1995, though these were stipulated to be completed by April 1995. The delay in completion was attributed to non-availability of steel structures (MS specials). Increase in cost of these works due to delay in completion had not been worked out by the department. Thus, failure in taking advance action to obtain clear title of land and make available the required material resulted in delay/ uncertainty in completion of pipe laying work for raw water besides avoidable blocking of Rs 891 lakh being the cost of pipes.

# Laying of distribution mains

Each of the distribution mains for conveyance of treated water from the water treatment plant to Najafgarh reservoir and another from the plant to Najafgarh road near Hastal Colony was divided in two reaches for award of work. The work was awarded in March and April 1993 for completion by March and May 1994 respectively.



Work on the two reaches from the treatment plant at Nangloi to the Najafgarh reservoir, was held up since March 1994 due to non supply of 1000 mm diameter PSC pipes. Only 70 and 87 per cent (respectively) of the work relating to laying of 1200 mm diameter pipes in the reaches leading to Hastal Colony, had been completed as of July 1995. Delay in getting the requisite permission relating to tree and road cutting and non-availability of valves and rubber specials required for jointing has also affected the work adversely.

## 5.4.8 Summing up

Thus, work on the water treatment plant at Nangloi was started in June 1992 with target date for completion by December 1994. However, the water treatment plant was yet to be completed as of November 1995 depriving the residents of the area to be served by this plant of the benefit of potable water.

The matter was referred to Government of NCT of Delhi in September 1995, their reply was awaited as of January 1996.

#### NEW DELHI MUNICIPAL COUNCIL

#### 5.5 Accounts

#### 5.5.1 Introduction

New Delhi Municipal Council is a nominated body governed by New Delhi Municipal Council Act, 1994 which came into force from 25 May 1994. Uptil March 1995, the council had not been constituted and the functions of council were being discharged with the approval of Central Government by a special officer under the provision of section 418 of the NDMC Act, 1994.

The Act also provides for appointment of a Chief Auditor under section 33(1) of the NDMC Act, 1994 who is responsible to Audit the accounts of expenditure from revenue, besides debts, deposits, sinking fund, advances, and commercial services etc. The appointment of Chief Auditor had not been made upto December 1995.

## 5.5.2 Financial position

The receipts and expenditure of NDMC during the last four years are given below:

				(R	s in crore)
SI. No.		1991-92	1992-93	1993-94	1994-95
1.	Receipts				
	Internal	210.45	227.85	272.97	326.78
	From Govt. of NCT, Delhi				
	Grants	23.48	22.65	20.27	15.05
	Loans	9.77	11.95	11.12	3.68
	Total	243.70	262,45	304.36	345.51
2.	Expenditure				
	Non-Plan	217.51	231.67	274.89	330.18
	Projects	25.66	28.04	33.22	22.50
	Total	243.17	259.71	308.11	352.68

Accounts have not been certified by Examiner, Local Fund Accounts

#### 5.5.3 Audit by Comptroller and Auditor General of India

Audit of accounts of NDMC is conducted by the Comptroller and Auditor General of India under Section 14(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act 1971.

# 5.5.4 Audit by Examiner, Local Fund Accounts

The Examiner, Local Fund Accounts, Delhi Administration had been entrusted with the concurrent audit of NDMC. He had completed Audit upto 1985-86, the report of which was submitted to the then Delhi Administration in July 1990. After coming into force of NDMC Act, May 1994, the status of the Examiner Local Fund Accounts as to the Audit for the period from April 1986 to April 1994 has not been spelled out.

#### 5.5.5 Internal Audit

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Out of approximately 219 units to be audited during the current audit cycle 1994-98, Audit of 76 units was conducted by Internal Audit wing in the first year i.e. 1994-95. A total of 3227 audit objections including the current audit cycle were outstanding as on March 1995 as mentioned below:-

Year	No. of Paras outstanding
Upto 1991-92	2107
1992-93	332
1993-94	362
1994-95	426
Total	3227

## 5.5.6 Outstanding Advances

Temporary advances are required to be adjusted within a period of one month from the date of withdrawal and, if left unadjusted, a detailed report is required to be sent to the Ministry of Home Affairs being the Administrative Ministry.

Advances amounting to Rs 2.48 crore had not been adjusted upto 31 March 1995 as shown below:

#### NDMC

	(Rs in crore)
Period	Advance outstanding as on 31.3.95
Out of advances paid upto 1985-86	0.20
Out of advances paid between 1986-87 to 1993-94	0.17
Out of advances paid during 1994-95	2.11
Total	2.48

No report in regard to these unadjusted advances was sent to the Ministry of Home Affairs. The Municipal Account Code provides for laying a list of outstanding advances at the end of every year before the committee. Action taken in this regard was not intimated. Steps if any taken to adjust the outstanding advances could not be verified from records.

#### CHAPTER - VI

# GENERAL VIEW OF GOVERNMENT COMPANIES INCLUDING DEEMED GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

#### 6.1 Introduction

The accounts of the Government Companies and deemed Government Companies (as defined in Section 619 B of the Companies Act, 1956) are audited by the Statutory Auditors who are appointed by Central Government on the advice of Comptroller and Auditor General of India (CAG) as per provision of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provision of Section 619 (4) of the Companies Act.

The accounts of Delhi Financial Corporation are audited by the Chartered Accountants appointed by the Government of NCT of Delhi in consultation with the CAG who also undertakes the Audit of those Corporation separately. Audit Report on the accounts of the statutory corporation is issued by the CAG to the respective organisation/ Government of NCT of Delhi.

# 6.2 Government Companies-General view

- **6.2.1** As on 31 March 1995, there were 5 Government companies with total investment of Rs 52.47 crore (Equity: Rs 43.88 crore; Long term loans: Rs 8.59 crore) as against 5 companies with a total investment of Rs 51.48 crore as on 31 March 1994 (equity: Rs 42.61 crore; long-term loans: Rs 8.87 crore).
- **6.2.2** The financial position and working results particulars in respect of all the Government companies are given in *Annexure XV & XVI* respectively.

#### 6.2.3 Sector-wise investment



The sector-wise investment in these companies is as below:

Equity and Loans

Ministry/Deptt type of PSU	No. of Companies		At the	(Rs in crore) Debt equity Ratio in 1994-95		
	19		1993-94 199		1-95	
Salarana maji "Alije"		Equity	Loan	Equity	Loan	
Industries     A. Govt. Companies	2	25.04	8.59	25.04	8.59	0.34:1
Tourism     A. Govt. Company	1	4.28	0.24	4.28	•	
Welfare     A. Govt. Company	1	8.29	0.04	9.56	•	•
4. Public Distribution A. Govt. Company		5.00	•	5.00	-	
Total	5	42.61	8.87	43.88	8.59	>0.196:1

#### a) Analysis of Investments

- (i) Increase in investment is due to increase in number of additional investment in existing companies.
- (ii) There was no case of disinvestment or privatisation of any activity in any of the companies during the year 1994-95.
- (iii) Debt equity ratio which was 0.208:1 in 1993-94 improved to 0.196:1 in 1994-95 due to increase in equity and decrease in loans.

#### 6.2.4 Guarantees

Government of NCT of Delhi has not given any guarantee against loans and credits taken by any of the companies from the Banks etc.

# 6.2.5 Budgetary outgo and waiver of dues

(i) The outgo from the Government of NCT of Delhi to 2 PSUs during the year 1992-93 to 1994-95 in the form of equity capital and subsidy (*Annexure - XVII*) is as detailed below:

(Rs in crore)						
		1992-93	1993-94	1994-95		
1.	Equity Capital	1.15	1.18	0.65		
2.	Subsidy	0.83	0.65	2.40		
	Total outgo	1.98	1.83	3.05		

Increase in subsidy was due to increase in schemes by Delhi Scheduled Caste Financial & Development Corporation Limited.

(ii) During last three years, in none of the companies, amount due to the Government were foregone by way of loans written off or interest waived.

#### 6.2.6 Finalisation of account

Accountability of PSUs to the legislature is to be achieved through the submission of audited annual accounts within the prescribed time schedule to the legislature. Of the 5 Government companies, none of the companies finalised its accounts for the year 1994-95 by September 1995. The accounts of all 5 companies were in arrears for periods ranging from 1 year to 7 years as indicated in *Annexure - XIX* (as on 30 September 1995).

According to the latest finalised accounts of these companies, one company (Delhi State Mineral Development Corporation) had incurred losses of Rs 1.21 crore and the remaining 4 companies earned profit of Rs 10.04 crore as indicated below:

SI. No.	No. of Companies	Year upto which accounts were finalised	Profit Loss		Profit		No. of companies as per Annexure-XVI
			No. of companies	Amount	No. of companies	Amount	
1	1	1987-88	1	0.43	-	-	4
2	1	1989-90	1	0.66		_	5
3	1	1991-92	- 1		1	1.21	2
4	1	1992-93	1	7.74			3
5	1	1993-94	1	1.21			1
		Total	4	10.04	1	1.21	

The administrative departments are responsible for ensuring that, the accounts are finalised and adopted by the companies in the annual general meeting within the time schedule prescribed in the Companies Act, 1956. Though the concerned administrative departments were apprised by Audit of the position of arrears quarterly, no effective measures were undertaken for timely finalisation of accounts. Due to non-adherence of the time schedule, the investment made in these companies remained outside the purview of Audit and their accountability could not be ensured.

# 6.2.7 Working Results

# a) Profit making companies

During the year 1994-95 only two companies finalised its accounts for previous years. Of these one company Delhi Tourism & Transportation Development Corporation Ltd. earned profit of Rs 7.74 crore for the year 1992-93 and had declared a dividend of Rs 36.83 lakh. The company had also built up free reserves and surplus amounting to Rs 8.38 crore.

# b) Loss making companies

One loss making company (Delhi State Mineral Development Corporation Ltd.) suffered loss for two consecutive years. After off setting the loss of Rs 1.21 crore (1991-92) the company had free reserves of Rs 0.18 crore. Loss was due to closure of main activity of Badarpur Sand Mining in 1990-91.



Out of 5 working companies none of the companies were sick or in the process of being referred to BIFR or in the process of liquidation.

c) Under Section 619(4) of the Companies Act, 1956, the CAG has the right to comment upon or supplement the report of the Statutory Auditors. Accordingly, the audited annual accounts of Government Companies are reviewed on a selective basis. During the period from October 1994 to September 1995, accounts of 2 companies were selected for review. The net effect of the important comments as a result of such review was as follows:

Details	Number of Accounts	Monetary effect
Decrease in profits	2	1.37 crore
Increase in profits	Nil	-
Non disclosure of material facts	1	0.005 crore

Some of the major errors/ omissions noticed in the course of review of annual accounts of these companies, not pointed out by the Statutory Auditors, were as under:

- (i) Delhi State Mineral Development Corporation Ltd.
  - Balance sheet
  - Current Liabilities & Provision-Rs 124.39 lakh

Above amount does not include accepted liabilities of Rs 60.22 lakh to be paid to the DSIDC Ltd. on transfer of its Mining Division to the company. This has resulted in understatement of fixed assets and current liabilities to that extent.

