सत्यमेव जयते

REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR ENDED 31 MARCH 1993
NO. 3 OF 1994

UNION GOVERNMENT
[redacted] NATIONAL CAPITAL TERRITORY OF DELHI)

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PREFATORY REMARKS

This Report for the financial year ended 31 March 1993 has been prepared for submission to the President under Article 151 of the Constitution of India. It covers matters arising from the accounts of the [redacted] National Capital Territory (NCT) of Delhi for the year 1992-93 and of Delhi Development Authority (DDA) for the year 1991-92. This Audit Report presents the results of test audit and audit reviews of financial transactions of these entities and their constituent units. These financial transactions form a part of the Union Government accounts; the budget grants and appropriations of the Union Government provide for NCT of Delhi under Ministry of Home Affairs. DDA is an entity under the administrative control of the Union Ministry of Urban Development. From 1 December 1993 a separate Consolidated Fund has been created for NCT of Delhi.

Matters relating to certain autonomous and statutory bodies whose accounts are audited by the Comptroller & Auditor General of India have been included. Service or utilities organisations under the jurisdiction of NCT of Delhi which are featured in this Report are the Municipal Corporation of Delhi, the Delhi Electric Supply Undertaking, the Water Supply and Sewage Disposal Undertaking and the New Delhi Municipal Committee.

The cases mentioned in this Report arise from the audit and audit review of performance conducted during 1992-93. Matters relating to earlier years have been included for the sake of completeness wherever pertinent and transactions and developments after 31 March 1993 also similarly mentioned wherever relevant.

OVERVIEW

This Audit Report for the year ended 31 March 1993 is divided into two sections:

Section I	Chapters I to V	Government of NCT of Delhi
Section II	Chapter VI	Delhi Development Authority

It contains 60 paragraphs including 11 reviews. The major findings in the report are summarised below:

Section I Government of National Capital Territory of Delhi

I Accounts

During 1992-93 the receipts and expenditure of the Government of National Capital Territory of Delhi were Rs 1451 crores and Rs 1990 crores respectively. Taxes accounted for 94 *per cent* of the total receipts. Loans and Advances, Grants-in-aid and Contributions to local bodies like Municipal Corporation of Delhi, New Delhi Municipal Committee and Delhi Cantonment Board constituted 42 *per cent* of the total expenditure.

Though the amount invested in public sector undertakings increased from Rs 63 crores as on 31 March 1992 to Rs 74 crores as on 31 March 1993, the dividend earned was only Rs 0.35 crore.

In 91 sub-heads a provision of Rs 20 crores remained unutilised. In 61 of these cases the entire provision had been re-appropriated. This was indicative of inadequate budgeting.

(Paragraphs 1 and 2)

Education

II Educational research and training in SCERT

The State Council of Education Research and Training (SCERT or Council), Delhi is functioning through four District Institutes of Education and Training. The Council was established with the object of assisting and advising the Administration of Delhi in the implementation of its policies and major programmes in the field of education, women and child development and national integration. The amount spent on programmes, a major activity, was only 9.7 *per cent* of the total grants received during 1988-92.

Most of the academic staff recruited did not possess the essential qualifications and experience as prescribed in the recruitment rules.

There was a shortfall of 75 *per cent* in the achievement of targets of in-service training during the period 1988-93 for secondary and senior secondary school teachers and 51 *per cent* for primary school teachers.

No action was taken by the Council for development of instructional materials, educational kits and audio-video programmes for improving the quality of education.

No committee was set up to review the work and progress and hold enquiries into the affairs of the Council as was originally planned.

(Paragraph 3.1)

III Vocational education in Delhi

During the Seventh Plan the Directorate spent only 38 *per cent* of the funds earmarked for promoting vocational education in Delhi at the *plus two* stage in the school under ten *plus two* system of education to make students more employment worthy and to meet the demand for skilled manpower. During the subsequent three years 1990-93 a major part of the expenditure was on purchase of equipment. As a result, the targets for opening new sections and courses and enrolment of students for vocational education could not be achieved. No opportunities were identified to make them employment worthy after completion of these courses.

As against a target of 15 *per cent* diversification of higher secondary students to the vocational stream upto 1992-93, only 6 *per cent* could be achieved. Inadequate management and monitoring resulted in poor implementation of the scheme; consequently, two essential sub-units of the scheme, viz., vocational survey cell and academic cell could not be established.

Introduction of vocational courses without proper survey or planning with regard to the availability of sufficient accommodation and sufficient enrolment had resulted in non-commencement or closing down of 84 courses in 54 schools out of 248 courses approved for 147 schools. In most of the schools, enrolment was below 10 as against the envisaged intake of 25 students.

No steps were taken to ensure linkages between schools and industries for training and placement of students.

(Paragraph 3.2)

IV Idling of funds

Releasing an advance of Rs 26.65 lakhs in 1989-90 to DDA by Sahitya Kala Parishad for setting up a cultural centre, without ascertaining the status of land had resulted in idling of funds.

(Paragraph 3.3)

V Craftsmen and Apprenticeship Training Programme in Delhi

Delay in the construction of buildings for three new Industrial Training Institutes (ITI) opened during the Seventh Plan period resulted in cost escalation of Rs 2.10 crores. There were shortages of machinery and tools above 90 *per cent* in ten engineering trades in existing ITIs.

Due to inadequacies in surveys conducted, the number of seats available for apprenticeship training increased from 4608 in 1985 to 4954 in 1993, i.e., 7.5 *per cent* over a period of 8 years. 23 *per cent* of the seats available remained unutilised in 1992-93. Despite heavy drop-outs, training in certain unpopular trades continued, while steps to introduce new trades suggested by the Central Apprenticeship Council six years ago were yet to be taken up.

As against a target of 240 students of SC/ST category for coaching-cum-guidance facilities in stenography only 5 students could complete the training during 1990-92, at a cost of Rs 6.28 lakhs.

(Paragraph 3.4)

VI Irregular payment of advance for supply of steel

Delhi Institute of Technology advanced Rs 1.07 crores to SAIL for purchase of steel in March 1991 though the building plans had yet not been approved by MCD and revised estimates are awaiting Government of India's approval.

(Paragraph 3.6)

Public Health

VII Setting up of Government hospitals in Seventh Plan

In order to expand medical facilities, Government sanctioned Rs 89.97 crores for setting up of nine hospitals by the end of the Seventh Plan. Though Rs 34.32 crores were spent, only four hospitals were functioning partially as of December 1993. Four hospitals each with 100 bed capacity and one with 500 bed capacity sanctioned in various locations of Delhi remained incomplete due to delay in site selection, encroachment on hospital land, non-receipt of permission to change the land use pattern, non-finalisation of agreement with the architect and lack of co-ordination among agencies responsible for execution of projects. As a result, investment of Rs 5.94 crores on purchase and development of land remained unutilised besides denial of medical facilities to weaker sections of society.

(Paragraph 3.7)

VIII Purchases made by Deen Dayal Upadhyay Hospital

For upgradation of facilities in Deen Dayal Upadhyay Hospital Rs 9.01 crores was spent on purchase of equipment and machinery. Test-check of purchases worth Rs 2.66 crores disclosed the following points:

- No record of expenditure was kept of purchases made through DGS&D;

as a result large variations were noticed between budgeted and actual expenditure.

- CT scan was purchased at a cost of Rs 1.70 crores even though there was no neurosurgeon in the hospital.

- Equipment worth Rs 52.8 lakhs was either defective or lying idle for want of repairs.. The hospital subsequently confirmed that equipment worth Rs 27.19 lakhs had been repaired.

- No log books for equipment were maintained; as a result their utilisation could not be verified.

(Paragraph 3.8)

Other Departments

IX Working of the Forest unit of the Department of Environment, Forests and Wildlife

(a) Forestry

A Forest unit was created under the Development Commissioner in 1988 with the objective of creating and preserving a green buffer. The major activities of the Forest unit are plantation and protection of forests. Audit scrutiny showed that:

- In the absence of records, the survival rate of plants could not be verified.

- Compensation rates for illicit tree cutting were not revised since 1963. Cost of timber recovered in all cases was well below the market rates.

- No working plan was prepared for management of forest resources.

- There were no approved work norms for staff in the Forest unit.

(b) Wildlife sanctuary at Asola

Despite expenditure of Rs 4.83 crores against the sanction of Rs 2.92

crores and time overrun of two and a half years the sanctuary had not materialised.

There was an excess expenditure of Rs 70.87 lakhs on the construction of a boundary wall for the sanctuary. Further, Rs 18.97 lakhs were spent on the construction of shallow ponds though there were no water supply arrangements.

(Paragraph 3.11)

X Mismanagement of land deals

The Deputy Commissioner of Delhi failed to recover compensation amounting to Rs 9.16 crores along with interest paid to the land owners for acquisition of land which was restored to them, in spite of directions of the Supreme Court in September 1991.

(Paragraph 3.14)

XI Infructuous expenditure

(a) Acquisition of a baggage scanner

Non-installation of a baggage scanner procured at a cost of Rs 27.28 lakhs in November 1990 for a VIP location resulted in idling of the equipment.

(Paragraph 3.15)

(b) Setting up of a laboratory

The Administration spent Rs 45 lakhs including salary of staff in setting up of a laboratory for testing electrical appliances in Delhi even though the need for such a laboratory was never clearly established.

(Paragraph 3.16)

(c) Reconstruction of a bridge

Due to non-availability of hindrance free site, delay in supply of material and non-supply of structural drawings, reconstruction of an existing bridge across

Najafgarh drain remained incomplete resulting in infructuous expenditure of Rs 55.42 lakhs.

(Paragraph 3.17)

Revenue Departments

XII Revenue receipts

The total revenue receipts of National Capital Territory of Delhi in 1992-93 were Rs 1451 crores which were 8 *per cent* below the anticipated receipts of Rs 1575 crores. Tax receipts of Rs 1359 crores which accounted for the bulk of the revenue receipts, were mainly derived from Sales Tax (Rs 930 crores) and State Excise (Rs 278 crores).

(Paragraph 4.1)

XIII Sales Tax

In 44 cases of non-detection of suppression of sales, short levy of tax, non-levy of interest and penalty amounted to Rs 3.19 crores.

(Paragraph 4.8)

Irregular grant of exemption in 22 cases resulted in loss of revenue amounting to Rs 10.26 crores.

(Paragraph 4.9)

Failure to detect false or invalid declarations or interpolations in the declaration forms at the time of assessment in 4 cases resulted in short levy of tax, non-levy of penalty and non-recovery of interest amounting to Rs 7.56 crores.

(Paragraph 4.11)

XIV Accounts

Compilation and certification of annual and appropriation accounts of all the three wings of MCD are in arrears; annual accounts of DESU from 1989-90 onwards and appropriation accounts from 1981-82 onwards are still to be certified by the Municipal Chief Auditor.

(Paragraph 5.1)

Delhi Electric Supply Undertaking

XV Construction of 220 KV sub-stations

To strengthen the system of transmitting power to Delhi, two 400 KV and eight 220 KV sub-stations were sanctioned by the Central Electricity Authority at a cost of Rs 117 crores. Five 220 KV sub-stations have been commissioned by DESU as of September 1993.

The Vasant Kunj 220 KV sub-station completed at a cost of Rs 8.71 crores is yet to be put to commercial use because of non-completion of a feeder line from Mehrauli.

The 220 KV sub-station at Rohini was commissioned with the installation of two transformers in 1990 at a cost of Rs 1.78 crores. Both transformers failed within 18 months of installation and Rs 0.76 crore is estimated to be spent on the repair of these transformers.

(Paragraph 5.2)

XVI Material management in DESU stores - cement

Though DESU assessed its requirement of cement each year at 30000 MT, it was not able to consume more than 18822 MT each year.

DESU also failed in its procurement efforts and out of 95224 MT of cement ordered during 1989-92, only 50844 MT cement were received in the stores.

Accounts of purchase and billing wings of DESU had not been reconciled as a result of which advances of Rs 6.54 crores were lying unadjusted against various suppliers as of March 1991.

System of weighment and quality checks made on the bags received were found to be faulty and inadequate.

(Paragraph 5.3)

General Wing

XVII Construction of houses for *safai karmacharis*

As against the target of construction of 20000 houses by March 1993 to be sold to *safai karmacharis* of MCD on hire purchase at a cost of Rs 305 crores, MCD was able to construct only 640 houses at Rohini at a cost of Rs 3.85 crores in four years and will be able to build 2580 houses in all because only 41.23 acres of land is available.

MCD failed to evolve a scheme to help the *karmacharis* raise funds to purchase these houses and in response to applications invited for 640 houses, only 38 *karmacharis* could pay the fees and instalment money as of December 1993.

(Paragraph 5.4)

XVIII Infructuous expenditure on road rollers

MCD workshop maintains 19 road rollers which are given on hire to contractors who build and maintain roads for MCD. It was noticed that no more than four rollers were utilised for 189 days on departmental works only, resulting in a loss of revenue of Rs 0.34 crore during the years 1989-93. Besides, MCD incurred an avoidable expenditure of Rs 0.42 crore on salaries of staff and purchase of spare parts during this period.