#### (ii) Delhi Tourism & Transportation Development Corporation Ltd.

+

- Balance Sheet
- Loans & Advances
- Schedule-9 Rs 349.07 lakh
- Infrastructure utilisation fund-Rs 162.06 lakh

Above amount includes Rs 28.5 lakh on sales of empty cartons during the year 1992-93 relating to country liquor Division. It was not credited to this Fund in the earlier years. This change in accounting policy has resulted in understatement of this fund by Rs 76.53 lakh (for the year 1989-90 to 1991-92) and overstatement of cumulative profits by the same amount.

d) The financial results of all the 5 companies based on the latest available accounts is given in *Annexure - XVI*.

## e) Return on capital invested

As the capital structure differs from company to company and rates of interest charged on long term loans given to the companies are not uniform, it may be unrealistic to compare profit of the companies wholly on the basis of profit and loss as reflected in these accounts. To study the results on a uniform basis therefore the capital was taken into account consisting of the total paid up capital, long term loans and free reserves less accumulated losses at the close of the financial year. Similarly, the return was taken not only as the profit or loss (before tax and prior period adjustments) as disclosed in the accounts but also the interest paid on long term loans. On the basis of latest available accounts return on capital invested in companies in different sectors was as below:

SI. No.	Sector	Year	Capital Invested	Return	Percentage of return on capital invested
1.	Industries (DSIDC)	1993-94	2166.68 (2095.64)	818.65 (764.41)	37.78 (36.47)
2.	Tourism (DT&TDC)	1992-93	1289.91 (812.61)	777.13 (434.33)	60.29 (53.45)
3.	Industries (DSMDC)	1991-92	335.81 (461.26)	(-)120.56 [(-)96.42]	(-)35.90 [(-)20.90]
4.	Public Distribution (DSCSC)	1989-90	676.09 (649.78)	66.46 (86.08)	9.83 (13.25)
5.	Welfare (DSCF&DC Ltd)	1987-88	327.63 (234.98)	43.25 (10.05)	13.20 (4.28)

Figures for previous year are given in brackets

# (f) Return on capital employed

Capital employed has been taken as net fixed assets (excluding capital works in progress) plus working capital. Interest on borrowed funds is added/subtracted to the net profit/loss as disclosed in the profit and loss account. On the basis of latest available accounts sector wise capital employed and return thereon in these companies were as following:

SI.	Sector	Year	Capital	Return on capital	(Rs in lakh) Percentage of return
No	T. L (DCIDC)	1002.04	employed	employed	on capital employed
1.	Industries (DSIDC)	1993-94	2182.55	841.09	38.54
			(2202.75)	(792.22)	(35,96)
2.	Tourism	1992-93	(-)983.13	777.73	(-)79.10
	(DT&TDC)		[(-)1403.28]	(434.33)	[(-)30.95]
3.	Industries	1991-92	349.97	(-)120.56	(-)34.45
	(DSMDC)		(474.62)	[(-)96.42]	[(-)20.30]
4.	Public Distribution	1989-90	722.40	66,46	9.20
	(DSCSC)		(699.78)	(86.08)	(12.30)
5.	Welfare	1987-88	545.49	43.25	7.93
	(DSCF&DC Ltd)	2	(238.19)	(10.05)	(4.22)

Figures for previous years are given in brackets.

# 6.2.8 Buy back of shares by joint sector companies promoted by Government Companies



The DSIDC Ltd. is engaged in the development of industries by making investment in their share capital. There was no case of buy back of shares during the year 1994-95.

# 6.2.9 Some of the important points made by the Statutory Auditors and the CAG in respect of the companies whose annual accounts were audited during the year are indicated below:

The Companies Act, 1956, empowers the CAG to issue directions to the Statutory Auditors of Government companies in regard to performance of their functions. In pursuance of the directives so issued, special reports of the Statutory Auditors on the accounts of DSIDC Ltd. for the year 1993-94 were received during the year. The important points noticed in the reports are summarised below:

SI. No.	Nature of defect	No. of companies in which defect was noticed	Reference to SI. No. of companies as per Annexure - XVI
1.	Fixed Asset registers are not properly maintained, posted to date	1	1
2.	In respect of banks from which the corporation has taken loan in earlier years no reconciliation is done.	1	1
3.	Variances together with reasons thereof between budgets and actuals have not been analysed by the management	1	1
4.	Review of outstanding dues and valuation of investments has not been done during the year by any authority	1	1
5.	The Corporation has no investment policy	1	1

# 6.2.10 Capacity utilisation

Out of five companies none of the company was a manufacturing company.



# 6.3 Statutory corporation

# 6.3.1 General aspects

There was one Statutory corporation in the Government of NCT of Delhi as on 31 March 1995 The audit arrangement on the corporation is shown below:

Name of the Corporation	Delhi Financial Corporation
Statute under which constituted	State Financial Corporation Act, 1957
Date of formation	1.4.67
Audit arrangement	Chartered Accountant/ Audit Report issued by CAG
Year upto which accounts finalised	1994-95
Separate Audit Report placed in legislature upto the year	1992-93
Authority for Audit by CAG	u/s 37(6) of the SFC Act, 1951

#### 6.3.2 Investment

The total investment in the Corporation as on 31 March 1995 was Rs 50.60 crore (equity Rs 15.35 crore and long term loan Rs 35.25 crore) against Rs 60.00 crore in 1993-94 (equity Rs 15.27 crore and long term loans Rs 44.73 crore).

Position of debt-equity ratio which was 2.93:1 in 1993-94 improved to 2.29:1 in 1994-95 due to decrease in loans.

# 6.3.3 Profit of the Corporation

During the year 1994-95 the Corporation earned profit of Rs 5.74 crore.

#### 6.3.4 Finalisation of Accounts

The corporation has finalised its accounts for the year 1994-95 by September 1995. The summarised financial results are given in *Annexure - XVIII*.

#### 6.3.5 Guarantee

# a) Guarantee on share capital

Under Section 6(1) of the Act, the Government of NCT of Delhi has guaranteed the repayment of share capital and payment of annual dividend of 3 per cent on Rs 0.32 crore, 3.5 per cent on Rs 8.69 crore and 5 per cent on Rs 0.18 crore of the paid up capital of the corporation except on the shares issued u/s 4(A) of the Act.

#### b) Guarantee on loans

The corporation's borrowing as on 31 March 1995 amounted to Rs 35.25 crore comprising bonds and debentures of Rs 16.78 crore, borrowing from IDBI Rs 1.63 crore and from SIDBI Rs 16.84 crore. The repayment of principal and interest (except on borrowing from IDBI and SIDBI) on bonds and debentures amounting to Rs 16.78 crore was guaranteed u/s 7(1) of the SFC Act, 1951.

## 6.3.6 Subsidy

During last three years ending 31 March 1995 no subsidy was given to the Corporation by the Government of NCT of Delhi.

**6.3.7** uring the year 1994-95 there was no case of disinvestment and privatisation of any activity in the Corporation.

# 6.3.8 Financial position

Financial position of the Corporation for the last three years upto 1994-95 is given below:



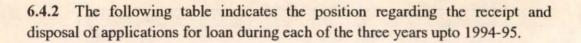
				(	Rs in lakh
		Years	1992-93	1993-94	1994-95
A.		Liabilities			
a)		Paid up capital (including share application money)	1527.22	1527.22	1535.22
b)		Reserves & Surplus			
	i)	Free Reserves	1299.82	1429.73	1659.27
	ii)	Committed Reserves	330.75	330.68	391.77
c)		Borrowing from			
	i)	Government of India	-	-	
	ii)	Financial Institutions	3642.08	2795.37	1847.00
	iii)	Bonds & Debentures	1677.50	1677.50	1677.50
d)		Current liabilities & provision	571.28	914.69	1050.99
		Total	9048.65	8675.19	8161.75
B.		Assets			
e)		Gross Block	-	-	
f)		Commulative depreciation	-	-	
g)	i)	Net Block	34.23	38.75	86.43
	ii)	Capital work in progress	1.12	1.12	1.12
h)		Investments	0.80	0.80	43.70
	i)	Current Assets	9012.50	8634.52	8030.42
		Total	9048.65	8675.19	8161.75

# 6.4 Working Results

**6.4.1** The following table indicates the details of working results of the corporations for each of the years upto 1994-95.

		(	(Rs in lakh)	
A.	Income	1992-93	1993-94	1994-95
(a)	Investment on Loans & advances	1186.07	1282.56	1226.87
(b)	Other income	39.56	66.65	80.72
	Total	1225.63	1349.21	1307.59
B.	Expenditure			
(a)	Interest on bonds, deposit, borrowings	496.99	795.84	496.19
(b)	Other expenditure	198.00	228.59	237.56
	Total	694.99	1024.43	733.35
	Profit before tax	530.64	324.78	573.84
	Provision for tax	200.27	128.12	214.98
	Profit after tax	330.37	196.66	358.86
	Transfer to Reserves/Special Reserves*	212.26	129.91	229.54
	Dividend Proposed	60.16	67.39	67.86
	Capital employed	8475.45	7758.58	7065.88
	Capital invested	8146.62	7429.82	6718.99
	Return on capital employed	1027.63	1120.62	1070.03
	Return on capital invested	1027.63	1120.62	1070.03
	Percentage return on capital employed	12.12	14.44	15.14
	Percentage return on capital invested	12.61	15.08	15.93

<sup>\*</sup> Special reserves for the purpose of section 36(i)(viii) of Income Tax Act.





(Rs in lakh							
Sl. No.	Particulars	1992-93		1993-94		1994-95	
		No.	Amount	No.	Amount	N0.	Amount
1.	Application pending at the beginning of the year	175	1111.54	33	501.17	36	309.33
2.	Application received	962	4125.31	618	2641.59	754	5390.92
3.	Total(1+2)	1137	5236.85	651	3142.76	790	5700.25
4.	Application sanctioned	941	3473.82	532	2021.28	600	4407.67
5.	Application cancelled/ withdrawn/rejected	163	1261.86	83	812.15	122	796.65
6.	Application pending at the end of the year	33	501.17	36	309.33	68	495.93
7.	Loan disbursed	794	2834.70	421	1575.85	424	2205.78
8.	Amount outstanding at the close of the year	2992	7979.11	2947	7287.08	3117	7054.82
9.	Amount overdue for recovery at the end of the year						
(a)	Principal	-	193.25	-	198.88	-	183.74
(b)	Interest		233.12	-	266.55	-	161.53
(c)	Total	848	426.37	812	465.43	768	345.27
10.	%age overdue		5.43		6.39		4.89

Delhi State Industrial Development Corporation Ltd.

# 6.5 Schemes for development of industrial infrastructure by DSIDC

# Highlights

 The DSIDC is one of the agencies entrusted with development of industrial infrastructure in Government of NCT of Delhi. The policies and guidelines of Directorate of Industries are kept in view by DSIDC while executing the various schemes. Audit examination of the four selected schemes under the activity to create industrial infrastructure revealed certain deficiencies which are discussed below:

#### Half-a-million job scheme

109 sheds meant for allotment to educated unemployed youth were irregularly allotted to existing firms and business associates who were not entitled under the scheme. Service charges of Rs 48.29 lakh from these allottees were not collected and were proposed for write off. Out of 811 allottees under the scheme, 456 accepted the hire-purchase scheme and in rest 355 cases Rs 5.28 crore as rent was recoverable from the defaulters as of 31 March 1995. There was undercharge of Rs 1.61 crore in sale of sheds.

#### Industrial work centres

25 centres (clusters) consisting of 2919 work spaces were transferred by Directorate of Industries, Government of NCT of Delhi to the Company. The Company took over 2571 work spaces and remaining 348 work spaces valued at 1.46 crore were under unauthorised occupation.

#### Own your sheds scheme

Cost of sheds at Kirti Nagar was found to have been scaled up by Rs 1.65 crore in excess of the actual cost by including excess interest and departmental charges etc. Though the land at Jhilmil was taken in July 1987, no development work could commence due to delay in approval of layout plan by Municipal Corporation of Delhi.

#### Narela Industrial Complex

Delays in completion of work in Narela Industrial Complex resulted in a seven-fold increase in estimated cost from Rs 8.69 crore in 1976 to Rs 63.27 crore.

 Provisional letters were issued to 1800 entrepreneurs, without including the forfeiture of application money clause; further in 1475 cases possession was given without signing the lease deeds and in 16 cases transfer fee was under-charged by Rs 18.20 lakh.



#### 6.5.1 Introduction

The DSIDC was incorporated in February 1971 as wholly owned Government Company with the aim: (a) to generate employment by promoting industrialisation through construction of industrial sheds and industrial complexes; (b) to undertake procurement and distribution of various raw materials for small scale industries; (c) to provide marketing facilities by establishing trade spaces and exhibition-cum-shops for small scale industries and (d) to provide managerial and technical assistance to small scale industries.

Pursuant to the above objectives, the DSIDC has been engaged in construction of industrial sheds, procurement of raw materials, marketing the products of entrepreneurs and providing technical consultancy to the entrepreneurs. However there were little activities under procurement and distribution of various raw materials and managerial and technical assistance objects. Besides these activities DSIDC with effect from April 1, 1979 is also engaged in purchase and retail sale of Indian Made Foreign Liquor (IMFL) with in Delhi.

# 6.5.2 Organisational structure

The overall management of DSIDC is vested in the Board of Directors consisting of nine members including a full time Chairman-cum-Managing Director all of whom are appointed by the Government of NCT of Delhi.

#### 6.5.3 Schemes

The DSIDC is one of the agencies entrusted with development of industrial infrastructure in Government of NCT of Delhi, the other agencies being DDA, MCD, NDMC etc. The Directorate of Industries is the nodal department through which the policies and guidelines of the Government of NCT



of Delhi are implemented/ formulated. The policies and guidelines of Directorate of Industries are kept in view by DSIDC while executing the various schemes.

During the years 1990-91 to 1994-95 the Company took up the implementation of various schemes under the activity of creation of industrial infrastructure in pursuance to its objectives.

#### 6.5.4 Scope of Audit

Four schemes viz., "Half a million job scheme", "Industrial Work Centres scheme", "Own your sheds scheme" and "Narela Industrial Complex" were selected for detailed scrutiny with a view to appraise the over all implementation of these schemes vis a vis expenditure therein.

## 6.5.5 Half-a-Million Job Scheme (HMJS)

The HMJS was taken up in July 1973 for generating self employment among unemployed educated youth. Under this scheme, 862 industrial sheds equipped with basic infrastructural facilities were to be constructed during the period 1973 to 1978 in Okhla, Wazirpur, Rohtak Road, Lawrence Road and Jhilmil industrial area at an estimated cost of Rs 10.10 crore. The scheme envisaged: (a) Development of industrial sheds and (b) Assistance to the youth through grant of margin money and seed capital.

The scheme was financed mainly by loans from banks, Delhi Financial Corporation and the Delhi Administration now Government of NCT of Delhi (Rs 6.78 crore) and through its own funds (Rs 1.83 crore). 840 sheds were constructed during the period 1973-78 at a total cost of Rs 8.61 crore.

The objective of the scheme was to benefit 2000 unemployed educated youth who were to be given training in various trades in the allotted sheds.

<sup>&</sup>lt;sup>7</sup> Assistance to the proprietor's contribution (given at nominal interest rates) in order to help the entrepreneur to get bank loans.

The success of the scheme depended on the scientific selection of prospective entrepreneurs and their comprehensive training to enable them to select the item of manufacture, preparation of project report acceptable to financial institutions and management etc.



#### a) Allotment of sheds

- (i) Under the HMJS, 840 industrial sheds were constructed during 1973-78. Of these 811 sheds were allotted during 1973-78 on subsidised rent and 29 sheds were kept for office use and other public facilities. It was observed, that, in contravention of the HMJS policy 109 sheds were allotted to persons other than unemployed educated youth i.e. existing firms and business associates. Further, though one applicant was to be allotted only one shed, in 27 cases, applicants were allotted more than one shed. The DSIDC were unable to justify or give reasons for changing the policy. The scheme was thus diluted as the implementation thereof was not exactly according to laid down criteria. Non-allotment of 29 industrial sheds costing Rs 29.74 lakh for their own use instead of offering them to the targetted group resulted in avoidable locking up of funds. Further the basis on which the 2000 educated unemployed youth were selected and imparted training were also not available in the records produced to Audit.
- (ii) A survey conducted by the DSIDC during January to March 1988 showed that 97 sheds had been transferred unauthorisedly by the original allottees. The DSIDC in June 1988 regularised the transfer by charging transfer charges thus depriving other unemployed educated youth an opportunity of meaningful employment.

Guidelines issued by Government of India in 1981 laid down that 50 per cent of the unearned income<sup>8</sup> should be charged as transfer charges. However, a test-check of 88 cases of transfer showed undercharge of Rs 49.56 lakh as transfer charges. Action taken by

 $<sup>^8</sup>$  Difference in the rate of allotment by the Company and the prevailing market rate at the time of transfer

the DSIDC to recover the undercharges could not be ascertained from records.

# b) Non-levy of service charges

In respect of 109 industrial sheds which were allotted to business associates, in contravention of guidelines of the scheme, DSIDC, decided that service charges at the rate of one *per cent* of the turnover of the allottee would be levied. It was observed, that, this clause was included in the allotment letters of 79 cases, in the remaining 30 cases the clause was left out. No reasons were given for the omission of this clause. As a result undue benefit was given in these 30 cases

Despite the service charge clause in 79 cases, the allottees had neither paid any service charges nor submitted any statement of their monthly sales proceeds since March 1977. Further in all 109 cases since 1977-78 the dues on account of service charges were being booked in the books of Accounts on ad hoc fixed amount basis ranging from Rs 3000 to Rs 6000 per shed. Though the DSIDC mentioned, that, this was done on the basis of administrative orders, the same were not produced for Audit verification. The DSIDC raised no demand during April 1977 to 31 March 1991 and consequently in June 1991, recorded, that, due to non inclusion of the clause in 30 cases, the recoveries were legally not enforceable and that in the other cases recoveries were too old to recover.

Though, the accumulated service charges amounting to Rs 48.29 lakh and pertaining to the period April 1977 to March 1991 were proposed to be written off no action was taken till August 1995. Further progress on this matter has not been intimated to Audit.

# c) Allotment on rental basis

DSIDC constructed 840 sheds during the year 1973 to 1978. Of these 811 sheds were given on subsidised rent at Rs 730 and Rs 880 per month per shed at Okhla and Jhilmil-Tahirpur and at Wazirpur respectively. The allottees stopped paying rent after 1977,. but, no action was taken by the DSIDC. Subsequently, DSIDC introduced hire-purchase scheme for these allotments in 1984 and extended the same from time to time. Up to December 1991, 456

\*

allottees had accepted hire-purchase scheme and in the remaining 355 cases, the DSIDC filed suits under Public Premises Eviction Of Unauthorised Occupants Act 1971. These cases were still in progress. As a result of change in policy from monthly rental scheme to hire purchase scheme, accumulated rent amounting to Rs 5.28 crore as on 31 March 1995 was recoverable from the allottees. It could not be ascertained from records why DSIDC could not offer the remaining sheds to other educated unemployed youth who were trained.

# d) Conversion of shed into hire-purchase scheme

Based on suggestions of the Planning Commission, DSIDC decided in April 1984 to sell the sheds on hire-purchase basis on 'no loss no profit basis' to those entrepreneurs who had been allotted the sheds on rental basis. However, none of the 811 entrepreneurs accepted the hire-purchase offer till March 1987.

In order to attract better response, the Board of Directors decided in March 1987 and June 1989 to offer following concessions/ incentives:

- (i) Interest on funds of DSIDC invested in the scheme was reduced from 16 per cent to 6 per cent.
- (ii) Cost of maintenance was reduced by 50 per cent.
- (iii) 2 per cent cash discount was offered on 100 per cent cash down payment.
- (iv) Increased the number of instalments in hire-purchase from 72 to 120.
- (v) Rebate of 15 per cent on total cost was allowed. This concession was not available to business associates.

However, the financial impact of these concessions was not worked out by the DSIDC.



Item (v) above was applicable only to those entrepreneurs who had accepted the offer upto 10 June 1989. 434 entrepreneurs had accepted hire-purchase offer upto 10 June 1989. These included 133 entrepreneurs who made full payment and 22 entrepreneurs who had accepted the hire-purchase offer upto December 1991.

According to the terms and conditions of sale, the cost of sheds were fixed at no loss no profit basis, which meant, that, any concession on this cost was a direct loss to the DSIDC. DSIDC admitted, that, it would lose Rs 10.47 crore by offering these concessions up to 1989. The revised figures of loss including rebate in interest, had not been worked out (August 1995).

It was further observed, that a large number of allottees defaulted on the payment of instalments. Out of 154 cases, 153 had defaulted more than three times. Conditions of the hire purchase offer allowed cancellation of allotment/reversion to rental scheme if any allottee defaulted more than three instalments. Uptil August 1995, Audit observed that no action was taken against these defaulters. Actual amount of instalments recoverable and interest thereof from the defaulters could not be verified in absence of proper records.

## e) Sale of sheds

In view of the failure of the hire-purchase scheme of 1989, the Board of Directors decided in July 1994 to make a final offer for the sheds on 100 per cent cash down basis, after which cases for eviction and recovery of rent would be filed against them.