(Paragraph 5.5)

XIX Construction of Staff Quarters

Construction of 1170 staff quarters at a cost of Rs 15.06 crores, was taken up by NDMC without preparing a project report. Though all these quarters were expected to be ready by March 1993, only 600 quarters were constructed in eight years at a cost of Rs 8.81 crores (August 1993).

14 out of 17 works awarded to private agencies were referred for arbitration and in 11 cases decided so far, award of Rs 0.43 crore was given in favour of the contractors which was indicative of poor contract management.

Four works were awarded to a government undertaking on cost plus 14 *per cent* basis. The contract did not contain standard clauses stipulating penalty and compensation, as a result of which, NDMC was unable to levy Rs 0.36 crore as penalty for slow progress of work.

(Paragraph 5.7)

XX Mini-workshop

Injudicious award of work and purchase of tools in advance resulted in idling of investment of Rs 0.51 crore made on a mini-workshop at Okhla. Only 40 *per cent* of the civil works had been completed two years after the scheduled date of completion as of August 1993.

(Paragraph 5.8)

Section II Delhi Development Authority

XXI Accounts

DDA receives money and incurs expenditure under eight heads of account based on the transactions relating to different activities. DDA has never submitted the income and expenditure account covering all these eight heads. The balance sheets are being prepared only in respect of three heads of account.

Details of sundry debtors (Rs 337.57 crores) and sundry creditors (Rs 220.54 crores) and the supporting records or physical verification report in respect of property and stock worth Rs 320.18 crores were not being reflected in the accounts of DDA.

(Paragraph 6.1)

XXII Housing

Audit review of the two major housing schemes, viz., New Pattern Registration Scheme and Self Financing Scheme showed certain recurring features in construction. Construction work was in many cases defective or sub-standard or inordinately delayed. As there were frequent delays in supply of design drawings and stipulated materials, the extra cost could not be recovered from the contractors. Instead several contractors were awarded huge amounts in arbitration cases. The major findings are as follows:

(a) New Pattern Registration Scheme

While 53255 registrants were awaiting allotment of flats since September 1979, 12384 flats were lying vacant as of April 1993.

92 *per cent* of the beneficiaries of the DDA's hire purchase scheme had defaulted on payment of instalments. No action had been taken to recover arrears of Rs 346.90 crores

Award of work to a contractor of known doubtful technical capability and resources and inadequate supervision in another work led to extra expenditure of Rs 1.55 crores on account of demolition of sub-standard work and delayed construction.

In spite of the fact that a contractor was slow in executing the work, award of works one after other not only resulted in non-completion of all the works but also resulted in extra expenditure of Rs 2.61 crores.

Without verifying his antecedents, a contractor was awarded the work of construction of 96 LIG and 96 MIG flats. The contractor did not complete the work and was untraceable, resulting in loss of Rs 1.16 crores and delay of more than 11 years.

(b) Self Financing Scheme

Failure to make site and stipulated materials available led to avoidable delays and extra expenditure of Rs 1.90 crores on compensation payments.

Avoidable expenditure of Rs 0.39 crore was incurred on construction of flats at Madipur as a result of delays and errors in accounting.

Delay in construction resulted in avoidable expenditure of Rs 36.14 crores on account of payment of interest to registrants of the scheme. As DDA failed to recover income tax at source in respect of these interest payments, the Income Tax Department attached a sum of Rs 3.95 crores from the DDA's bank account.

2653 flats costing Rs 157.65 crores built under this scheme were awaiting allotment. Besides DDA had incurred loss of income of Rs 0.58 crore on account of ground rent on these vacant flats.

Costing of flats for the purpose of final recovery from allottees was not done on any uniform basis. In Madipur costing done two years before completion of work led to excess charging of Rs 1.21 crores.

Costing details of 1498 flats in pockets A, B and C of Sarita Vihar showed under-charging of Rs 0.79 crore.

Pooling in costing of 697 flats in pockets D & E and F & G in Sarita Vihar increased cost of flats in pocket F & G by about Rs 25000 per flat.

Inter-category adjustment charges of Rs 1.29 crores were irregularly collected from ground floor allottees.

(Paragraph 6.2)

XXIII Non-disposal of shops - blocking of funds

Failure to assess the market demand before development of shopping complexes led to non-disposal of 5470 shops built at a cost of Rs 131.88 crores, out of 11991 shops constructed from 1974 to 1993. Of the unsold shops, 861 shops worth Rs 20.44 crores were lying vacant for more than 5 years; in the case of 1685 shops, even the reserve price had not been fixed.

(Paragraph 6.3)

XXIV Asiad Tower Restaurant - idle investment

Asiad Tower Restaurant constructed in 1982 at a cost of Rs 0.72 crore had remained idle as DDA failed to finalise the terms of sale.

(Paragraph 6.4)

XXV Heavy outstanding against members of sports complexes

Of Rs 2.26 crores recoverable from the members of 4 Sports complexes, DDA could realise only half of the total amount as it did not enforce the terms and conditions of the membership.

(Paragraph 6.5)

XXVI Unfruitful expenditure on a golf driving range

Defective planning resulted in unfruitful expenditure of Rs 0.27 crore on conversion of the golf driving course at Saket Sports complex into a horse riding school.

(Paragraph 6.6)

SECTION 1 GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI

CHAPTER - I

General

1.1 Organisation

- The National Capital Territory(NCT)of Delhi is spread over 1483 sq km comprising 891 sq km of rural and 592 sq km of urban areas. Lieutenant Governor is the administrator of the Government of NCT of Delhi.

- The Municipal Corporation of Delhi (MCD), New Delhi Municipal Committee (NDMC) and the Delhi Cantonment Board (DCB) are the local bodies responsible for providing civic amenities covering 1397.3 sq km, 42.7 sq km and 43 sq km respectively.

- The Delhi Development Authority (DDA), set up by an Act of Parliament, is entrusted with the development of Delhi including the land use pattern, developing residential, commercial and industrial areas and execution of housing schemes.

- The Delhi Urban Art Commission (DUAC) is entrusted with the responsibility of preserving, developing and maintaining the aesthetics of urban and environmental design in NCT of Delhi.

- The 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), are the public sector undertakings of the Government of NCT of Delhi.

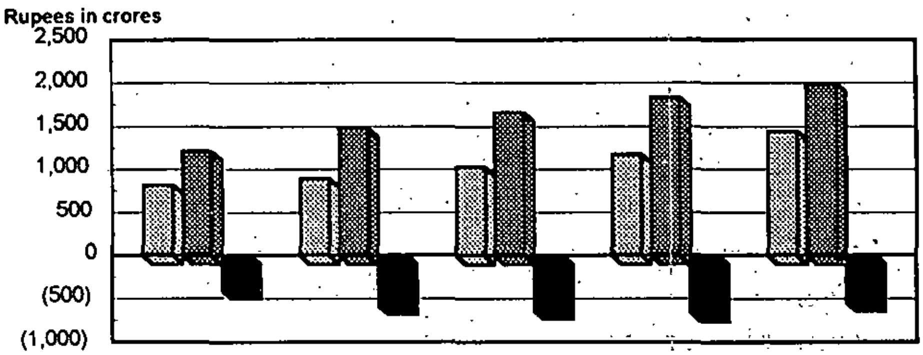
- The budget of the Government of NCT of Delhi forms a part of the budget of the Union Government and falls under a grant of the Ministry of Home

Affairs (No. 93). The receipts and expenditure of the Government of NCT of Delhi are accounted in the Consolidated Fund of India.

1.2 Trends of receipts and expenditure

The receipts and expenditure during the five years 1988-93 were as under:-

Total receipts and expenditure



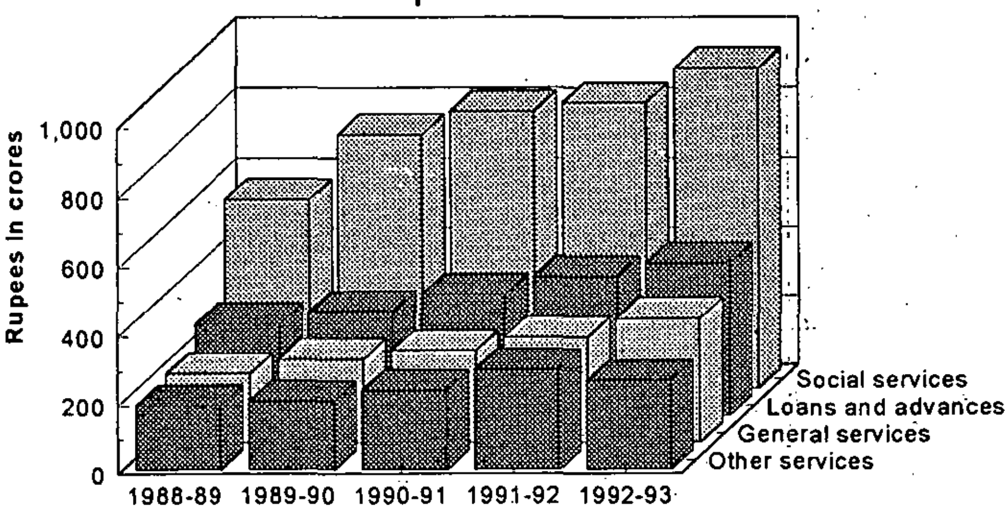
	1988-89	1989-90	1990-91	1991-92	1992-93
Receipt	814	893	1025	1175	1451
Expenditure	1213	1484	1659	1834	1990
Deficit	(399)	(591)	(634)	(659)	(539)

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

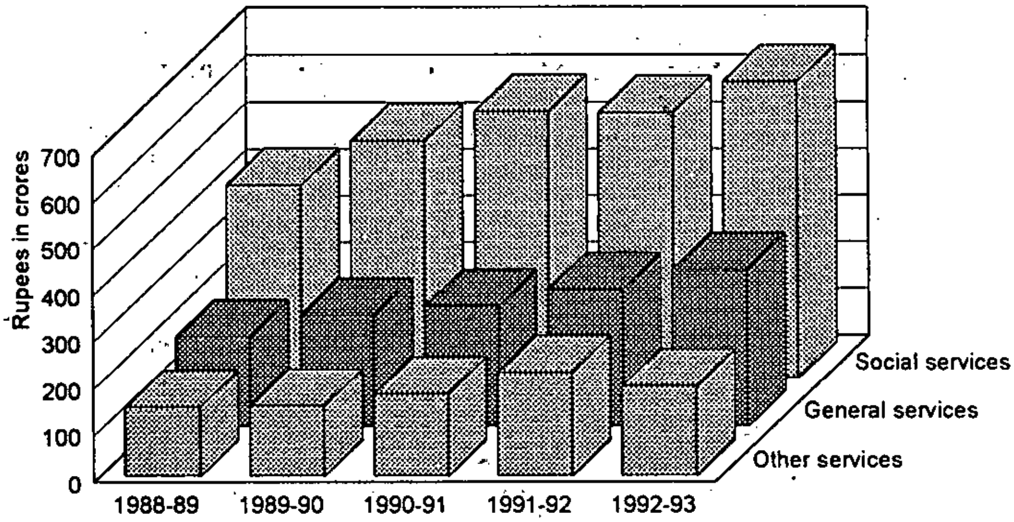
1.3 Sector-wise trends

The expenditure on various services during the five years ending 1992-93 is given below:-

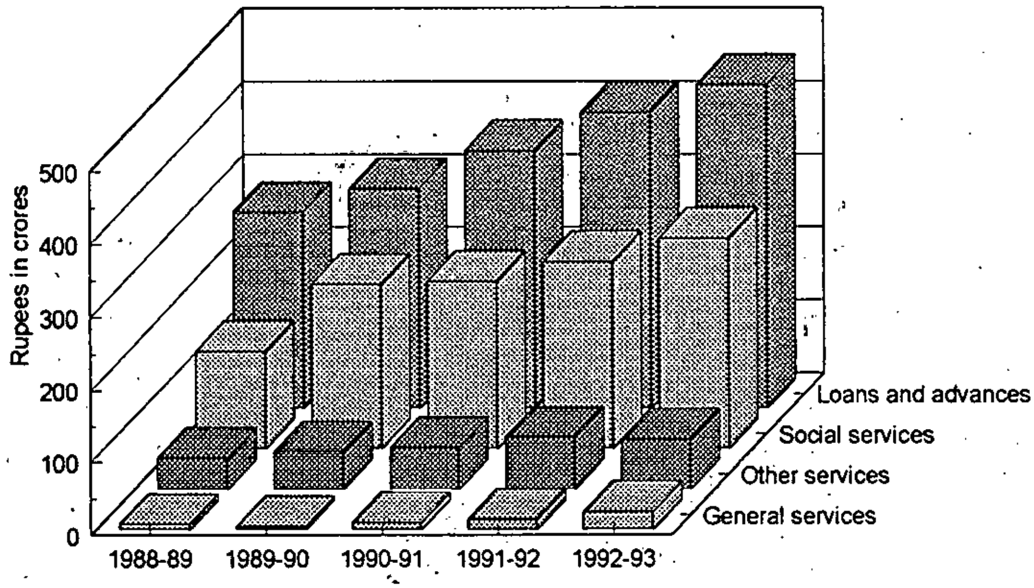
Total expenditure sector-wise



Revenue expenditure sector-wise



Capital expenditure sector-wise

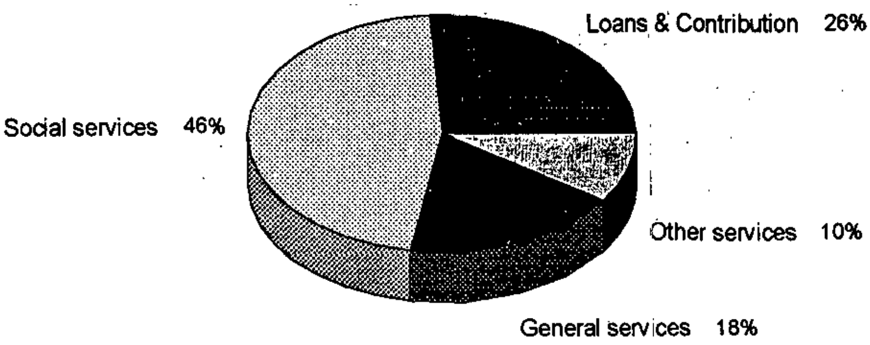


From the above graphs it will be seen that though there was a steady rise in expenditure under every sector; the proportions allocated to various sectors each year did not change from year to year.