154 entrepreneurs accepted the scheme. In 110 cases Rs 1.61 crore were undercharged by the DSIDC while calculating the final demand by (a) allowing cash discount of 2 per cent which was not permissible (b) not charging transfer charges and (c) allowing rebate of 15 per cent to the business associates and to the persons who were not original allottees although no such rebate was permissible.

In addition demand for service charges amounting to Rs 48 lakh from business associates (para 6.5.5 (b)) and under charges of transfer charges

amounting to Rs 49 lakh (para 6.5.5 (a) (ii)) remained to be revised as of August 1995.

The exact amount recoverable on account of rent and hire-purchase/ cash down payment was not available in the records produced to Audit nor the detailed information asked for by Audit in this regard were made available. The monitoring of the repayment schedules was also inadequate as the recovery was poor.

# 6.5.6 Industrial Work Centres (IWC)

In July 1991 the scheme relating to 25 'Industrial Work Centres' (clusters) spread over 15 locations and consisting of 2919 work spaces was transferred by Directorate of Industries, Delhi to the DSIDC.

The Government's investment of Rs 12.26 crore (excluding Rs 1.25 crore as special central assistance (SCA) meant for allottees belonging to scheduled caste) in the scheme was to be treated as contribution towards the equity of the DSIDC. DSIDC issued shares worth Rs 12.26 crore to the Government against its investment of Rs 11.01 crore. Thus DSIDC issued excess shares worth Rs 1.25 crore. Rs 1.25 crore remained to be recovered from the Government as of August 1995.

# a) Short transfer of work spaces

2919 work spaces were to be transferred to the DSIDC by the Directorate of Industry, Government of NCT of Delhi on payment of full consideration. However, uptil 31 March 1995, only 2571 work spaces were actually taken over. The remaining 348 works spaces valued at Rs 1.46 crore were under unauthorised occupation as of August 1995 though DSIDC had issued shares to the Government for Rs 12.26 crore being the value of 2919 work spaces.

# b) Wrong fixation of allotment price

The cost of industrial work spaces included SCA of Rs 1.25 crore meant to subsidise the cost of sale of spaces to allottees belonging to scheduled

caste/scheduled tribes. It was observed, that while fixing the base allotment price of works spaces, the benefit of SCA grant was passed on to all allottees irrespective of their category instead of limiting it to the targetted group. Thus, this group was deprived the full benefit of the SCA. It could not be ascertained from records whether remedial action was taken by the DSIDC to make recoveries from the other categories. This resulted in undue benefit to the non eligible categories.

#### c) Allotment of work spaces

- (i) Out of 2919 work spaces, 922 had been allotted by Commissioner of Industries in May 1991 on hire purchase basis, prior to their transfer to DSIDC. In addition, against 240 work spaces allotted, a sum of Rs 23.15 lakh was collected by Directorate of Industries as registration money. Though DSIDC had paid the full consideration and the Directorate of Industries had accepted this liability and DSIDC had raised the demand only in December 1993. The amount remained unrecovered till August 1995.
- (ii) According to the terms and conditions of allotment, the 922 allottees, after a moratorium of two years, were required to pay the cost in 180 monthly instalments along with 10 per cent interest for the moratorium period.

Although the first instalment in all the cases became due in May 1993, DSIDC failed to calculate the amount of demand due from the 922 allottees uptil August 1995. In addition the interest for the moratorium period was also not calculated and hence no demand could be raised on this account. DSIDC is not aware of the interest lost because of delay in raising demands.

(iii) Directorate of Industries had also invited applications in August 1990 for allotment of 634 works spaces located in Phase-I at Kalyanpuri, Himmatpuri and Jwalapuri. After transfer of the work spaces, the DSIDC decided in December 1992 to allot the work spaces on self finance basis instead of hire-purchase (excluding 922 spaces already allotted by the Commissioner of Industries). In March 1993 cost of allotment was fixed and provisional allotment was made to 208 applicants who had deposited application money. Subsequently 26

more work spaces were allotted. Thus it took the management one year to allot 234 works spaces leaving a balance of 400 work spaces.



Subsequently 694 (including 400 unallotted work spaces) work spaces were allotted in Phase-II at Tilak Vihar, Himmatpuri, Kotla Mubarkpur, Sangam Park, Kabir Basti and Mata Sundri Road from June 1993 to December 1993.

The issue regarding allotment of 721 work spaces in Phase-III was in process. As of August 1995, against an expenditure of Rs 13.22 crore incurred on purchase of work spaces and their maintenance, only Rs 6.61 crore had been collected. Thus delays in allotment and in raising the demand on those work spaces already allotted in hire purchase resulted in avoidable locking up of capital worth Rs 6.61 crore for more than four years which resulted in the loss of interest of Rs 3.17 crore at the rate of 12 per cent per annum.

#### 6.5.7 Own your Sheds Scheme

'Own your sheds' scheme was floated in 1985 with the specific objective to reduce pollution by construction of factories in the various notified industrial areas of Delhi. However, no survey was conducted to identify such areas. 400 industrial sheds were proposed to be constructed in 100 acres of land on self financing basis at a total cost of Rs 29.95 crore. On completion, the scheme was expected to provide direct/indirect employment to 5000 persons. Rs 195 lakh was released by the Government for the scheme during 1985-88.

Against a requirement of 100 acres, DDA allotted 23.907 acres of land on perpetual leasehold basis at Mangolpuri, Kirti Nagar, Jhilmil and Golden Park, Rohtak Road. Possession of land at Mangolpuri, Kirti Nagar and Jhilmil was taken over during the period May 1986 to July 1987 and Rs 120.52 lakh paid to DDA.

#### a) Construction of sheds

Although land for the sheds was taken over by July 1987, work on construction of 218 sheds (3 storey) in Kirti Nagar and 137 sheds (3 storey) in Mangolpuri was taken up only in September 1993. The delay of over six years in commencement of work was attributed to dispute with DDA on land price claimed by them (additional liability Rs 13.4 crore) and delay in clearance of

layout plans by DDA. Similarly, at Jhilmil, no developmental work could be taken up due to delay in approval of layout plans by MCD. The drawings submitted in December 1992 were yet to be approved as of September 1995. No reasons were given for the delay in approval.

As of August 1995, against an estimated cost of Rs 18.57 crore on the construction work at Kirti Nagar an expenditure of Rs 10.36 crore had been incurred. The sheds were in the final stages of completion. Progress made in Mangolpuri could not be verified as the records were not made available to Audit.

Due to delay in completion of these sheds the cost of construction is likely to go up which in turn will affect the disposal of these sheds leading to avoidable locking up of funds. Further the timely completion of these sheds was expected to reduce pollution in Delhi, this purpose was defeated as construction of sheds were either in progress or yet to be started. The likely date of completion was not known.

Costing analysis in relation to sheds at Kirti Nagar showed that the cost of the sheds was loaded to the extent of Rs 1.65 crore due to following reasons:

- Cost of land at Kirti Nagar (Rs 161.64 lakh) was apportioned over 208 sheds excluding 10 additional higher type sheds constructed and allotted later, thus hiking up the cost of the project by Rs 11.6 lakh.
- While the loans from the Government were received at 15.5 per cent interest, DSIDC while charging the interest amount on work, calculated interest at 16 per cent thus inflating the project cost by Rs 1.90 lakh.
- Departmental charges were charged at higher rate i.e., at 15 per cent as against 13.75 per cent charged on other deposit works. This resulted in excess cost of Rs 151.76 lakh.

Applications for the allotment of sheds at Kirti Nagar were invited seven times during the period June 1987 to January 1994 as the response was poor. Of 218 sheds available for allotment, only 194 could be allotted as of March 1995. Similarly 35 sheds were awaiting allotment in Mangolpuri as of March 1995. The DSIDC had not analysed the reasons for the poor response in allotment of sheds on such prime plots.

#### b) Recovery of cost



The DSIDC had collected Rs 6.87 crore from 194 allottees of sheds at Kirti Nagar as of 31 March 1995. The cost of construction of these sheds was Rs 15.42 crore.

Payment schedules fixed by DSIDC laid down that in the event of default not exceeding 3 months, allotment was liable to be cancelled and the DSIDC could forfeit all the amount paid by the allottee on or by the date of cancellation. A test check of 19 cases revealed that payments were defaulted in 14 cases for more than a year. In all the cases, allotment was not cancelled; Rs 46.35 lakh deposited by the defaulters were also not forfeited. DSIDC stated that the relevant clause was merely pursuasive in nature with sole objective of ensuring timely realisation of dues from the allottees. The reply is not acceptable as DSIDC lost interest on delayed payments.

As a result of delay in construction of the sheds and allotment the objective of the scheme to provide direct/ indirect employment to 5000 persons was defeated.

#### 6.5.8 Narela Industrial Complex

Narela project was aimed at providing employment through establishment of a self contained industrial complex with infrastructural facilities. DSIDC was identified as a developmental agency for the project in March 1978. The proposed land utilisation plan (prepared in November 1980) and its actual use was:

	Proposed use (acres)	Actual use (acres)
Industrial land	277	279.06
Public facilities	219	239.81
Green belt	104	81.13
Others	12	12.00
Total	612	612.00

Reasons for deviation from the proposed plan were not known.

#### a) Funding of the scheme

Cost of development of Narela project was to be met from a revolving fund constituted in 1978 by the Government of India. Rs 10.95 crore was received from the Government of NCT of Delhi and the remaining amount of Rs 38.04 crore was met from internal accruals i.e. from sale of plots and interest on surplus fund.

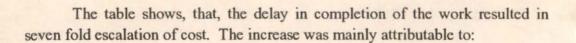
#### b) Execution of the scheme

Possession of 611.75 acres of land was taken over during the period 1973-88 at a total cost of Rs 2.56 crore. Balance 0.25 acres was stated to be under dispute since November 1979. The DSIDC proposed to develop 2000 plots over a span of four years i.e. 1980 to 1983. However, uptil 1995, 1800 plots were developed.

The project was estimated to cost Rs 8.69 crore in 1976 to be completed in March 1983. This was later revised to Rs 63.27 crore in June 1990. Rs 48.99 crore have been spent on the project as of February 1995. The table below gives the component-wise details on the estimated cost, actual expenditure and progress in works as of August 1995.

Components	Cost as estin (Rs in la		Actual expenditure (Rs in lakh)	Physical progress
	1976	1990		
Acquisition of land	162.91	452.44	256.41	100%
Electrification	141.00	1142.00	1454.77	50%
Water supply	60.30	254.75	158.15	100%9
Sewer line system	46.30	356.60	224.69	92.6% (sewage) 10/
Covered S.W Drains & culverts	Incl. in roads	570	317.45	12.6%
Roads	173.88	750.71	329.31	72.8%
Horticulture & Landscaping	10.89	285.00	229.91	50%(landscaping)/ Nil (planting of trees)
Solid waste Disposal system	Nil	177.00	6.90	Nil
Administrative and other buildings	Nil	264.15	378.52	100%
Interest on government loans	200.60	1356.44	1320.90	100%
Others	73.39	762.94	221,98	
Total	869.27	6372.03	4898.99	

<sup>&</sup>lt;sup>9</sup>capacity of water tanks reduced from 2 lakh gallon to 1.2 lakh gallons 10 sewage treatment plant not vet completed





- delay in initial commencement by DSIDC;
- delay in getting layout plans approved by MCD.
- Terms and conditions of the loans given by the Government laid down that the repayment of the loan would begin after five years from the date of payment. Due to delay in repayment of loans, despite adequate availability of funds, interest payment actually made was 6.8 times the original estimates. This is likely to add to the overall cost of the project.
- delay in completing construction of two 66 KV substations and sixty five 11 KV sub-stations under taken by DESU in 1976 at a cost of Rs 1.41 crore increased to Rs 14.55 crore as of August 1995. So far only 50 per cent of the work has been completed.
- provision was made for Rs 4.41 crore in the revised estimates for work relating to solid waste disposal system and construction of staff quarters were not included in the original estimates.

The work on the complex which was started in 1976 for completion in 1983 was still in progress as of November 1995. So far the revised date for completion of the project and revised cost had not been fixed.

#### c) Escalation of project cost due to wrong accounting policies

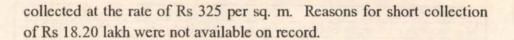
The developmental costs of the Narela project were to be met from the 'Revolving fund' which was to be credited with all the income generated from the project. Scrutiny of records revealed that the following items of income amounting to Rs 5.24 crore had not been credited to the revolving fund resulting in escalation of the project cost:

	(Rs in lakh)
Maintenance charges collected from the allottees:	172.68
Ground rent:	173.63
Transfer charge collected on re-sale of plots by original allottees:	43.23
Interest on late payment:	129.53
Rent on cement godowns:	5.15
Total	524.22

Revenue realised through these sources was taken as income of the company thus hiking up the profits of the company during 1989-94 and the cost of the project.

#### d) Allotment policy

- (i) Allotment policy was approved by Government in two phases in May 1986 and in April 1990. According to the policy within one year of allotment of a plot, the allottee would; (a) arrange for loans to meet the cost of the project; (b) register the unit with the Directorate of Industries/ DGTD; (c) submit approved plans; (d) submit a list of plant and machinery to the DSIDC.
- (ii) In order to ensure compliance, a clause to enable forfeitures of the application money (i.e. 10 per cent of cost) was to be inserted if the conditions were not met by the allottees.
  - It was found that the provisional allotment letters issued to 1800 entrepreneurs did not have the forfeiture clause. As a result the above conditions could not be enforced and the aim of setting up of a self contained industrial complex for providing development and employment got diluted. Further, the possession to 1475 allottees was given without signing of lease deeds (August 1995).
- (iii) Allotment policy approved by Government laid down that transfer/ resale of an allotted plot would not be permitted before completion of 10 years from the date of allotment. However, in 28 cases, transfer was allowed within 2 to 3 1/2 years, raising doubts whether initial allotments were made to genuine entrepreneurs.
- (iv) In transfer cases a transfer fee of Rs 650 per sq.m. was to be charged. Of the 28 cases of transfer, in 16 cases the transfer charges were





#### e) Provision for waste water treatment

- (i) Work relating to installation of 5 MGD waste water treatment plant was awarded to a contractor in January 1989 at a tendered cost of Rs 237.40 lakh for completion by July 1990. Right from the time the work started the progress made by the contractor was found slow. Hence, show cause notices were issued to the contractor in March 1990. In November 1991 when an expenditure of Rs 130.57 lakh had been incurred, the contractor stopped the work. Again, several show cause notices were issued till May 1992. In May 1995, i.e. four years after stoppage of work, the contract was rescinded at the risk and cost of the contractor. Balance work was yet to be awarded as of August 1995 as quantities of work to be done had not been measured.
- (ii) 25 factories are in operation in the Narela Complex and 100 factories were under construction. The waste-water dispelled from these sites are not treated and are being drained into the main drain as the waste water treatment plant had not been completed.
- (iii) Further, although provision of Rs 177 lakh was made in the estimates for installation of solid waste treatment system, the system was yet to be developed by the DSIDC.

These matters were reported to Government of NCT of Delhi/ Management in October 1995, their replies had not been received (January 1996).

#### 6.5.9 Conclusion

For the development of industrial infrastructure in the Government of NCT of Delhi, the DSIDC has undertaken various schemes. Review of some of the schemes, as detailed above, revealed that they are not being implemented economically, efficiently and effectively.

#### a) Half-a-Million Job Scheme

- (i) The Scheme was taken up in July 1973 for generating self employment among unemployed educated youth. The industrial sheds meant for unemployment youth were allotted to existing firms thus diluting the very purpose of generating self employment to the targeted people.
- (ii) The monitoring of the repayment schedules from the allottee of the sheds was inadequate resulting in poor recovery.

#### b) Industrial Work Centres

- (i) The cost of industrial work spaces included Special Central Assistance (SCA) meant to subsidise the cost of sale of space to allottees belonging to scheduled caste/scheduled tribes. However, while fixing the base allotment price of work spaces, the benefit of SCA grant was passed on to all the allottees irrespective of their category instead of limiting it to the targetted group. This group was thus deprived of the full benefit of the SCA.
- (ii) Although the first instalment in case of 922 allottees became due in May 1993 the DSIDC failed to calculate the amount of demand due uptil August 1995.

#### c) Own Your sheds Scheme

The scheme commenced in 1985 with the specific objective to reduce pollution by construction of factories/ sheds in various notified industrial areas of Delhi. The work on the scheme was either in progress or yet to be started. As a result of delay in construction, the objective of the scheme to provide employment to 5000 persons was defeated and cost of construction is likely to rise.

#### d) Narela Industrial Complex



Narela project was aimed at providing employment through establishment of a self contained industrial complex with infrastructural facilities. The project which was to be completed by 1983 has not been fully completed and there is seven-fold escalation of cost. Further, certain irregularities were noticed in allotment procedures/ possession of facilities already created.

New Delhi The (B. S. GILL)
Accountant General (Audit), Delhi

Countersigned

New Delhi The (C. G. SOMIAH) Comptroller and Auditor General of India

#### ANNEXURE - I

(Refer para No. 2.1) Grant wise savings and excess

								thousand)
Grant No.	/ Voted	Original Grant	Supple- mentary	Total Grant	Actual expendi- ture	Savings(-) Excess(+)		Percentage of Savings/ Excess
A Rev	enue Sectio	n						
1	Charged	400		400	3,99	(-)	1	0.25
	Voted	1,20,00		1,20,00	87,40	(-)	32,60	27
2	Charged	57,00	4,48	61,48	52,05	(-)	9,43	15
	Voted	8,47,00	1,00	848,00	7,72,63	(-)	75,37	9
3.	Charged	8,43,00		8,43,00	7,85,93	(-)	57,07	7
	Voted	28,70,00	1,00	28,71,00	17,96,32	(-)	10,74,68	37
4.	Voted	22,52,00		22,52,00	19,43,89	(-)	3,08,11	14
5.	Charged	43,00		43,00	28,04	(-)	14,96	35
	Voted	2,63,92,00	14,00,18	277,49,18	274,91,20	(-)	2,57,98	0.93
6.	Charged	12,00		12,00	45	(-)	11,55	96
	Voted	416,56,95		416,56,95	392,09,48	(-)	24,47,47	6
7.	Charged	7,00		7,00		(-)	7,00	100
	Voted	153,69,00		153,69,00	142,84,26	(-)	10,84,74	7
8.	Charged	1,00	48	1,48	1,47	(-)	1	0.68
	Voted	607,2,50		60,72,50	53,72,50	(-)	6,95,14	11
9.	Charged	20,00		20,00	10	(-)	19,90	99.5
	Voted	15,47,73	and the second	15,47,73	13,86,38	(-)	1,61,35	10
10.	Charged	3,00	4,79	7,79	5,89	(-)	1,90	24
	Voted	81,99,86		81,99,86	67,53,72	(-)	14,46,14	18
11.	Charged	21//2/02	1,77,10	1,77,10	1,48,84	(-)	28,26	16
	Voted	540,54,70	10,05,00	550,59,70	459,22,79	(-)	91,36,91	17
Public Debt	Charged	1,00	5,66	6,66		(-)	6,66	100
B Cap	ital Section							
5.	Voted	2,30,00		2,30,00	1,29,31	(-)	1,00,69	44
6.	Voted	2,65,05		2,65,05	2,08,49	(-)	56,56	21
7.	Voted	2,00,00		2,00,00		(-)	2,00,00	100
8.	Voted	77,37,50		77,37,50	10,41,64	(-)	66,95,86	87
9.	Voted	3,12,27		3,12,27	17,68	(-)	2,94,59	94
10.	Charged	38,00		38,00		(-)	38,00	100
	Voted	78,32,14	3,00,00	81,32,14	38,21,51	(-)	43,10,63	53
11.	Charged	72,46,00	2,20,03	72,46,00	44,83,44	(-)	27,62,56	38
	Voted	10,71,97,30	58,47,87	1130,45,17	1133,23,53	(+)	2,78,36	0.25
12.	Voted	4,25,00	20,17,07	4,25,00	2,61,43	(-)	1,63,57	38

#### ANNEXURE - II

#### (Refer para No. 2.1)



#### Details of Excess expenditure

		I and the second			in crore)
SI. No.	Grant No.	Head of Account	Original	Actual Expenditure	Excess
1	3	2015 Election F.I(4) Preparation and printing of electoral rolls.	0.01	1.83	1.82
2	4	2055-Police A-I(5)(2)South Distt.	13.98	15.01	1.03
3	4	2055 Police A.I(5)(8) North West Distt.	9.85	11.28	1.43
4	7	2210 Medical&Public Health A.I(1)(1) (1)Medical Estt.	3.39	4.59	1.20
5	7	2210 Medical&Public Health G.I(1)(1) (1)Estt. of 500 Bedded GTB Medical College and Hospital	18.78	20.38	1.60
6	7	2211Family Welfare L 2(3)(1) Urban Family Welfare Centre	0.01	2.06	2.05
7	7	2211 Family Welfare L 2(10)(1) External Aided Project (CSS)	-	5.00	5.00
8	8	2235 Social Welfare A 2(1)(3)(17) Integrated Child Development Service(CSS)	0.01	5.72	5.71
9	8	4225 Capital Outlay on Welfare of SC/ST/OBC CC 1(1)(2)(1) Improvement of SC/ST Basties (SCP)	0.70	2.30	1.60
10	10	2711 Flood Control & Drainages D 3(2)(1)(2) Maintenance	7.00	8.56	1.56
11	11	2217 Urban Development A 9(2)(1)(II) MCD for Construction of pay & use Jan Suvidha Complexes	3.50	10.02	6.52
12	11	3604 Compensation & Assignments to local Bodies & Punchayati Raj Institutions A 17(1)(1) Payment of net proceeds of Entertainment Tax to MCD	18.95	20.27	1.32
13	11	6215 Loan for Water Supply & Sanitation AA 3(2)(1)Loan to MCD(WS&SDU)	57.20	72.35	15.15
14	11	6215 Loan for Water Supply & Sanitation AA 3(2)(1)(4)Loan toMCD for Sewerage & Drainages in Trans Yamuna	0.01	10.00	9.99