1.4 Break up of expenditure during 1992-93

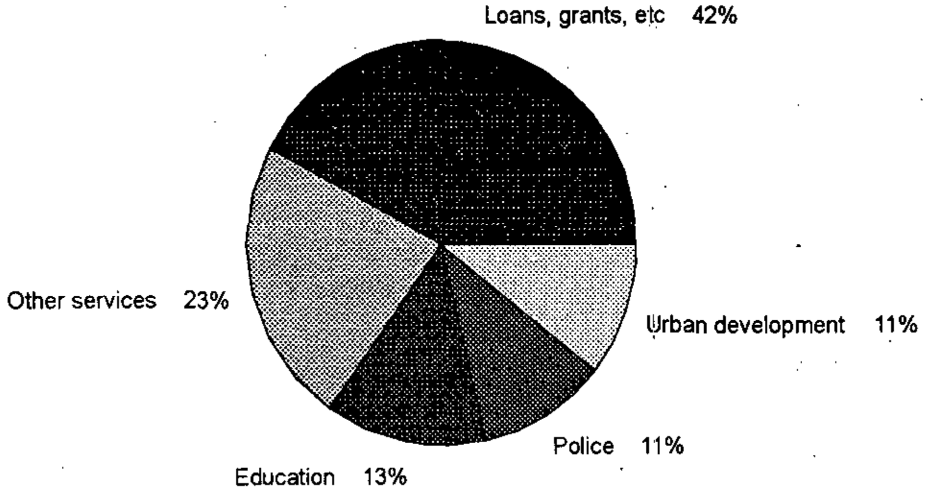
The sector-wise expenditure incurred during 1992-93 was as under:-

Total expenditure sector-wise 1992-93



It was seen in Audit that some of the expenditure on Social Services, General Services and Other Services was in the form of grants-in-aid to the local bodies. The actual direct expenditure on various services worked out as under:-

Total expenditure service-wise 1992-93



From the above graph it will be seen that the expenditure during 1992-93 was mainly on loans and advances, grants-in-aid and contributions to local bodies

(42 *per cent*). The expenditure incurred directly by the Government of NCT of Delhi was mainly on Police (11 *per cent*), Education (13 *per cent*) and Urban Development (11 *per cent*).

1.5 Assignment of certain Tax Receipts and Grants to local bodies

The proceeds from taxes on vehicles, terminal tax and 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. A sum of Rs 7073 lakhs was apportioned during the year 1992-93 to the local bodies as follows:-

Table 1.5

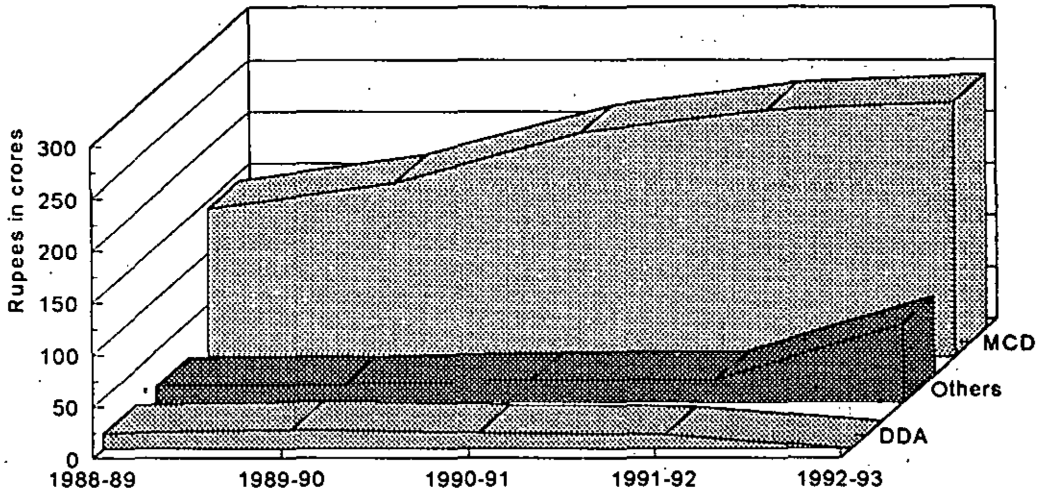
(Rupees in lakhs)

	MCD	NDMC	DCB	Total
Taxes on vehicles	1920	333	59	2312
Entertainment tax	1565	154	3	1722
Betting tax	0	127	0	127
Terminal tax	2791	92	29	2912
Total	6276	706	91	7073

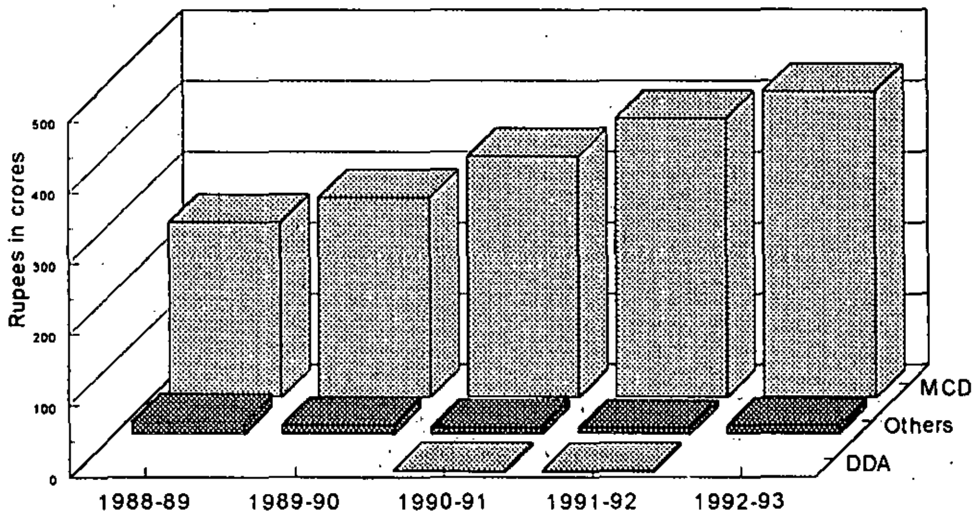
1.6 Grants and Loans and Advances to local bodies

The loans and advances paid and grants given to the local bodies and DDA during the five years 1988-93 are given below:-

Trend of grants-in-aid to local bodies



Trend of loans & advances to local bodies



CHAPTER - II

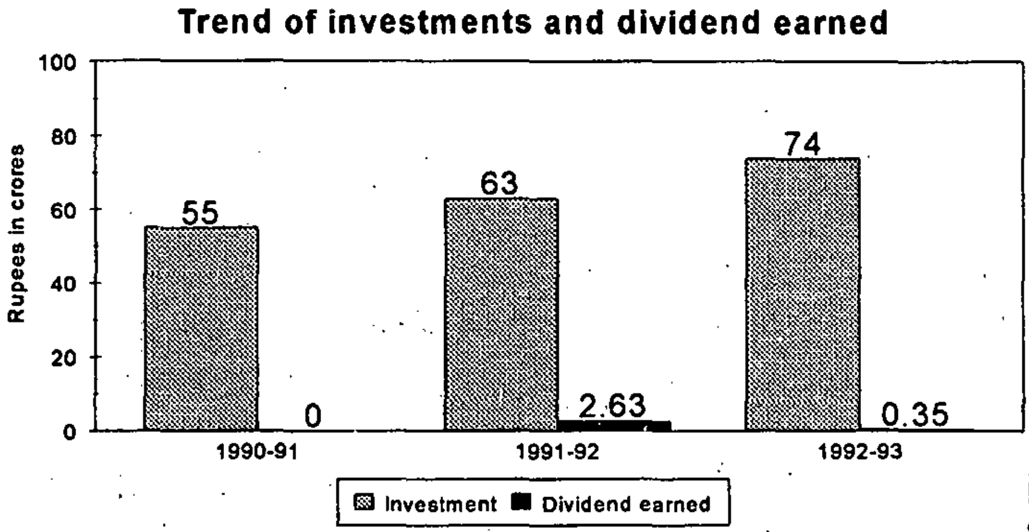
Accounts of Government of NCT of Delhi

2.1 Finance Accounts

2.1.1 Public Sector Undertakings

(a) Idling investment

Investments by the Government of NCT of Delhi in the Statutory Corporations, Government Companies, Co-operative banks and Societies stood at Rs 74 crores on 31 March 1993 as against Rs 63 crores on 31 March 1992. The dividend received on the investments as at the end of years 1990-91 to 1992-93 are given below along with investment figures:-



Thus, there is a negligible return to Government in the form of dividend on the investments made in these bodies. This indicates the need to review their performance to improve their viability.

(b) Non-accountal of investment

2919 industrial work centres constructed by the Government were transferred to DSIDC in July 1991. The expenditure of Rs 12 crores incurred by the Government on the construction of these work centres was to be treated as contribution towards equity shares of DSIDC. Although this transfer was reflected in the Finance Accounts of the Union Government for 1991-92 it has not been reflected in the Finance Accounts of the Government of NCT of Delhi even in 1992-93.

(c) Terms of loans not settled

The terms and conditions of the following loans have not been settled so far as mentioned in the Union Government Finance Accounts (Statement No. 3). Action needs to be taken by the Ministry of Home Affairs and the Government of NCT of Delhi for determining the terms and conditions of the loans without further delay.

Table 2.1.1. (c)

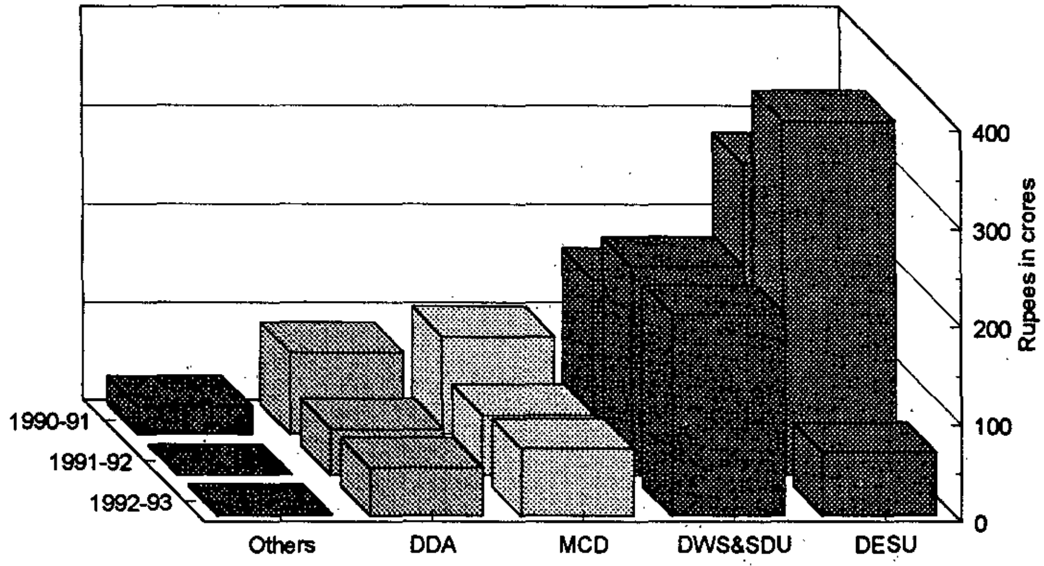
(Rupees in crores)

Name of loanee-limited corporation	Year in which loan given	Number of loans	Total amount of loans
Delhi Tourism Development	1988-89	3	24
Delhi State Industrial Development	1986-87	2	60

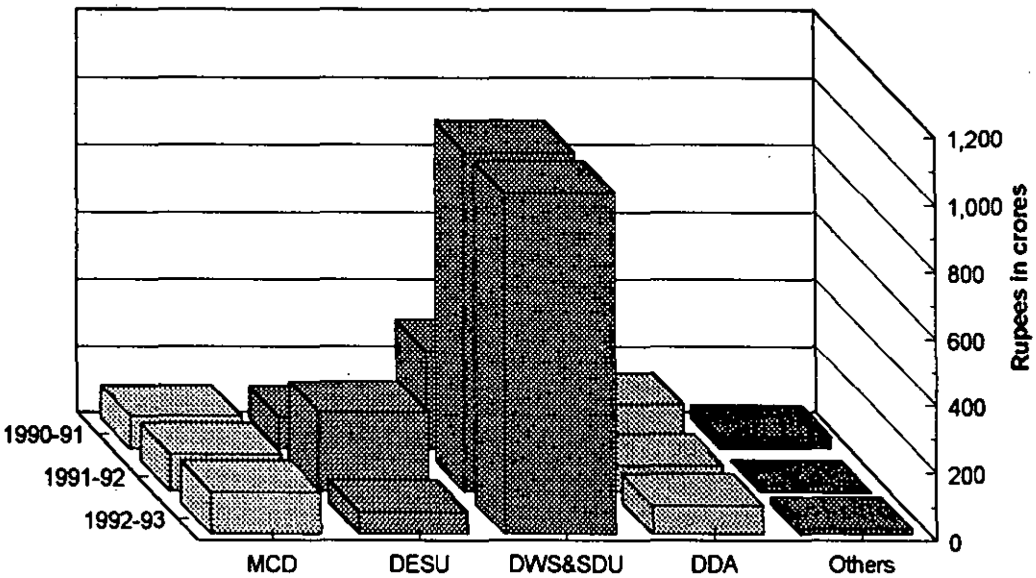
2.1.2 Loans and interest overdue against local bodies

The total loans and advances outstanding with the local bodies and DDA, after adjusting repayments, as on 31 march 1991, 1992 and 1993 are given below:-

Trend of loans outstanding against local bodies



Trend of interest outstanding on loans to local bodies



Delhi Water Supply and Sewage Disposal Undertaking (DWS&SDU) was the major defaulter on payment of interest overdue; the amount payable rose from Rs 296 crores in 1990-91 to Rs 1019 crores in 1992-93. Action is required to be taken by the Ministry of Home Affairs and the Government of NCT of Delhi to ensure recovery.