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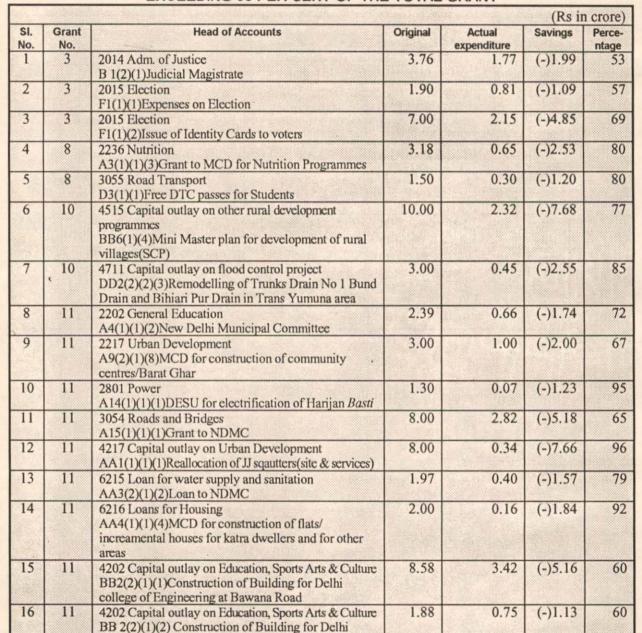
15	11	6801 Loan for Power Project AA 7(2)(5) MCD for various work relating to augmentation of Transformers Installation of ACB's & LT feeders in Trans Yamuna Area		5.10	5.10
16	11	7615 Misc. Loan AA 8(1)(1) Special Loan to MCD	59.47	186.52	127.05
17	11	4059 Capital Outlay on Public Works BB 1 (2)(1)(!)(1) Infrastructural facilities for Judiciary (CSS)		1.89	1.89
18	11	4210 Outlay on Medical & Public Health BB 3(1)(1)(1)(4) Babu Jagivan Ram Hospital at Jahangir Puri	1.00	2.04	1.04
19	11	4210 Outlay on Medical & Public Health BB 3(1)(1)(1)(6) Construction of Guru Gobind Singh Hospital at Raghubir Nagar	1.50	3.08	1.58
20	11	5055 Capital Outlay on Road Transport BB 13(1)(1) Building		4.45	4.45
21	11	4217 Capital Outlay on Urban Development CC 2(1)(1)(1) Large Scale Acquisition Development and Disposal of land in Delhi	193.59	220.00	26.41

#### ANNEXURE - III

(Refer para No. 2.1)



### (more than rupees one crore in each case) EXCEEDING 50 PER CENT OF THE TOTAL GRANT





1.80

0.15

(-)1.65

91

College of Engneering at Bawana Road(SCP)

BB 6(1)(4)(1) Building

4235 Capital outlay on Social Security & Welfare

17

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#### ANNEXURE - IV

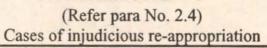


(Refer para No. 2.3)

#### Details of savings due to non-implementation of scheme

SL No.	Grant No.	Major Head/ Sub Head	Original	Saving	Reasons
1.	5	2070 Other Admn. Services D 1(1)(1) Direction & Admn.	2.52	2.52	Due to non-receipt of claim from MCD for maintenance of Delhi fire services
2.	7	4210-Capital Outlay on Medical & Public Health AA 1(1)(1)(1)-Delhi Admn's Share Capital contribution for Joint Sector Hospital	2.00	2.00	Due to non-payment of contribution owing to non-settlement of dispute between ESIC and Directorate of Health Services
3.	8	2225-Welfare of SC/.ST & Backward Classes C 1(3)(1)(4)-Scholarship for colleges and University students for SC/STs	2.00	2.00	Due to non-receipt of approval of Ministry of Welfare, Govt of India
4.	8	4225-Capital outlay on welfare of SC/ST and OBC CC 1(1)(2)(2)- Conversion of Dry Latrines into water borne for Liberation of scavengers	6.00	6.00	Due to Non-implementation of Scheme
5.	8	5055 Capital outlay on Road Transport Services DD 1(1)(1) Land & Building for MRTS	28.00	28.00	Due to non-implementation of Scheme
6.	8	5055 Capital outlay on Road Transport Services DD 1(2)(1)-Equity capital of MRT Authority	25.00	25.00	Due to non-implementation of Scheme
7.	8	5075 Capital outlay on other Transport Services DD 2(1)(1)(1) Decongestion and rationalisation of ISBT in Delhi	6.55	6.55	Due to non-implementation of Scheme
8.	10	4711-Capital outlay on Flood control project DD 2(2)(2)(2)-Other Drainage works	3.27	3.27	Due to cut imposed by Govt. of India owing to realisation of less receipts
9.	11	2204-Sports & Youth Services A 5(2)(1)-Grant-in-aid to DDA for Construction of Sports complex in Trans Yamuna Area	2.00	2.00	Due to cut imposed by Govt. of India owing to realisation of less receipts
10.	11	4217- Capital outlay on urban Development AA 1(4)(1)(1)-Share Capital contribution for Trans Yamuna Area Development Board	40.00	40.00	Due to cut imposed by Govt. of India owing to realisation of less receipts
11.	-11	4202-Capital outlay on Education, Sports, Art & Culture BB 2(3)(1)(5)-Delhi School of Sports	2.00	2.00	Due to non-implementation of Scheme

#### ANNEXURE - V





(Rs in							
SI. No.	Grant No.	Head of account	Re-appro- priation	Final Saving(-) Excess(+)			
Case	s of exces	ss expenditure					
1.	5	2056 Jails	(-) 0.41	(+)7.03			
		A 2(1)(1) Lock up charges		C.7			
2.	5	2210 Medical and Public Health	(-) 4.00	(+)12.00			
		B 2(1)(1)(1) Strengthening of Central Jail Hospital		` ,,			
3	11	2059 Public Works	(-)11.00	(+)24.58			
		B 1(1)(3) Machinery & Equipment		``,			
4	11	2059 Public Works	(-)15.95	(+)247.05			
		B 1(1)(4) Maintenance & Repairs	l V	` '			
5	11	2059 Public Works	(-)79.10	(+)118.91			
		B 1(1)(6) Suspense	``	<b>`</b>			
		Total	(-)110.46				
Case	s of savi	ngs more than re-appropriation					
1.	1.	2070 Other Administrative Services	(+)13.00	(-)14.00			
		C 2(1)(2) Public Grievance Authority		``			
2.	5	2056 Jails	(+) 5.15	(-)20.39			
		B 1(1)(1) Jail Estt.	( ),5.1.0	( /2			
3	5	2070 Other Admn.	(+)52.30	(-)252.30			
-		D 1(1)(1) Direction & Admn.	(1)52.50	( )232.3			
4.	6	2202 Education	(+) 1.02	17.08			
Т.		A 1(2)(2) Inspection	(1) 1.02	17.00			
5.	6	2202 General Education	(+) 3.39	(-)4.05			
٥.	0	A 1(2)(9)(2) Opening/Strengthing of Science Centre-cum-Central Workshop	(1)3.33	(-)1.0.			
6.	6	2202 Education	(+)2.11	(-)3.91			
0.		A 1(2)(9)(10) Free Transport Facility to girl student of Rural Area	(1)2.11	(-)5.51			
7.	7	2210 Medical & Public Health	(+)169.00	(-)170.00			
		L 2(8)(1) Other Schemes	(*)105.00	(-)170.00			
8.	8	2236 Nutrition	(+)10.00	(-)12.00			
0.		A 3(1)(1)(6) Supplementary Nutrition programme	(-)10.00	(-)12.00			
9	8	2225 Welfare of SC/ST and Backward classes	(+)0.05	(-)5.28			
		C 1(1)(3)(1) Vocational Tech Scholarship/meritoreous scholarship and Dr.	(1)0.03	(-)5.2(			
		Ambedkar Meritoreous scholarship to Scheduled Castes (SCP)					
10.	8	2225 Welfare of SC/ST and Backward classes	(+)0.03	(-)0.37			
10.	, and	C 1(1)(3)(2) Coaching and Allied Schemes (Pre-examination training)	(1)0.03	(-)0.5			
11	8	2225 Welfare of SC/ST and Backward classes	(+)15.00	(-)47.70			
		C 1(1)(3)(5) Free supply of Books and Stationery to SC/ST students in schools	( )15.00	(),,,,			
12	8	2041 Taxes on Vehicles	(+)3.00	(-)25.78			
-		D 1(4)(6) Awareness of use of Road & Road safety measures and	( )5.00	()23.71			
		setting up of mobile teams of Magistrates					
13	8	2041 Taxes on Vehicles	(+)2.00	(-)5.78			
		D 1(4)(9) Decongestion and Rationalisation of ISBT	1	( /			
14	10	2403 Animal Husbandary	(+)1.86	(-)6.38			
		B 6(1)(1) Headquarter Estt.	( )	( )5.5			
15	10	2415 Agricultural Research & Education	(+)1.30	(-)5.22			
		B 9(2)(2)(1) Grant-in-aid to SPCA	( )50	( )0.22			
16	10	2250 other Social Services	(+)4.54	(-)5.59			
		F 1(1) Other Expenditure	( )	( )5.5			
		Total	283.75				

#### ANNEXURE - VI



### (Refer para No. 2.5)

#### Supplementary grants

SI. No.	Grant No.	Head of Account	Supplementary Grant	Savings
1.	2	2012 President, Vice-President/Governor Adminstrator of UTs A 1(1)(7) State Conveyance & Motor Cars	4.48	(-)0.48
2.	2	2070 Other Administrative Services C 2 (1)(2) Public Grievances Authority	1.00	(-)14.00
3.	3	2015 Election Office F 1(3) Electoral Officers	0.50	(-)0.26
4.	3	2015 Election Office F 1(4) Preparation and Printing of Electoral Rolls	0.50	(-)1.05
5.	5	2070 Other Administrative Services D 1(1)(1) Direction & Admn.	200.00	(-)252.30
6.	10	2401 Crop Husbandary B 4(8)(1)(1) Intensive vegetable crash programme	4.00	(-)4.00
7.	11	2070 Other Administrative Services A 3(3)(1) State Finance Commission	5.00	(-)2.50
8.	11	2204 Sports & Youth Serivices A5(2)(1) Grants-in-aid to DDA for construction of sports complex in Trans Yamuna Area	200.00	(-)200.00
9.	11	2059 Public Works B1(1)(4) Maintenance & Repairs	112.10	(-)37.55
		Total	527.58	