On the sharp decline in loans (from Rs 362 crores in 1991-92 to Rs 66 crores in 1992-93) and interest overdue (from Rs 236 crores in 19991-92 to Rs 66 crores in 1992-93) against Delhi Electric Supply Undertaking (DESU) on 31 March 1993, the Government of NCT of Delhi stated that the loans sanctioned upto 31 March 1989 along with interest overdue on these had been waived by the Ministry of Energy in September 1989 and that loans sanctioned after 31 March 1989 are being treated as perpetual loans with interest liability accruing on 50 *per cent* amount of loan. The figures of loans and interest overdue against DESU furnished in January 1994 were as under:-

Table 2.1.2

(Rupees in crores)

As on	Amount overdue	
	Loan	Interest
31 March 91	8.73	9.00
31 March 92	30.45	30.62
31 March 93	66.31	66.31

It was, however, seen in Audit that as per the orders of the Ministry the principal amount of loan due on 31 March 1989 was converted into a perpetual loan on which no interest was payable upto 31 March 1989. Thereafter half this loan was to be interest free; interest was to be charged on the remaining half at the same rates as were being charged in respect of loans disbursed to departmental undertakings of the Government of India.

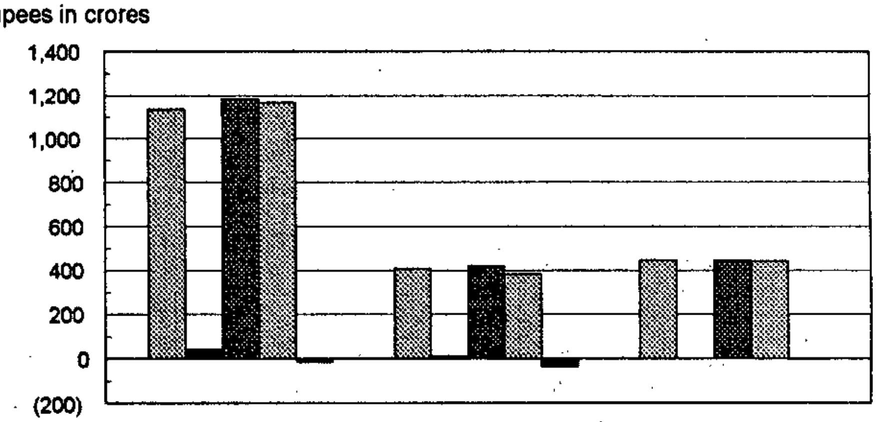
It was also seen that the figure of interest overdue furnished by the Government viz., Rs 66.31 crores as on 31 March 1993, did not include interest on half of the principal amount due as on 31 March 1989.

2.2 Results of Appropriation Audit

2.2.1 Excessive savings and excessive expenditure

The summarised position of actual expenditure during 1992-93 against approved demands is as follows:-

Original Grants/Appropriation, Supplementary, Actual Expenditure and Savings



	I.Revenue:	II.Capital	III.Loans & Advances
Original Grant/Appropriation	1136	407	446
Supplementary	44	12	0
Total	1180	419	446
Actual Expenditure	1163	383	444
Saving	(17)	(36)	(2)

From the above graph and table it will be seen that overall savings (3 *per cent*) were not significant. However, scrutiny of the account of appropriation under sub-heads revealed that budget estimates of 10 sub-heads were unrealistically high and savings in each of these ranged from 26 *per cent* to 94 *per cent.* In the case of 13 sub-heads, it was seen in Audit that the budget estimates were inadequate which resulted in excess expenditure ranging from 4 *per cent* to 376 *per cent.* Details of these cases are given in annexures `2A' and '2B' respectively.

2.2.2. Injudicious re-appropriation and supplementary grants

It was observed that in 15 cases re-appropriation or supplementary grant under sub-heads was either unnecessary or excessive as the original provision under the sub-heads to which funds were transferred by re-appropriation or supplementary grant was more than adequate and consequently final savings under the sub-heads exceeded the amount re-appropriated/supplementary grant to these sub-heads or the amount re-appropriated/ supplementary grant remained largely unutilised. This was indicative of lack of adequate control over expenditure. Details of such cases are given in annexures '2C' and '2D'.

2.2.3. Unauthorised re-appropriation of funds

(a) On the recommendations of the Public Accounts Committee of the Parliament, Government has prescribed that any order for re-appropriation which has the effect of increasing the budget provision under a sub-head by more than 25 *per cent* of the budget provision or rupees one crore, whichever is more shall be reported to Parliament along with the last batch of supplementary demands for the financial year and if such re-appropriation is made after the last batch of supplementary demands, prior approval of the Ministry of Finance (Department of Expenditure) should be obtained by the Financial Advisor of the Department.

On test-check of accounts for the year 1992-93, it was observed that in three cases as detailed below where the re-appropriation exceeded the twin limits of rupees one crore and 25 *per cent* of the sanctioned provisions, the Government of NCT of Delhi neither reported the augmentation to Parliament nor obtained the prior approval of Department of Expenditure.

Table 2.2.3 (a)			
			(Rupees in crores)
	Sub-head	**Budget Provision**	**Amount of Re-appropriation**
1)	Major Head "2055" A-14 Police A-14(5) Distt. Police A-14(5)(9) North District	5.62	1.43
2)	Major Head "2056" A-15 Jails A-15(1) Direction and Administration A-15(1)(1) Jail Establishment	4.52	1.65
3)	Major Head "3054" V- 6- Roads and Bridges V-6-(1) District and Other Roads V-6-(1)(1) Other Expenditure	6.00	1.64

The Government of NCT of Delhi referred two of these cases (Sl No. 2 and 3) to the Ministry for approval after these were objected to in Audit. Final approval of the Ministry was awaited (December 1993). In respect of the third case, the Government of NCT of Delhi stated that approval was not necessary where the limit under a standard object (detailed head) was not exceeded. The reply was not tenable as the PAC recommendations and the Government of India orders based thereon clearly stipulated that the approval of the Ministry of Finance must be obtained where the stipulated limit is exceeded under a sub-head.

(b) As per the instructions contained in Ministry of Finance (Department of Expenditure) O.M No. FI (10)-EII(A).92 dated 14.9.1992, all re-appropriations which have the effect of increasing the budget provisions by more than rupees one crore under a sub-head should continue to be made only with the approval of the Secretary, Department of Expenditure.

It was observed that, in the following seven cases re-appropriation exceeded rupees one crore but the prior approval of the Secretary, Department of Expenditure was not obtained:-

Table 2.2.3 (b)		
		(Rupees in crores)
	Sub-head	Amount of re-appropriation
1.	Major head "2055" A-14 Police A-14(3)(1) (1)Security	1.54
2.	Major head "2055" A-14 Police A-14(3)(1) (2) Special Branch	1.04
3.	Major head "2055" A-14 Police A-14(5)(2) South District	1.18
4.	Major head "2055" A-14 Police A-14(5)(6) West District	1.02
5.	Major head "2055" A-14 Police A-14(4)(2)(1) Delhi Armed Police Ist Battalion	1.18
6.	Major head "2202" J.1 General Education J.1(2)(6) Govt. Secondary Schools	1.31
7.	Major head "2202" J.1 General Education J.1(2)(9)(1) Provision of additional schooling facilities in age group 11-14 and 14-17	1.73

The Government of NCT of Delhi stated that approval was not necessary where the limit of rupees one crore under a standard object (detailed head) was not exceeded. The reply was not tenable as the Government of India orders clearly stipulated that the approval of the Ministry of Finance must be obtained where the stipulated limit is exceeded under a sub-head.

2.2.4. Savings due to non-implementation of schemes

A provision of Rs 20 crores made in the budget estimates remained wholly unutilised under 91 sub-heads due to non-implementation of schemes. In 61 of these cases the entire provision had been reduced to `nil' by re-appropriation. Details of such cases involving provisions of more than rupees fifty lakhs are given in Annexure `2E'.

2.2.5. Poor budgeting of recoveries in reduction of expenditure

The demands for grant are for the 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.

In the revenue section, against estimated recoveries of Rs 20 crores, actual recoveries were Rs 38 crores. In the capital section, against estimated recoveries of Rs 230 crores, actual recoveries were Rs 197 crores. Details of major variations above rupees fifty lakhs are given in Annexure '2F'.

2.2.6. Delayed surrender of funds

Savings in a grant or appropriation are to be surrendered to the Government immediately after these are foreseen without waiting for the last day of the year so that the Government is able to utilise them in other areas where there is a shortage of funds. Savings should not be held in reserve for possible future excess.

In the Accounts for 1992-93, it was noticed that out of the final savings of Rs 55 crores, an amount of Rs 26 crores only was surrendered on the last day of the financial year. This shows that there was no effective control and monitoring of expenditure.

CHAPTER - III

CIVIL DEPARTMENTS OF THE GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI

Education

3.1 State Council of Educational Research and Training (SCERT)

3.1.1 Introduction

The State Council of Educational Research and Training (SCERT or Council) was established in 1980-81 as a part of the Directorate of Education, with a view to improve the quality of education by bringing all units, viz., Science Branch, TV Branch, State Institute of Education, Text Book Branch, Educational and Vocational Guidance Bureau, under one umbrella to coordinate the activities of all these units.

National Policy on Education 1986, envisaged that SCERT become an autonomous body and be registered as a Society. Accordingly, in May 1988, SCERT, Delhi, was registered as a Society under the Delhi Societies Registration Act, 1860 with the object of assisting and advising the Administration of Delhi in the implementation of its policies and major programmes in the field of education, women and child development, national integration and other related affairs.

3.1.2 Organisational set up

The Council consists of 12 members with the Lt. Governor, Delhi, as President, Executive Councillor (Education) as Senior Vice President, Secretary Education, Government of NCT of Delhi as Vice President. The Executive Committee, which is the governing body of SCERT, consists of 9 members with Secretary Education, Government of NCT of Delhi as Chairman. The affairs of the Council are administered by the Director, SCERT. Four District Institutes of Education and Training (DIET) function under SCERT.

3.1.3 Scope of audit

The records of SCERT and the four DIETs relating to the period 1988-89 to 1992-93 were examined during April to September 1993.

3.1.4 Highlights

- **The amount spent on programmes organised was a very small fraction of the total expenditure. The budget estimates for the year 1990-91 were not placed before the Executive Committee and the expenditure of Rs 72.91 lakhs was yet to be regularised.**

- **Six departments were functioning out of the 11 envisaged at the outset. Out of a total of 25 faculty members 10 were working in Teacher Education department. Since the Council was only organising in-service training the role of other teachers was neither clearly defined nor spelt out.**

- **Most of the academic staff recruited did not possess the prescribed essential qualifications and experience.**

- **A Faculty Development Allowance was granted for which objectives were neither clearly defined nor achieved.**

- **No action was taken for development of instructional material. The Council purchased a video camera even though no State Institute of Educational Technology had been set up.**

- **The Council had purchased and used seven vehicles as staff cars for the last four years as against the entitlement of one vehicle. Five of these were irregularly allotted to individual officers.**

- **There was a shortfall of 75 *per cent* in the achievement of targets of in-service training during the year 1988-89 to 1992-93 for secondary and senior secondary school teachers and 51 *per cent* for primary school teachers.**

- **The Council collected a sum of Rs 16.40 lakhs as examination fees from the candidates during the year 1990-91 which had not been accounted.**

- **No committee was set up to review the work and progress of the Council as was originally planned.**

3.1.5 Planning and Finance

SCERT was mainly financed by grants from the Government of National Capital Territory (NCT) of Delhi. The four DIETs were to be financed directly by the Department of Education in the Ministry of Human Resource Development, (HRD) Government of India. However, the accounts of the Council revealed that, for the years 1990-91 and 1991-92, some grants to DIETs were routed through SCERT. The latter then included such grants under the head `Other Charges' which was irregular.

The receipt and expenditure during 1988-92 were as follows:

***TABLE 3.1.5:* Receipts and expenditures of SCERT/DIETs**

(Rupees in lakhs)

	1988-89	1989-90	1990-91	1991-92
SCERT				
Receipts (Grants-in-aid)	36.19	50.72	76.23	81.67
Expenditure				
Salary	4.58	16.24	26.75	28.62
Programme	Nil	4.37	8.51	9.93
Other Charges				
i)Revenue	8.92	9.76	7.47	12.08
ii)Capital	16.62	27.67	9.07	6.29
iii)Grant-in-aid to DIETS	Nil	Nil	21.11	20.30
Total	**30.12**	**58.04**	**72.91**	**71.22**

	1988-89	1989-90	1990-91	1991-92
DIETs Grants-in-aid)				
Receipts	19.04	53.62	52.01	90.14
Expenditure				
Salary	Nil	18.78	38.69	41.72
Programme	Nil	6.64	5.35	5.80
Other Charges:				
i)Revenue	-	4.43	4.77	7.34
ii)Capital	18.46	13.12	7.44	25.40
Total	**18.46**	**42.97**	**56.25**	**80.26**

The expenditure incurred on the programmes which has been claimed as the major activity of the Council and DIETs was a very small fraction of the total expenditure.

Since separate accounts were not being maintained for plan and non-plan expenditure, there was no control over the manner in which plan funds were being utilised. The Council stated in December 1993 that this procedure would be followed from the year 1993-94.

There had been other procedural lapses as well. The budget estimates for the year 1990-91 were not placed before the Executive Committee for approval and an expenditure of Rs 72.91 lakhs was incurred without such approval. The Council stated in December 1993 that this had happened due to oversight.

During 1988-89, out of a total of Rs 30.12 lakhs, an expenditure of Rs 13.62 lakhs (45 *per cent*) was incurred on the last day of the financial year. Similarly, 67 *per cent* of the expenditure during 1989-90 was incurred during the last quarter of the financial year.

3.1.6 Infrastructure

a) Departments

At the time of setting up it was envisaged that 11 departments would be opened under the Council. Initially the Council began functioning with 6 departments. However, neither any specific programmes were laid down for these departments nor was their role spelt out clearly.

Under the annual plan 1990-91 four more departments were to be opened, viz., Education in Science and Mathematics, Education in Humanities and Social Sciences, Physical and Art Education and Education of Disadvantaged Group. However, the Council stated in April 1993 that none of the four had been opened. No reasons were available for not starting these departments.

b) Staff

Out of 25 faculty members, 10 were under the Teacher Education, Extension and Coordination Department. The other 5 departments had 15 faculty members. However, since these departments did not have any clear targets it was not possible for Audit to evaluate their work. The Council stated in April 1993 that they were concentrating only on in-service training programmes.

b(i) Recruitment of ineligible staff

The recruitment rules framed in 1989 by SCERT for faculty posts (lecturers, senior lecturers, readers) laid down essential educational qualifications and experience. The appointments were to be made by the Director on the basis of recommendations of the selection committee which was to screen candidates through interviews.

Scrutiny of records showed that the recruitment rules framed by the Executive Committee had not been approved by the Governing Council. It was further seen that only eight out of 24 faculty members were holding the prescribed qualifications and experience. The remaining 16 were not eligible for the posts held by them. Nine of them did not possess the prescribed qualifications and the remaining seven did not possess the prescribed experience as mentioned under the draft recruitment rules. An amount of Rs 23.87 lakhs was spent upto 1992-93 on account of pay and allowances of these ineligible faculty members.

Appendix to Annexure 12 of the guidelines of the Ministry of HRD prescribed the essential qualifications and experience for each category of academic post in various branches of DIET.

Test-check of records revealed that:

- 15 out of 18 senior lecturers and lecturers employed in the Pre-service Teacher Education (PSTE) branch were not eligible for the posts held by them.

- Seven out of eight senior lecturers and lecturers employed in the District Resource Unit (DRU) for Adult Education/Non-formal Education (AE/NFE) were not eligible for the posts held by them.

- 23 out of 29 senior lecturers and lecturers employed in the remaining five branches were not eligible for the posts held by them.

An expenditure of Rs 64.47 lakhs was incurred on pay and allowances of ineligible staff upto March 1992. The figures for the year 1992-93 were not available.

The Council stated in December 1993 that the recruitment rules for DIETs were framed on the basis of guidelines given by the Ministry of HRD but in some cases modifications had been made keeping in view the specific needs of DIETs in Delhi. Their reply is not tenable because the Council did not have the discretion to make such modifications nor were these formally notified or adopted.

b(ii) Faculty Development Allowance (FDA)

As per Rule 67 of the Rules and Regulations of SCERT the terms and tenure of service of the academic staff at the Council were to be the same as those applied to the academic staff of NCERT. No FDA was being paid to the academic staff of NCERT.

However, in contravention of this rule, the Executive Committee of the Council, decided to grant FDA to its faculty members for improving their teaching skills and updating their knowledge subject to certain conditions.

The Council stated that the faculty members had certified that the amount of FDA was spent by them on getting certain papers photocopied, stationery and in travelling expenses.

A test-check of records showed that only one of the faculty members had submitted one paper for publication in an educational journal during the last four years. Thus, none of the conditions for grant of FDA had been complied with by the faculty members.

It was noticed that FDA had also been paid to the Director, Joint Director and Deputy Secretary during 1988-93 and was also being continued during 1993-94 even though none of these three officials were members of the faculty of the Council.

Thus, the expenditure on payment of FDA of Rs 2.92 lakhs was uncalled for.

The Council stated in December 1993 that the staff of NCERT were receiving several benefits for which the staff of SCERT were not entitled. This was the only benefit which NCERT staff did not get. This reply is not tenable because under the rules the service conditions were to be the same as applicable to the academic staff of NCERT.

c) Instructional material

The Council was to act as an educational resource centre and undertake the production of instructional materials, educational kits, audio and video programmes for improvement in the quality of education. In their reply to Audit regarding achievements in these areas the Council stated that a series of orientation programmes were organised in December 1991 for the development of sample question papers in all subjects for secondary and senior secondary examinations held by CBSE. This was followed by a series of meetings of teachers and experts for the development of sample question papers in mathematics for senior secondary students (April 1993). It was not clear as to how this activity of the Council could be termed as the development of instructional material for improving the quality of education.

c(i) Non-accounting of library books

The library of the erstwhile State Institute of Education was transferred to the Council in December 1988. The Council had not conducted any physical verification of the books as of September 1993.

The Council stated in December 1993 that the library had not been handed over to them by the Directorate of Education. Their reply is not tenable as the library was placed at the disposal of the Council by an order of January 1989.

c(ii) Purchase of equipment for Educational TV(ETV)

In the INSAT utilisation plan formulated for 1982-87 it was decided that Doordarshan would bear 50 *per cent* of the responsibility for educational programme production. The remaining 50 *per cent* would be taken care of by the Department of Education in the Ministry of HRD which proposed in July 1987 the setting up of ETV programme production centres in the Central Institutes of Education Technology (CIET) and the State Institutes of Education Technology (SIET) where these existed. In order to enable the SIETs to undertake the production of ETV and radio programmes for telecasting and broadcasting on Doordarshan and Akashwani, the Ministry asked in July 1987 the SIETs to establish studios and procure studio equipment along with accessories from M/s GCEL Baroda.

Even though no SIET had been established either by the Government of NCT of Delhi or by SCERT or by Ministry of HRD, SCERT Delhi purchased a studio camera along with accessories at a cost of Rs 11 lakhs and two colour TVs and two VCRs for Rs 47880 in March 1990. Similarly in March 1991 and March

1992 equipment worth Rs 1.99 lakhs and Rs 4.22 lakhs were purchased under STV (School TV) production scheme.

The other requirements for operation of this equipment were not planned simultaneously, viz., qualified staff for operating this machine were not recruited, editing table and other accessories were not purchased.

This equipment was used in the production of 26 films during 1990-93. Of these, 23 were actually only a recording of events. Only three were educational films. None of these had been telecast. SCERT stated in August 1993 that video cassettes of these films had been prepared by conversion and were being shown during in-service teachers' training programmes.

The cost of these films could also not be verified in Audit as no separate accounts for production were being maintained.

Thus the purpose of the scheme was defeated as students, who were to have been the beneficiaries of this scheme, were not shown even one of the 26 films prepared by SCERT. As a result, the expenditure of Rs 17.69 lakhs on studio equipment and STV during 1989-92 was unfruitful.

The Council stated in December 1993 that provision for purchase of this equipment was made under the Eighth Plan. In fact the purchase had been made even earlier in 1989-90. The Council stated that the films were not telecast but only shown to teachers during in-service training. This confirms the fact that the objective of the scheme was not achieved.

d) Misuse of grants-in-aid

During 1989-90, the Government of India approved non-recurring items of expenditure for civil works in DIET, Moti Bagh and sanctioned Rs 2 lakhs for carrying out special repairs and Rs 3.60 lakhs for construction of a new institute building (academic and administrative wing).

Out of Rs 5.60 lakhs received by DIET, Rs 3 lakhs was paid to Delhi Energy Development Agency (DEDA) for construction of a seminar room in November 1990, Rs 2 lakhs was deposited in a bank as a fixed deposit and the balance of Rs 0.60 lakh in current account.

Out of Rs 2 lakhs kept as fixed deposit, a sum of Rs 1.29 lakhs was diverted and paid to Public Works Department in August 1992 for another deposit work. The unspent amount of Rs 1.31 lakhs plus interest of Rs 0.54 lakh was refunded to Directorate of Education in July 1993.

The work of special repairs was done by PWD and the payment was made by the Directorate of Education, Government of NCT of Delhi as the building originally belonged to them. Consequently the amount of Rs 2 lakhs could not be utilised. Placing this amount in fixed deposit was irregular *ab initio* and in contravention of sanction issued by the Government of India in which it was stated that the unutilised amount of grant was either to be refunded or permission was to be obtained for carrying forward the grant to the next year for utilisation for the same purpose.

e) Vehicle utilisation

The Governing Council was the competent authority for sanctioning the purchase of vehicles for SCERT. During the years 1988-89 to 1991-92, the Council had purchased 8 vehicles including a three-wheeler and two 15 seater buses for use by the officers of the Council and DIETs. The records did not indicate whether sanction of the competent authority had been obtained for these purchases.

Six of these vehicles were provided for the use of individual officers of SCERT and DIETs though only one (Director SCERT) of the six officers was entitled to this perquisite.

As five vehicles had been used by unauthorised officers, the expenditure on these vehicles was irregular and recoverable from the officers concerned. The amount of salary and overtime allowance recoverable for vehicles other than the vehicle used by Director SCERT worked out to Rs 5.94 lakhs for the years 1989-90 to 1992-93. The Council had incurred an expenditure of Rs 14.03 lakhs on POL, repairs and maintenance of these vehicles for the years 1989-90 to 1992-93.

The Council had also purchased two fifteen seater buses for two DIETs whereas there was no provision for the purchase of vehicles in the guidelines issued by the Government for the setting up of DIETs and the scale of items approved by it. This deviation has been admitted by the Council in December 1993.

3.1.7 In-service training

a(i) In the Seventh Plan, there were about 30000 secondary and senior secondary teachers working in the schools run by Government of NCT of Delhi. SCERT was required to impart training to 6000 teachers for one month in each year so that every teacher got in-service training once in five years.

It was noticed that none of the teachers were given in-service training for one month during the years 1988-89 to 1992-93. However, the teachers were given training for shorter spells as detailed below during this period.

TABLE 3.1.7.a(i) **. Shortfall in training days in SCERT**

Year	Targets			Achievement			Short fall (in training days)	Percentage Shortfall
	No. of teachers to be trained	Duration of training (in days)	No. of training days	No. of teachers trained	Duration of training (in days)	No. of training days		
1988-89	6000	30	180000	Nil	Nil	Nil	-180000	100
1989-90	6000	30	180000	3658	15	54870		
				1210	7	8470		
						63340	-116660	70
1990-91	6000	30	180000	1730	15	25950		
				537	7	3759		
						29709	-150291	83
1991-92	6000	30	180000	555	15	8325		
				4415	7	30905		
						39225	-140775	78
1992-93	6000	30	180000	5571 (upto July 92)	15	93565	-86435	48
Total			900000			225839	674101	75

Thus, there was overall shortfall of 75 *per cent* in the achievement of targets of training days during the period 1988-89 to 1992-93.

a(ii) DIETs also organised in-service orientation programmes in accordance with guidelines issued by Ministry of HRD.