#### ANNEXURE - VII



#### (Refer para No. 2.7)

# Major variations in recoveries Details of major variations between budgeted recoveries and actual adjusted in reduction of expenditure

					Rs in crore)
SI. No.	Grant No.	Major Head/ Sub Head	Budget estimates	Actual recoveries	More (+) Less (-)
1	5	2055 Police Palam Airport	7.42	-	(-)7.42
2	5	2055 Police Orderly Police	0.76	•	(-)0.76
3	10	2702 Suspense Other Minor Irrigation works	0.61		(-)0.61
4	10	2711 Direction & Admn.	-	0.71	(+)0.71
5	10	2711 Direction and Administration tools and plants	1.22		(-)1.22
6	10	2810 Energy from Urban & Agriculture Waste Grant-in-aid to Delhi Energy Development Agency for Plying Battery Buses	•	0.54	(+)0.54
7	11	2217 Urban Development Slum Area Improvement Assistance to local bodies Corporation Urban Develop- ment Authorities Town Improvement Board	0.01	0.65	(+)0.64
8	11	2217 Urban Development Slum Area Improvement	0.01	0.82	(+)0.81
9	- 11	2059 PWD Department Direction & Admn. Estt charges recovered from other Govt. department etc	14.04	12.41	(-)1.63
10	11	2059 PWD Department Machinery & Equipment Tools & Plants charges recovered from other Govt, Department etc.	2.84	1.80	(-)1.04
11	11	2059 PWD Department Suspense	9.86	7.94	(-)1.92
12	11	4217 Land & Building Department Sale proceeds of land under large scale acquisit-ion development & disposal of land in Delhi	304.18	254.42	(-)49.75

#### ANNEXURE - VIII

# (Refer para No. 2.8) Statement of amount not surrendered

Grant	Charged		Saving	Amount	An		in thousand urrendered	
No.	Voted	E	ccess(+) aving(-)	surrendered		lount not s		
REVENU	£							
						Amount	Percentage	
1.	Charged	(-)	1		(-)	1	100	
	Voted	(-)	32,60	32,35	(-)	25	0.77	
2.	Charged	(-)	9,43	6,81	(-)	2,62	27	
	Voted	(-)	75,37	24,81	(-)	50,56	67	
3.	Charged	(-)	57,07	55,00	(-)	2,07	4	
	Voted	(-)	10,74,68	59002	(-)	4,84,66	45	
4.	Voted	(-)	3,08,11	2,20,40	(-)	87,71	28	
5.	Charged	(-)	14,96	14,26	(-)	70	5	
	Voted	(-)	2,57,98	90,00	(-)	1,67,98	65	
6.	Charged	(-)	11,55	8,00	(-)	3,55	31	
	Voted	(-)	24,47,47	20,96,66	(-)	3,50,81	14	
7.	Charged	(-)	7,00	1,30	(-)	5,70	81	
	Voted	(-)	10,84,74	7,39.99	(-)	3,44,75	32	
8.	Charged	(-)	1		(-)	1	100	
	Voted	(-)	6,95,14	6,35,89	(-)	59,28	9	
9.	Charged	(-)	19,90	19,90		-	-	
	Voted	(-)	1,61,35	1,01,10	(-)	60,25	37	
10.	Charged	(-)	1,90	-	(-)	1,90	100	
	Voted	(-)	14,46,14	5,90,28	(-)	8,55,86	59	
11.	Charged	(-)	28,26		(-)	28,26	100	
	Voted	(-)	91,36,91	95,88,55	(+)	4,51,64	5	
Public Debt	Charged	(-)	6,66	6,66		-		
5.	Voted	(-)	1,00,69		(-)	1,00,69	100	
6.	Voted	(-)	56,56	57,00	(+)	44	0.78	
7.	Voted	(-)	2,00,00	1,99,00	(-)	100	0.50	
8.	Voted	(-)	66,95,86		(-)	4,23,48	6	
9.	Voted	(-)	2,94.59	2,93,27	(-)	1,32	0.45	
10.	Charged	(-)	38,00	34,00	(-)	4,00	11	
	Voted	(-)	43,10,63	42,34,30	(-)	76,33	1.77	
11.	Charged	(-)	27,62,56	27,91,00	(+)	28,44	1.02	
	Voted	(+)	2,78,36	27,71,00	(,)	20,11	-	
12.	Voted	(-)	1,63,57	1,67,60	(+)	4,03	2.46	

#### ANNEXURE - IX

(Refer para No. 4.9.1)

#### Cases of suppression of sales

SI.	Ward		Purchases	Purchases	C	C	Tax	Personal Property and	in lakh)
No.	No.	Assesmen t year	against statutory forms	as per trading account	Suppress- ion of purchases	Suppression of sales including gross profit margin	Tax	Interest	Penalty
1	17	1990-91 1991-92	23.01 49.45	22.38 40.12	0.63 9.33	0.66 9.93	1.06	0.59	2.65
2	17			98.48	8.18	8.91	0.89	0.73	2.23
3		1988-89	106.66	53.40	7.40	7.88	0.89		1.38
4	23	1989-90 1989-90	101.54	92.16	9.38	10.59	0.33	0.48	1.85
5	23	1990-91	117.63	114.87	2.76	2.97	0.74	0.03	1.63
)	24	1990-91	122.00	119.61	2.76	2.56	0.39	0.25	0.97
6	24	1991-92	89.12	83.98	5.14	5.53	0.39	0.21	0.97
7	24	1989-90	11.02	7.98	3.04	3.40	0.34	0.21	0.85
8	24	1989-90	253.34	184.34	69.00	70.67		0.27	
٥	24	1990-91	164.46	140.00	24.46	25.25	9.59	7.99	23.98
9	25	1991-92	183.88	176.05	7.83	8.16	0.82	0.45	2.04
10	26	1989-90	352.88	178.57	174.31	175.64	8.78	7.20	21.95
11	26	1989-90	79.22	62.87	16.35	17.02	1.19	1.03	2.98
12	27	1990-91	17.26	7.33	9.93	10.34	0.72	0.53	1.81
13	27	1989-90	17.20	1.33	7.73	40.22	2.82	2.39	7.05
14	29	1988-89	38.68	31.03	7.65	8.03	0.80	0.85	2.00
15	33	1989-90	206.20	199.02	7.18	8.83	0.88	0.83	2.20
16	35	1989-90	171.61	122.61	49.00	50.96	3.57	3.19	8.92
17		1989-90	47.79	7.79	40.00	42.66	2.99	3.17	7.47
-	38 39	1990-91			3.87				
18			58.09	54.22		4.10	0.41	0.27	1.02
19	39	1990-91 1991-92	87.04 257.24	83.18 158.03	3.86 99.21	4.03 156.90	16.09	7.71	40.23
20	40	1991-92	158.46	150.53	53.00		0.04	200	2.10
		1990-91	117.65	109.54	16.04	16.77	0.84	0.64	2.10
21	40	1988-89	69.12	44.90	24.22	34.24	3.42	2.63	8.56
22	43	1988-89	61.30	48.87	12.43	13.96	0.98	1.03	2.44
23	44	1989-90				171.88	6.88	5.84	17.19
24	45	1989-90	35.87	26.81	9.06	9.55	0.67	0.55	1.67
25	50	1988-89	136.12	126.57	9.55	9.64	0.96	1.02	2.41
26	51	1988-89	115.10	109.76	5.34	5.68	0.40	0.35	0.99
27	52	1988-89	126.08	114.47	11.67	11.82	0.83	0.67	2.07
28	54	1990-91	592.23	580.37	11.86	12.13	0.85	0.49	2.12
29	56	1988-89 1989-90 1990-91	54.56 293.30 637.78	10.01 124.52 448.78	611.13	617.65	43.24	30.57	108.09
30	57	1991-92 1990-91 1991-92	511.04 86.70	302.24 58.57	28.13	29.54	2.07	1.49	5.17

_ 31	60	1989-90			CT of Backy	18.53	1.30	0.64	3.24
32	60	1989-90	44.31	28.71	15.60	17.19	1.22	1.07	3.00
33	66	1989-90	145.72	117.67	28.05	37.92	3.81	3.14	9.52
		1990-91	136.60	124.67	11.93	16.49	3.01	3.14	9.57
34	67	1989-90	150.27	26.25	124.02	130.85	9.16	8.06	22.90
35	69	1989-90	40.18	37.19	2.90	3.66	0.37	0.25	0.92
36	77	1989-90	27.35	24.99	2.36	2.54	0.38	0.29	0.9:
		1990-91	9.07	7.94	1.13	1.24	0.38	0.28	0.9.
37	82	1989-90	31.43	26.92	4.51	5.25	0.37	0.31	0.9
38	82	1990-91	40.31	33.31	7.00	7.53	0.53	0.35	1.32
39	82	1989-90	53.13	49.52	22.02	25.95	1.00	126	4.5
		1990-91	73.96	53.74	23.83	25.95	1.82	1.26	4.5
40	82	1989-90	47.19	41.42	5.77	6.06	0.42	0.36	1.0
41	85	1989-90	196.91	174.31	22.60	23.31	2.20	2 60	8.4
		1990-91	202.50	192.35	10.15	10.47	3.38	2.68	8.4
42	86	1989-90				54.95	9.32	7.01	17.8
		1990-91				76.50	9.32	7.01	17.0
43	86	1990-91	78.02	69.19.	8.83	9.71	0.68	0.48	1.7
44	87	1989-90	13.56	8.65	4.91	5.96	0.65	0.54	1.6
		1990-91	16.16	13.30	2.86	3.31	0.03	0.54	1.0
45	88	1989-90	128.53	119.90	8.63	9.57	1.73	1.09	4.3
		1990-91	141.75	127.86	13.89	15.12	1,73	1.09	4.3
46	94	1989-90	99.50	78.39	21.11	22.50	1.58	1.39	3.9
47	100	1989-90	94.57	82.33	12.23	16.27	1.63	1.40	4.0
48	102	1988-89	15.71	13.22	2.49	4.12	0.29	0.23	0.7
49	103	1989-90	55.20	49.12	6.08	6.95	1.25	1.00	2.1
		1990-91	49.08	44.21	4.87	5.56	1.25	1.00	3.1
50	103	1988-89	80.95	71.85	26.07	27.77	111	0.07	2.7
		1989-90	131.61	113.84	26.87	27.77	1.11	0.97	2.7
51	104	1989-90	41.97	35.31	6.66	7.46	0.75	0.63	1.8
							155.91	117.09	384.1

Note:1 In case of Sl. Nos.10,11,17 and 34 the department reassessed the respective dealers and raised additional demands.