TABLE 3.1.7.a(ii) **Shortfall in training days in DIETs**

Year	Targets			Achievement			Short fall (in training days)	Percentage Shortfall
	No. of teachers to be trained	Duration of training (in days)	No. of training days	No. of teachers trained	Duration of training (in days)	No. of training days		
1989-90	2400	18	43200	2914	10	31390	-11810	27
1990-91	2400	18	43200	1301	11	14411	-28789	67
1991-92	2400	18	43200	938	15	13680	-29520	68
1992-93	2400	18	43200	1683	15	25245	-17955	42
Total			172800			84726	-88074	51

The overall shortfall in the achievement of target of training days during the period 1989-90 to 1992-93 was 51 *per cent.*

In-service training courses are conducted during summer vacation, i.e., between 15 May to 14 July each year. Thus, the services of faculty members in SCERT were being utilised for two to three months in a year. The staff could have been gainfully utilised throughout the year had SCERT arranged the training curriculum for the whole year instead of summer vacation alone and the shortfall would not have been as high as 75 *per cent* in number of training days.

SCERT and DIETs had also conducted training programmes for elementary teachers under a programme of mass orientation of school teachers, heads of schools, i.e., primary schools, secondary schools and senior secondary schools, functionaries engaged in adult education and non-formal education for the period ranging from one to eleven days.

The Council stated in December 1993 that it was not feasible to conduct training for one month duration and for 6000 teachers each year as targeted and accordingly three weeks training programmes were organised. The reply was not tenable as no action was taken to revise the Plan targets even in the Annual Plan 1993-94. The Council stated in reply that they were considering reduction of training duration.

a(iii) Irregular programme expenses

SCERT and DIETs had been paying Rs 20 per day per teacher to all teachers who attended in-service training programmes during the period 1989-93. As per the guidelines of the Ministry of HRD, Rs 20 per day could be paid only to outstation trainees. The payment of Rs 62.11 lakhs on this account was irregular.

b) Research projects

At the time of inception it was envisaged that the Council would serve as a brains trust in matters of academic policy and research. Although the Council had been conducting research in various areas they were unable to indicate the benefits or tangible achievements of such research.

c) Centre of In-Service Teachers Education

A Centre of In-Service Teachers Education was to be established during the year 1990-91 by the Council. However, the Council stated that this Centre could not come up during the said period (April 1993).

d) Computer Training Centre

In September 1991, SCERT stated that Computer Literacy and Studies in Schools (CLASS) project was not in a position to fulfil the needs of the students, teachers and functionaries engaged in school education. As such, a decision was taken to set up a Computer Training Centre with IBM compatible personal computers along with requisite software to undertake the following work:

- training of teachers in schools where computer courses in vocational stream had already started;
- training of teachers in schools where computer science and vocational courses were proposed to be started;
- training of all levels of functionaries engaged in school education in Delhi to acquaint them with various uses of computers in real life;
- to run short duration certificate courses in various popular word-processing or accounts software applications.

In March 1992, the following computers along with software worth Rs 3.96 Lakhs were purchased by SCERT for the computer training centre.

1.	PC/AT 80386	two	Rs 2.24 lakhs
2.	PC/AT 80286	two	Rs 1.00 lakhs
3.	Dot matrix printers	three	Rs 0.72 lakhs

The Council had not started any certificate or diploma course in computer science as of September 1993. Given the small number of machines acquired and the fact that no software had been purchased, the running of any meaningful programme did not appear to be feasible.

3.1.8 Directorate of Education

a) Non-availability of records

The physical facilities and infrastructure available with the erstwhile SCERT/SIE were transferred to the newly established autonomous Council from December 1988 as per orders of the Director of Education. The records relating to the period 1980-88 were not readily available either with the Council or the Department of Education. The Department stated in November 1993 that efforts were being made to trace these records which would be made available once they had been traced.

b) A sum of Rs 16.40 lakhs was collected by SCERT during the year 1990-91 on account of fees for conducting entrance exams for PGT/TGT @ Rs 50 per candidate but this amount had neither been accounted for in the books of SCERT nor shown in their bank account. Though a decision was taken in July 1991 to transfer the entrance examination fees to Government of NCT of Delhi, no action had been taken by the Council till September 1993.

c) NCERT set up in September 1990 a Computer Resource Centre under CLASS project in SCERT Delhi. Initially, 39 schools were attached to this Centre but 8 of these were withdrawn subsequently. 202 BBC micro-computers were supplied by NCERT with 57 software packages. The Computer Maintenance Corporation was the authorised agency for supplying and maintaining the hardware as well as software under this project. Though the Council clarified in December 1993 that computer classes were being held, the Centre was not able to show any records which would indicate the utilisation of these computers in the schools.

3.1.9 Monitoring and evaluation

At the time of inception it was envisaged that the Government of NCT of Delhi would appoint one or more persons to review the work and progress of the Council and to hold enquiries into the affairs of the Council and report the results. However, no such review Committee had been set up as of September 1993.

The above points were referred to Ministry of Home Affairs in November 1993; their reply is awaited as of December 1993.

3.2 Vocational Education Scheme

3.2.1 Introduction

The recommendations for educational reconstruction given by the Education Commission (1964-66) were adopted by the Government of India in the National Policy on Education, 1968 (NPE). As part of implementation of this policy, vocational education was introduced at the *plus two* stage in the schools under Government of NCT of Delhi from the academic year 1977-78 along with the introduction of ten *plus two* system of education.

The main objectives of the scheme were to link education with productivity, to make students more employment worthy and capable of self or wage employment, to familiarise students with technical knowledge and skills to meet the demand for skilled manpower.

3.2.2 Scope of audit

The implementation of the ensuing plan scheme during the period 1988-89 to 1992-93 was test-checked by Audit in July-September 1993 with reference to records in the Vocational Education Branch of the Directorate of Education (Directorate) and 23 schools. The important findings of Audit are set out in the succeeding paragraphs.

3.2.3 Highlights

- **During the Seventh Plan the Directorate spent only 38 *per cent* of the funds earmarked for promoting vocational education in Delhi. During the subsequent three years 1990-93 though the expenditure was 80 *per cent* of the allocation, a major part of the expenditure was on purchase of equipment. As a result the targets for opening new sections and courses and enrolment of students for vocational education could not be achieved.**

- **The Directorate was also responsible for the implementation of a parallel Centrally sponsored scheme "Vocationalisation of Education" but no efforts were made to get the reimbursement from Central Government, or widen the scope of the scheme.**

- **Against the target of 15 *per cent* diversification of higher secondary students to the vocational stream upto 1992-93, only 6 *per cent* of the target could be achieved.**

- **Adequate management and monitoring systems as contemplated in the scheme had not been provided resulting in faulty implementation.**

- **Two essential sub-units of the scheme, viz., vocational survey cell and academic cell had not been established.**

- **Introduction of vocational courses without proper survey or planning resulted in**

non-commencement or closing down of 84 approved courses in 54 schools. In most of the schools test-checked in Audit, the enrolment was below 10 as against the envisaged intake of 20 to 25 students.

- **Equipment worth Rs 50.86 lakhs purchased for starting the "Air-conditioning and Refrigeration Course" in 5 schools were lying idle without installation. The course had been started in only one school from 1992 without the plants being installed. More than half the amount spent on purchase of equipment of tools for this course were not as per CBSE prescribed list.**

- **Machinery and tools worth Rs 13.91 lakhs were purchased in 1991-92 and 1992-93 for 5 District Vocational Training Centres though these centres had not been established.**

- **Due to non-finalisation of recruitment rules for teachers the vocational courses were being carried on with part-time teachers with obvious adverse effects.**

- **No steps had been taken either at the school level or at the management level for linkage with industries for training and placement of students.**

3.2.4 Organisational set up

The plan scheme 'Vocational Education' was implemented by the Vocational Education Branch of the Directorate of Education (Directorate) through Government and Government aided senior secondary schools. The curriculum for the vocational courses was provided by the Central Board of Secondary Education (CBSE).

3.2.5 Financial management

The Directorate submitted a proposal of Rs 531 lakhs for the Seventh Plan against which the Government of NCT of Delhi allotted Rs 230 lakhs. During the Eighth Plan the funding was substantially stepped up to Rs 1000 lakhs.

The entire expenditure on this scheme is met from plan funds. The year-wise details of budget allocation and expenditure incurred on the implementation of the scheme for the period 1985-86 to 1992-93 are as under:

Table No. 3.2.5			
			(Rupees in lakhs)
Year	**Allocation**	**Expenditure**	**Savings**
1985-90	230	87	143
1990-91	75	62	13
1991-92	121	121	nil
1992-93	150	131	19
Total	**576**	**401**	**175**

During the Seventh Plan, the Directorate could spend only 38 *per cent* of the plan funds provided for the scheme. The expenditure was mainly on salary, wages and honorarium of part- time staff for which Rs 79.87 lakhs were released. Actual expenditure figures were not available with the Directorate. Though the Seventh Plan provided for strengthening the infrastructure of vocational education by providing administrative supervision cell, vocational survey cell and academic cell, no initiative was taken to set up these cells. The Eighth Plan proposal reiterated the need for providing infrastructure; against an allotment of Rs 346 lakhs during 1990-93 the expenditure was Rs 314 lakhs (80 *per cent*). The major expenditure was accounted for by the purchase of equipment worth Rs 142.75 lakhs.

The Directorate confirmed the above facts in their reply of December 1993.

a) *Ad hoc* release of funds and non-reconciliation of expenditure

Out of the annual budget allocation under the scheme, the Directorate provided funds to schools for the purchase of non-consumable items, raw materials, contingencies and also for payment of salary to the part-time teachers. This was done on an *ad hoc* basis and not based on any demands from the schools. The Directorate stated in December 1993 that the necessary norms for the supply of equipment and raw-materials were being framed in consultation with the Finance Department.

In the absence of a proper system the details of actual expenditure by the schools were also not available with the Directorate. They accepted the expenditure figures booked and no reconciliation was ever done with the records of the schools.

b) Physical achievements

According to NPE (1986), the vocational education programme was to cover 10 *per cent* of higher secondary students by 1990 and 25 *per cent* by 1995.

In order to achieve this target, the Government of NCT of Delhi planned to divert 15 *per cent* of higher secondary students to the vocational stream by 1992-93. The Directorate had at no stage worked out the actual coverage as they had no information regarding annual enrolment under vocational stream. According to the results declared by CBSE for the year 1993, 2900 students appeared under the vocational stream against 48000 appearing in the general stream, which would indicate an achievement of 6 *per cent* against the targeted 15 *per cent* upto 1992-93.

The details of physical achievements *vis a vis* the targets fixed during 1988-89 to 1992-93 as furnished by the Directorate are as follows:-

Table 3.2.5 (b)

	Particulars	Annual targets for	Achievement			Annual targets for	Achievement	
		1988-91	1988-89	1989-90	1990-91	1991-93	1991-92	1992-93
1	No. of schools to be added	20	21	17	15	50	24	13
2	No. of sections to be opened	50	57	41	18	100	32	19
3	Enrolment	500	627	460	102	2000	211	310

The above data furnished by Directorate could not be verified from the records of the Directorate.

From the above table it is clear that the Directorate could only achieve the target of covering the schools, opening of sections, and enrolment of students by utilising 38 *per cent* of plan funds during Seventh Plan. However, the necessary infrastructure for proper implementation of the scheme could not be created. During the subsequent years, i.e. 1990-93, the Directorate utilised as much as 80 *per cent* of the allotted funds but the achievement in coverage of schools, opening of sections and enrolment was very poor. In many schools, the courses could not be started or were closed due to lack of infrastructure. This was due to the fact that out of an allotment of Rs 346 lakhs during 1990-93 Rs 142.75 lakhs was spent only on the purchase of equipment. Thus, due to faulty planning and implementation of the scheme, there was shortfall ranging from 80 to 90 *per cent* in the achievement of targets for enrolment of students in vocational stream during 1990-93. The Directorate admitted this shortfall in December 1993 and stated that the shortfall in the physical targets was due to the non-provision of regular teachers and lack of supporting staff.

The Directorate also admitted the following shortcomings in the implementation of the scheme in the Eighth Plan proposal:

- lack of regular teaching staff for vocational subjects in schools;

- adequate management system had not been provided for implementation and monitoring the scheme;

- no opportunities were identified for self-employment or service for the students completing these courses;

- insufficient linkage with various industries for training and placement of students;

- lack of mass-media and other support for educating parents and students regarding the scheme and

- lack of text material.

It was observed during the course of Audit that nothing had been done so far to remove these bottlenecks.

3.2.6 Non-utilisation of Central funds

The Directorate was also responsible for the implementation of a parallel Centrally sponsored scheme "Vocationalisation of Education" under which 10 schools with 40 sections were approved in 1987-88. The Central Government was to bear 100 *per cent* cost of purchase of non-consumable items, 75 *per cent* of expenditure on staff in vocational schools, and 50 *per cent* of expenditure on other management staff. The Finance Department while considering the creation of posts under plan scheme, observed in December 1990 that the Centrally sponsored scheme was more elaborate and useful if implemented in toto. The Planning Department had also held that the major objectives of providing vocational education both under the Centrally sponsored schemes and State plan schemes were similar and as such the Department should try to get maximum benefit from the Centrally sponsored scheme and reduce the burden on State plan funds. It was noticed that no efforts were made to increase the number of schools covered under the Centrally sponsored scheme in order to reduce the burden on the State plan. The Directorate provided funds to the extent of Rs 56 lakhs.

The Directorate stated in July and December 1993 that the details of actual expenditure against the funds allotted were yet to be collected from the concerned schools and the Central share of expenditure as per the norms of the Centrally sponsored scheme could be recovered only when such figures were available.

3.2.7 Infrastructure and monitoring

a) The scheme as approved by the Standing Finance Committee in February 1987 provided for setting up of an administrative and supervision cell in order to coordinate and monitor the needs of the scheme and to implement it effectively in the schools. For this the following posts were proposed to be created:-

Dy. Director (Vocational Education)	1
Assistant Director (Vocational Education)	2
Senior counsellor	4
Counsellor	4
Junior counsellor	4
Technical assistant	4
Other ministerial Staff	18

Government of NCT of Delhi sanctioned only one post of Dy. Director (Vocational Education) under the management cadre and 14 posts of ministerial staff in February 1991. The post of Dy. Director (Vocational Education) has not been filled so far as the recruitment rules for the posts were still to be finalised.

b) The Directorate had not evolved any system for monitoring the scheme at the school level where it was being implemented. During the course of Audit it was seen that in order to monitor and effectively implement the scheme, the Directorate purchased one computer (Super AT) system in October 1990 at a cost of Rs 1.91 lakhs. The computer system was installed in the Directorate of Education at Old Secretariat instead of Vocational Branch. No authorisation for diversion of equipment was produced to Audit. Moreover no evaluation of the programme has been conducted as of September 1993 though the programme has been in operation for more than fifteen years.

c) District vocational cells were to be created in the first year of the Seventh Plan to conduct regular surveys to assess the suitability of the existing courses so as to modify them as per needs and requirements of the community. The posts sanctioned under the scheme were not filled; as a result vocational survey could not be conducted.

d) The scheme provided for the creation of an academic cell in the first year of the Seventh Plan to develop curriculum material, organise orientation courses for the teachers. The cell had not been established. The Directorate stated in December 1993 that this cell would now be a part of the State Institute of Vocational Education which has been provided for in the Eighth Plan.

3.2.8 Implementation

a) A scrutiny of files regarding selection of institutions for introduction of vocational courses showed that the courses were being introduced in Government and Government-aided schools at random without proper survey or planning with regard to the availability of sufficient accommodation and sufficient enrolment at the secondary stage to be able to provide desired intake of students (20 to 25) in each vocational course. Thus out of 248 courses approved for introduction in 147 schools upto 1992-93, as many as 84 courses in 54 schools had not been started or were closed down due to above reasons.

Further scrutiny of the records of 7 out of 23 schools test-checked showed that the enrolment in most of the schools was below 10 for each vocational course during the period 1988-89 to 1991-92.

The Directorate stated in December 1993 that strict instructions were issued to the schools to ensure that enrolment was as per norms.

a(i) Procurement of equipment

During the period 1988-89 to 1992-93, the Directorate purchased equipment worth Rs 142.75 lakhs for vocational courses out of which equipment costing Rs 136.73 lakhs were purchased during the period 1991-93. Most of the purchases related to engineering courses which accounted for an expenditure of Rs 104.17 lakhs (76.35 *per cent*).

A scrutiny of files relating to the requirement of funds revealed that out of the total annual budget allocations, the Directorate obtained lump sum sanction for purchase of equipment for various vocational courses without indicating the details of equipment to be purchased.

The syllabi and the list of tools and equipment has been laid down by CBSE for each vocational course. The Directorate floated a notice inviting tenders (NIT) in October 1988 for making purchases relating to the "Air-conditioning and Refrigeration Technology" course as prescribed by CBSE. The cost of each set of equipment as per the lowest tender worked out to Rs 2.41 lakhs. As these tenders were incomplete they were not accepted by the purchase committee and fresh tenders were invited in March 1989, February 1990 and March 1990 without any results. Thereafter, in December 1990 the Directorate floated a fresh NIT for purchase of equipment other than those prescribed by CBSE. There were no orders of any competent authority or expert committee on record for purchase of equipment other than those prescribed by CBSE. The Directorate purchased 5 sets of equipment at a cost of Rs 50.86 lakhs during 1991-93.

The Directorate stated (September 1993) that the items of equipment and tools for the "Air-conditioning & Refrigeration Technology" course had been purchased in accordance with the list of equipment prescribed by the National Council of Vocational Trade (NCVT) for "Craftsmen Training Scheme" under Ministry of Labour as the list of equipment prescribed by CBSE was not adequate.

The Directorate further stated in December 1993 that the list of equipment and tools prescribed by NCVT was more suited to their requirements than that of CBSE. This reply is not tenable as the Directorate did not have any discretion in this respect under the scheme which provided only for CBSE syllabus.

Moreover purchases included equipment and tools worth Rs 10.07 lakhs which were not even prescribed in the syllabus for this course under the Craftsmen Training Scheme. Out of Rs 10.07 lakhs an amount of Rs 7.60 lakhs was incurred on the purchase of 95 capacity analysers direct reading (0-500 mfd). The Directorate stated (December 1993) that the capacity analysers were in the list of equipment prescribed by NCVT for Air-conditioning and Refrigeration Technology. The reply of the Directorate is not tenable. Although this item of tools was included in the list of tools prescribed under Craftsmen Training Scheme in 1982, this item was not included in the list of tools as revised in 1990 for the scheme. Moreover, the Directorate purchased 95 capacity analysers for five schools at a cost of Rs 7.60 lakhs instead of one for each school as prescribed in the list of tools -1982.

For inspection of the equipment and to ensure that it conformed to the prescribed specifications, the Directorate of Education constituted, in March 1988 a sub-committee consisting of the principals of concerned vocational schools, Officer-in-charge (Vocational Education) and subject expert of the concerned course. The sub-committee could not function. A scrutiny of purchase vouchers showed that in respect of equipment worth Rs 142.75 lakhs, the certificate of being received in good condition was recorded on the body of the bills by the head clerk of the Directorate.

All the equipment purchased centrally by the Directorate were to be received in the respective schools after proper inspection. Instead they were received in the Directorate and taken on their stock register. A test-check of stock registers maintained in the Directorate showed that these were not maintained properly. None of the entries were attested by any responsible Officer. The schools had acknowledged receipt of equipment worth Rs 4.93 lakhs only.

The Directorate stated (September and December 1993) that the remaining equipment worth Rs 137.82 lakhs had been delivered to schools but could not be taken on stock by these schools because there was no competent person to take over the stock.

a(ii) Blocking of funds

The Directorate purchased equipment costing Rs 50.86 lakhs during 1991-92 and 1992-93 for the Air-conditioning and Refrigeration Technology course in five schools.

Scrutiny of records in five schools showed that the Air-conditioning and Refrigeration Technology course was started only in one of them from the academic year 1992-93 and, even in this school, the equipment had not been installed as of September 1993. In two schools, the equipment provided for the course was not taken on stock and was lying without proper storage for the last one year. It was further noticed that the equipment purchased for this course included costly plants like cold storage plant costing Rs 1.80 lakhs and Air-conditioning plant worth Rs 1.40 lakhs for each school which required installation in specially constructed workshops or sheds. The capital works branch of the Directorate had not placed any orders on the Public Works Department for the construction of workshops or sheds. These equipment were guaranteed for one year from the date of supply as per the agreement. Under the circumstances, these guarantees would not be available to the Directorate in case of need.

Thus, equipment purchased for this course worth Rs 50.86 lakhs was lying idle. The Directorate stated in December 1993 that efforts were being made to start these courses in the schools and equipment would be utilised.

The decision to set up five district vocational training centres, one for each district, to provide technical expertise and advanced training to the students and teachers of vocational schools was taken in March 1993. However, the Directorate had purchased workshop machines and tools worth Rs 13.91 lakhs between 1991-93 for these centres. It was noticed that neither the workshops/sheds nor the required staff for the establishment of district vocational training centres was provided so far and the equipment purchased was lying idle in the vocational branch.

The Directorate stated in December 1993 that in March 1993 only the schools where DVTCs were to be opened could be identified. The provision to set up these centres already existed in the Eighth Plan. The reply is not tenable as there was no justification for the purchase of workshop machines and tools before selecting the schools and providing necessary workshop sheds and staff.

a(iii) Stores lying idle

In addition to the equipment provided centrally by the Directorate, funds were also allocated annually to the Government and Government aided schools for the purchase of stores and library books for running vocational courses. It was noticed that 84 vocational courses sanctioned for introduction in 54 schools were either not started or were discontinued. As such, the Directorate was asked to make available, a list of items of stores provided to these schools centrally or purchased by the schools during the last five years out of the funds allotted by the Directorate. No such information was available with the Directorate. However, during the test-check of records of 23 out of 147 selected schools it was seen that stocks worth Rs 5.48 lakhs were lying surplus/idle in 5 schools where courses were not started or discontinued due to poor response from the students.

The Directorate stated in December 1993 that the details of such items were being obtained for transfer to other schools where these could be utilised

a(iv) Diversion of funds

It was observed that in the case of computer technology vocational course, the hardware prescribed by CBSE was 8088-2 CPU based micro-computer with 640 KB main memory. The Directorate purchased 12 micro-computers at a cost of Rs 1.92 lakhs in March 1991. Subsequently, the Directorate purchased 20 PC/XTs in March 1992, August 1992 and March 1993 for the course at a rate of Rs 39000 instead of the micro- computer which was quoted at Rs 26000, at a total cost of Rs 7.80 lakhs. Out of these, equipment costing Rs 4.64 lakhs were given to other organisations and officers not connected with the vocational computer course.

The Directorate stated in December 1993 that the computer systems issued to the various Branches/Officers were being taken back for utilisation under the Vocational Education Programme.

b) Staff

b(i) Non-provision of regular teachers

It was noticed that though the programme of vocational education was introduced in 1977-78, it was still being executed with the help of part-time teachers. The Standing Finance Committee emphasised in February 1987 that the programme would be incomplete if qualified teachers were not provided in the schools for inculcating skills in the subjects. The scheme provided for appointment of 1405 regular teachers for the vocational courses during the Seventh Plan in a phased manner but no regular teachers excepting for insurance courses had been appointed. The Directorate stated in December 1993 that the recruitment rules for the appointment of regular teachers had still not been finalised.

b(ii) Non-establishment of State Institute of Vocational Education

The annual plan 1992-93, provided for the establishment of a State Institute of Vocational Education (SIVE) to provide academic inputs to the vocational education programme like development of curriculum, textual material, resource material and also for conducting in-service teacher training programme. The setting up of SIVE was considered necessary as SCERT (State Council Of Education and Research Training) did not have adequate infrastructure and qualified personnel to look after the interest of the vocational education programme. The Directorate stated that the proposal to set up SIVE had been sent and was under consideration of Government of NCT of Delhi.

b(iii) Recruitment of laboratory assistants

The Education Department sanctioned 81 posts of laboratory assistants from 1988 to 1991 for various vocational courses under this scheme. The recruitment to these posts was held up due to non-finalisation of recruitment rules which were approved only in January 1992 for nine out of 13 courses.

The Directorate recruited 46 laboratory assistants for various vocational courses during January and February 1993 out of which seven were posted in the schools where courses requiring laboratory assistants were not being conducted. Further, seven laboratory assistants were posted in seven other schools, where engineering courses were in operation but workshops or sheds had not been provided to utilise the services of the laboratory assistants. Thus, the expenditure on pay and allowances of laboratory assistants in these schools amounting to about Rs 2 lakhs as of September 1993 proved infructuous.

The Directorate stated in December 1993 that construction of workshop sheds was being taken up where required. They also stated that seven laboratory assistants were being utilised for setting up of laboratories. This reply is not tenable because none of these schools had workshop sheds where laboratories could have been set up.

c) Courses

c(i) Non-implementation of non-formal vocational programme

NPE 1986 provided for non-formal, flexible and need based vocational programmes besides the formal courses at *plus two* stage being made available to neo-literates, youth who had completed primary education, school drop-outs, persons engaged in work and unemployed or partially employed persons. The programme of action document issued by the Ministry of HRD for implementation of NPE (1986) also envisaged that vocational institutions, selected senior secondary schools and special institutes would engage themselves in imparting vocational education through non-formal programmes in the rural and unorganised sector in a phased manner.

The Directorate formulated a scheme for introduction of 25 identified courses which was approved in November 1989. The scheme provided that the curriculum in respect of these courses would be designed by conducting workshops involving experts from the relevant fields.

In the Eighth Plan (1992-97) it was proposed to introduce non-formal vocational education programmes at 20 centres each year for which additional staff was proposed.

It was noticed that though more than 3 years had lapsed since the approval of the programme, even the curriculum for the 25 identified courses had not been designed for implementation of the programme.