<sup>2.</sup> In all the other cases reply has not been received (December 1995)

#### ANNEXURE - X



(Refer para No. 4.9.2)

#### **CENTRAL SALES - STOCK TRANSFERS**

Sr. No	Ward No.	Assessment year	Extent of goods received on Form 'F'	Extent of goods accounted for in books	Suppression of sales after adding margin of profit	Tax	Interest	in lakh) Penalty
1.	17	1988-89 1989-90	37.44	14.71	35.43	3.54	2.63	8.86
2.	26	1991-92	117.74	70.49	47.25	3.31	1.87	8.27
3.	27	1990-91	167.78	149.96	17.82	0.71	0.52	1.78
4.	60	1990-91	373.61	355.59	18.02	0.90	0.50	2.25
5.	89	1990-91	254.78	212.94	41.84	4.18	3.15	10.45
6.	104	1990-91	225.69	192.03	34.06	1.36	0.95	3.41
		Total	1177.04	995.72		14.00	9.62	35.02

Note: In all the above cases reply has not been received (December 1995)

#### ANNEXURE - XI

(Refer para No. 4.10.1)

Cases of Irregular exemption on sale of pesticides

Rs in lakh)					
Interest	Tax	Amount of sales	Assessment year	Ward No.	Sl. No.
39.49	75.90	186.85 152.50	1989-90 1990-91	42	1.
		145.69 498.33	· 1991-92 1992-93		
114.74	209.15	1094.40 1143.84	1990-91 1991-92	43	2.
2.54	4.63	22.93 25.36	1990-91 1991-92	44	3.
19.75	25.69	52.03 90.64 122.54	1988-89 1989-90 1990-91	44	4.
14.74	18.73	45.10 63.09 79.46	1988-89 1989-90 1990-91	44	5.
6.43	9.21	9.78 14.77 74.42	1988-89 1989-90 1990-91	44	6,
8.13	60.58	138.77 259.44 217.65	1989-90 1990-91 1991-92	45	7.
7.34	17.65	35.83 64.98 80.08	1990-91 1991-92 1992-93	45	8.
158.70	213.82	768.45 757.13 969.40	1989-90 1990-91 1991-92	52	9.
12.79	19.18	70.86 163.48	1989-90 1990-91	54	10.
77.03	86.94	685.63 1053.29	1988-89 1989-90	77	11.
11.62	21.94	105.41 116.52	1990-91 1991-92	77	12.
503.30	763.42	110,52	1771-74		

#### ANNEXURE - XII

(Refer para No. 4.10.3)



#### Cases of exemption in excess of Sales covered by Statutory forms

Sl. No.	Ward No.	Assessment Year	Extent of sales exempted by assessing authority	Extent of sales supported by Statutory forms	Excess of exemption	Tax	Interest	Penalty
1.	25	1991-92	1.13		1.13	0.11	0.06	
2.	35	1989-90	99.96	52.32	47.64	3.33	2.98	8.33
3.	54	1989-90	360.64	349.96	10.68	0.43	0.33	1.07
4.	57	1991-92	5.63		5.63	0.40	0.28	
5.	73	1990-91	17.68		17.68	1.77	1.13	4.42
6.	101	1989-90	320.24	193.63	126.61	5.06	4.36	12.66
		Total	805.28	595.91	209.37	11.10	9.14	26.48

Note:1. In case of Sl. No.5 the department reassessed (October 1995) the dealer and raised an additional demand of Rs 2.95 lakh.

2. In all the other cases, reply has not been received (December 1995).

#### ANNEXURE - XIII



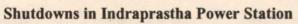
(Refer para No. 4.12)

#### Cases of mistake in ex parte assessments

(Rs in lakh										
Remarks	Penalty	Interest	Tax	Turn-over under assessed	Gross turnover determined by assessing authority	Gross turnover worked out in Audit	Purchases against statutory forms	Assess- ment Year	Ward No.	SI. No.
The department re assessed (Augus 1995) the deale and raised a additional deman- of Rs 21.77 lakh.	24.87	6.37	9.95	99.46	24.93	124.39	113.09	1990-91	18	1.
Reply has not been received. (December 1995)	10.20	2.15	4.08	58.34	275.00	333.34	320.36	1991-92	24	2.
The department re assessed (Augus 1995) the deale and raised a additional deman- of Rs 175.00 lakh.	44.68	5.80	17.87	178.71	703.05	881.76	741.75	1992-93	40	3.
Reply has not bee received. (December 1995)	17.51	4.48	7.01	100.64	1.18	101.82	92.57	1990-91	41	4.
The department re assessed (Octobe 1995) the deale and raised a additional deman of Rs 44.91 lakh.	17.90	6.80	7.16	143.28	126.64 154.37	211.99 212.30	208.82 209.12	1988-89 1989-90	50	5.
Reply has not bee received. (December 1995)	2.99	0.69	1.20	17.08	35.79	52.87	48.06	1990-91	54	6.
Reply has not bee received. (December 1995)	26.72	7.92	10.69	152.70	6.00 7.63	42.76 101.87	42.76 101.87	1989-90 1990-91	56	7.
	144.87	34.21	57.96							

#### **ANNEXURE - XIV**

[Refer para No. 5.2.3(a)(i)]



	(Hours)												
Year		Unit-	Unit-	Unit- III	Unit-	Unit-	То	tal					
1990-91	Planned	-	-	1307	2335		3642						
	Forced	404	1140	1420	1563	734	5261	8903					
1991-92	Planned	-	2153	3	-	-	2153						
	Forced	1206	368	841	1617	931	4963	7116					
1992-93	Planned	720	-	3244	1		3964						
	Forced	874	1164	884	2023	1580	6525	10489					
1993-94	Planned	1908	-		-	2836	4744						
	Forced	724	2238	1106	6846	775	11689	16433					
1994-95	Planned	976	-	3614	1488		6078						
	Forced	1953	1706	2053	1863	1303	8878	14956					
Total	Planned	3604	2153	8165	3823	2836	20581						
	Forced	5161	6616	6304	13912	5323	37316	57897					



#### ANNEXURE - XV

(Refer para No. 6.2.2)

#### Statement showing particulars of up-to-date Capital, Budgetary outgo, Loans given out of Budget, Outstanding loans as on 31-3-95

SI. No.	Name of the Company	Paid up	Capital as a	t the end o	Loans given out of Budget during the year	(Rs in lakh) Loans outstanding	
		State Govt.	Central Govt.	Others	Total		
1	2	3(a)	3(b)	3(d)	3(e)	4	5
1.	Industry DSIDC Ltd.	Nil	2186.23	Nil	2186.23	Nil	858.96
2.	DSMDC Ltd.	318.00	Nil	Nil	318.00	Nil	Nil
3.	Tourism DT&TDC Ltd.	428.25		0.001	428.25	Nil	Nil
4.	Welfare DSCF&DC Ltd.	465.76 (65.00)	490.29 (62.45)	-	956.05 (127.45)	Nil	Nil
5.	Public Distribution DSCSC Ltd.	499.92	•		499.92	Nil	NII
	Total	1711.93 (65.00)	2676.52 (62.42)	0.001	4388.45 (127.45)	Nil	858.96

Note: Figures in bracket indicate budgetary outgo during the year.

#### ANNEXURE - XVI

[Refer para No. 6.2.2 & 6.2.7(d)]

# Summarised Financial results of Government Companies for the latest year for which Accounts were finalised

													(Rs in lakh)
SLN o.	Name of the company	Date of incorporation	Period of accounts	Year in which finalised	(+)Profit (-)Loss	Paid up capital	Accumulated Profit & Loss	Capital invested	Capital employed	Return on capital invested	Return on capital employed	Percentag e of total return on capital invested	Percentage of total return on Capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Delhi State Industrial Development Corporation Ltd	15.02.71	1993-94	1994-95	121.20	2186.23	(-)1081.61	2166.68	2182.55	818.65	841.09	37.78	38.54
2.	Delhi State Mineral Development Corporation Ltd.	27.05.85	1991-92	1994-95	(-)120.56	318.00	17.81	335.81	349.97	(-)120.56	(-)120.56	35.90	(-)34.45
3.	Delhi Tourism & Transportation Development Corporation Ltd.	12.12.75	1992-93	1995-96	774.13	428.25	837.66	1289.91	(-)983.13	777.73	777.73	60.29	(-)79.10
4.	Delhi Scheduled Castes Financial & Development Corporation Ltd.	29.01.83	1987.88	1994-95	43.25	956.05	NA	327.63	545.49	43.25	43.25	13.20	7.93
5,	Delhi State Civil Supplies Corporation Ltd.	14.11.80	1989-90	1994-95	66.46	499.92	26.31	676.09	722.40	66.46	66.46	9.83	9.20



#### **ANNEXURE - XVII**

(Refer para No. 6.2.5)

#### Statement showing subsidy received at the end of the year

SI. No.	Name of the company	Subs		d during th n lakh)	e year
1	2	Central 3(a)	State 3(b)	Others 3(c)	Total 3(d)
1.	DSCF&DC	Nil	240.47*	•	240.47 (427.19)#

<sup>\*</sup> Received on 10-04-1995

<sup>#</sup> This includes total subsidy unutilised as on 31-03-1995

#### **ANNEXURE - XVIII**

(Refer para No. 6.3.4)

# Summarised financial results of Statutory Corporation for the latest year for which the accounts have been finalised

SI. No.	Name of the company	Name of the Depart- ment	Date of incorp- oration	Period of accounts	Year in which finalised	Total Capital Invested at the end of the year of the accounts	Profit (+) Loss (-)	Total interest charged to profit & loss Account	Interest on long term loans	Total return on capital invested	Capital employ- ed	Total return on capital employ- ed	Percent- age of total return on capital invested	Per cent- age of total return on capital employed
1.	2.	3.	4.	5.(a)	5.(b)	6.	7.	8.	9.	10.	11.	12.	13.	14.
1.	Delhi Financial Corporation	Ministry of Finance, Govt. of NCT of Delhi	1-4-1967	1994-95	1995-96	6718.99	573.84	496.19	496.19	1070.03	7065.88	1070.03	15.93	15.14

#### ANNEXURE-XIX

(Refer para No. 6.2.6)

#### Statement showing companies whose accounts were in arrear as on 30-9-1995

Sl. No.	Name of Company	Extent of arrears	No. of Years	Investment by					
				State	Govt.	Centra	l Govt.		
	- 1			Capital	Loan	Capital	Loan		
I	П	Ш	IV	V	VI	VII	VIII		
1.	DSIDC Ltd.	1994-95	1	-	-	2186.23	858.96		
2.	DSMDC Ltd.	1992-93 to 1994-95	3	318.00					
3.	DT&TDC Ltd.	1993-94 to 1994-95	2	428.25					
4.	DSCF&DC Ltd.	1988-89 to 1994-95	7	465.75		490.29			
5.	DSCSC Ltd.	1990-91 to 1994-95	5	499.92					
	Total	370	12.3	1711.92	Nil	2676.52	858.96		

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