The Directorate stated in December 1993 that the delay was due to the fact that the management structure to implement even the formal programme was not provided.

c(ii) Para-medical vocational courses

The Seventh Plan document laid special emphasis on para-medical and technological courses. It was observed that no action was taken at the State level for the development of syllabus and instructional material for para-medical courses during the Seventh Plan period. Ministry of Education had set up a committee in 1990 to work out the modalities and arrangements for starting health related vocational courses at *plus two* level. The committee decided that 4 courses namely auxiliary nurse or midwife, laboratory technician, X-ray technician and ophthalmic technician for which the necessary syllabus and curriculum had been prepared by

CBSE from the academic year 1991-92, should be started in a few schools.

The Directorate introduced X-ray technician and laboratory technician courses only in two schools from the academic session 1991-92.

In June 1992 the Directorate proposed to introduce health related vocational courses in 15 minority area schools and 47 other schools during the session 1992-93, but no action was initiated to identify the collaborating hospitals and institutions for starting health related courses in these schools.

The Directorate stated in December 1993 that efforts were being made to start para-medical courses in more schools in consultation with the Medical Department and hospitals.

c(iii) Engineering courses

In the Seventh Plan, it was also proposed to introduce technological vocational courses in schools. Accordingly the following engineering courses were introduced in 14 schools in 1988:-

- Air-conditioning and Refrigeration Technology
- Automobile Technology
- Electrical Technology
- Electronic Technology
- Computer Technology

It was noticed that results of the examination held in 1990 for the first batch of students in these courses were very poor. The reasons for the poor performance were inadequate facilities of full-time teachers and proper workshops.

With a view to providing a solution to these problems, a meeting was held under the chairmanship of Chief Secretary in June 1990 in which it was decided that:-

- The Directorate of Education would make arrangements for setting up of a workshop by July 1990

- Posts of full time teachers would be created and the recruitment rules for filling up the posts would be expedited.

It was noticed that neither the workshops nor regular teachers were provided for these courses with the result that 11 out of 14 schools had discontinued the courses from 1990-91 onwards.

The Directorate stated that as of December 1993 most of the equipment required for the engineering courses had been purchased and the recruitment of the regular teachers was under process.

d) Non-development of school-industry linkage

The programme of action document of the Government of India on NPE (1986) had emphasised the strategy of developing linkages between schools and industries for effective and cost free implementation of vocational programmes. NCERT which was assigned the task of developing a large number of guidelines for effective implementation of the vocational programmes, brought out in 1987 a document on "Guidelines for Developing School-Industry Linkage".

The guidelines, *inter alia* provided the following preliminary steps to be taken by Heads of *plus two* institutions:-

- Developing awareness about different issues.

- Selecting vocational courses on the basis of needs assessment.

- Identifying the collaborating institutions .

- Identifying liaison agencies.

The guidelines also listed the role of the management structure in developing school-industry linkage. Test-check of records of selected schools and Vocational Branch showed that no steps had been taken either at the school level or at the management level in this direction.

The Directorate stated in December 1993 that the heads of institutions were being asked to take necessary steps for developing the school-industry linkage in accordance with the guidelines issued by NCERT.

e) Non-amendment of Recruitment Rules

As per the scheme, the Government of NCT of Delhi was to review the recruitment policies and rules of recruitment in the Government and quasi-Government institutions, public and private sector were to be amended to provide a clear preference for the graduates of the vocational stream. It was noticed that no action had so far been taken for the amendment of the recruitment rules and policies for various categories of posts under Government of NCT of Delhi except for the post of laboratory assistant to be provided in the vocational training institutions.

The Directorate stated that as of December 1993 the review of recruitment rules for various posts to accommodate *plus two* vocational graduates had been taken up with the Services Department of Government of NCT of Delhi.

The points were referred to the Ministry of Home Affairs in October 1993; their reply has not been received as of December 1993.

3.3 Idling of funds

In March 1989, DDA informed the Sahitya Kala Parishad that it had decided in principle to allot a piece of land at an approximate cost of Rs 30 lakhs for the construction of an auditorium and that the exact location would be intimated at a later date. The Parishad paid a sum of Rs 9.90 lakhs in March 1989 to DDA without ascertaining the exact location and measurement of the plot to be allotted. Subsequently, in July 1989, DDA decided to allot a 1600 sq m plot at District Centre, Bhikaji Cama Place at a cost of Rs 26.65 lakhs. The Parishad paid the balance amount of Rs 16.75 lakhs to DDA in January 1990 and the plot was allotted to Parishad in May 1990. When the Secretary of the Parishad and the Junior Engineer of DDA arrived at the site in October 1990 for taking possession of the plot, it was seen that the plot was encroached by slum dwellers.

The Parishad took up the matter in September 1991 with the Vice-Chairman of DDA for early possession of the plot. The VC suggested allotment of an adjacent plot in September 1991. DDA sold the second plot in March 1993 in the open market through auction. In July 1993, at the instance of Audit, the Parishad requested DDA for the refund of the amount deposited along with interest at the rate of 18 *per cent per annum*.

DDA refunded the entire amount of Rs 26.65 lakhs in September 1993 without interest.

The Parishad released payments of Rs 26.65 lakhs to DDA without ascertaining whether the land was available without encumbrances, as a result the entire amount remained unutilised for more than three years and the objective of setting up a cultural centre in South Delhi could not be achieved.

The matter was referred to the Ministry of Home Affairs in September 1993; their reply is awaited as of December 1993.

Technical Education

3.4 Craftsmen and Apprenticeship Training Programmes

3.4.1. Introduction

Directorate of Training and Technical Education, Government of NCT of Delhi (Directorate) organises two training programmes, one for craftsmen and another for apprentices. The craftsmen training scheme for imparting vocational training in order to help trainees secure suitable employment was started in Delhi in 1956. By 1993, training was being imparted in 50 engineering and non-engineering trades through 13 Industrial Training Institutes (ITIs) with total intake capacity of 7996 trainees (1992-93).

The apprenticeship training scheme for utilising training facilities available in industry to meet the requirements of skilled workers in industries was started in 1963 under the Apprenticeship Act, 1961. Training in 44 trades was being imparted through a Basic Training Centre (BTC), the existing ITIs and industrial establishments.

3.4.2 Expenditure

The expenditure during Seventh Plan (1985-90) and the annual plans 1990-91, 1991-92 and the first year of Eighth Plan was as detailed below:

Table 3.4.2						
						(Rupees in lakhs)
Years	Expenditure					
	Capital	Pay and allowances	Machinery and equipment	Material and supply	Miscellaneous.	Total
Seventh Plan (1985-90)	290.30	1453.06	158.03	135.10	250.02	**2286.51**
1990-91	61.38	396.34	92.45	35.81	68.59	**654.57**
1991-92	47.66	436.75	41.03	42.12	87.33	**654.89**
1992-93	161.63	489.13	45.78	26.09	90.30	**812.93**
Total	**560.97**	**2775.28**	**337.29**	**239.12**	**496.24**	**4408.90**

3.4.3 Targets and achievements

The following table indicates the targeted number of seats for trainees provided for in the Seventh Plan (1985-90) and the achievements there against:

Table 3.4.3			
Trades	Targeted increase	Achievements	Percentage shortfall
Craftsmen	1880	668	64
Apprentices	1702	203	88

3.4.4 Organisational set up

The Directorate is headed by a Director who is assisted by a Deputy Director, 4 Assistant Directors, 3 Industrial Liaison Officers and a Training Evaluation Officer. A Deputy Apprenticeship Advisor looks after the various aspects of implementation of the Apprenticeship Act. The following table indicate the sanctioned/existing strength of various teaching and non-teaching staff as on March 1993.

Table 3.4.4		
Description	Number of posts	
	sanctioned	occupied
Principals	14	9
Vice-principals	6	2
Teaching staff	777	646
Non-teaching staff	448	379

Thus, there is a shortage of teaching staff to the extent of 17 *per cent* and of non-teaching staff to the extent of 15 *per cent.*

3.4.5 Scope of audit

Implementation of the schemes was reviewed in Audit during February-June 1993 by conducting a test-check of the records of the Office of the Directorate of Training and Technical Education, Government of NCT of Delhi and 6 Industrial Training Institutes and the Basic Training Centre.

3.4.6 Highlights

- **Three new institutes were opened during the Seventh Plan period even while serious deficiencies of tools and equipment persisted in the 11 existing institutes.**

- **Norms for the purchase of training material fixed in 1981 had not been revised subsequently.**

- **Delay in the construction of buildings for three ITIs resulted in cost escalation of Rs 210 lakhs apart from avoidable expenditure of Rs 7.02 lakhs on rent.**

- **Capacity was increased by 1504 seats during 1985-92 without assessing the employment avenues.**

- **Due to inadequacies in surveys conducted there was only a marginal increase (4608 in 1985 to 4954 in 1993) in the number of seats for apprenticeship training. 23 *per cent* of the identified seats remained unutilised in 1992-93.**

- **Despite heavy drop-outs training in certain unpopular trades continued. New trades suggested by the Central Apprenticeship Council six years ago were yet to be taken up.**

- **An Advanced Vocational Training Centre sanctioned in 1983 started functioning only in 1990.**

- **Rs 6.28 lakhs were spent on coaching-cum-guidance facilities in stenography for the SC/ST students but only 5 students out of a targeted 240 completed the training.**

3.4.7 Deficiencies in resources

a) Inadequate machines and tools

Out of the 14 institutes imparting training in 34 engineering and 16 non-engineering trades, nine were set up during 1956-79. An internal review by the Directorate in 1988-89 revealed that eighty *per cent* of the machinery provided was old and obsolete; Rs 800 lakhs would be needed for replacement of machinery in respect of 8 institutes.

A committee constituted by the Directorate suggested in 1989, purchase of certain modern tools and equipment not included in the standard tools list (STL) at an estimated cost of Rs 1063 lakhs.

The Directorate was provided Rs 422 lakhs during 1988-93 of which it was able to spend Rs 390 lakhs on the acquisition of modern machinery and replacement of old and obsolete equipment.

Complete details of machinery and equipment actually available against what was provided in STL was not available with the Directorate or the Institutes. As per the information available with the five institutes test-checked by Audit in June 1993 it was seen that against what was provided in STL there were shortages of machinery and tools as follows:

	Name of the trade	ITI								BTC		Average Shortage	
		AKS*		Pusa		Shahdara		Tilak Nagar		Pusa			
		Equip	Tools	Equip	Tools	Equip	Tools	Equip	Tools	Equip	Tools	Equip	Tools
		(Percentage shortfall)											
	Engineering												
1.	Electrician	93	72	100	87	58	76	82	3	–	–	93	77
2.	Mech. Electronics	77	93	25	52	76	77	34	15	64	40	63	56
3.	Mech. Refr.& AC	78	84	61	80	54	75	25	14	86	75	63	74
4.	Fitter	47	50	58	84	93	71	43	39	17	49	80	64
5.	Machinist	80	86	–	–	20	32	15	13	–	–	58	58
6.	Turner	55	25	49	84	–	–	18	19	–	–	48	60
7.	Welder	–	78	60	84	75	67	92	11	–	–	72	70
8.	Mech. Tractor	–	–	44	87	62	93	–	–	–	–	54	91
9.	Mech. Diesel	–	–	81	88	43	80	–	–	–	–	77	85
10.	Mech. Scooter & Auto cycle												
	Non-Engineering												
11.	Data Preparation & Computer Software	–	–	36	–	–	–	–	–	–	–	36	–
12.	Stenography	44	–	–	96	56	57	–	–	–	–	15	97
13.	Cutting & Tailoring	36	78	–	–	12	26	30	72	24	31	26	45

Table 3.4.7. (a): Percentage shortfall

* *Arab-ki-Sarai*

It will be seen from the above table that there were shortages of machinery and tools upto 93 *per cent* and 91 *per cent* respectively in 10 engineering trades and upto 36 *per cent* and 97 *per cent* in 3 non-engineering trades.

Directorate stated in November 1993 that STL for many of the trades had not been revised by the Directorate General of Employment and Training (DGE&T) for quite some time, it contains many items of tools and equipment which are considered as obsolete and that such items are not provided to the trainees.

Even though there were serious deficiencies of machines and tools in the existing institutes, 3 new ITIs, with a total seating capacity of 660 candidates, were opened during 1985-90. In addition, seating capacity of the existing institutes was also increased by 844. Out of 3 institutes opened during 1985-90, shortages in 2 of them were upto 50 *per cent* in equipment and upto 71 *per cent* in tools (March 1993).

In spite of shortages it was found in Audit that out of audio-visual equipment of Rs 4.82 lakhs provided to three institutes to enhance the effectiveness of vocational instructors, equipment costing Rs 2.12 lakhs had not been put to any use by two institutes (ITIs in Shahdara Rs 1.61 lakhs and Arab-ki-Sarai Rs 0.51 lakh).

In another institute (Pusa) two machines worth Rs 5.39 lakhs were lying unutilised for more than two years for want of repairs. Directorate stated in November 1993 that the machines have since been made operational after necessary repairs.

b) Shortages in raw material

Norms laid down by DGE&T in 1981-82 provided for Rs 625 per trainee *per annum* for engineering trades and Rs 505 per trainee *per annum* for non-engineering trades to cover the cost of consumables, training material and electricity and water charges. These norms were not revised subsequently.

A test-check in Audit of 6 institutes revealed that the requirements assessed by the institutes on account of raw material were not based on these norms. The Directorate, however, could not meet even these requirements. The shortfall ranged upto 44 *per cent* during 1990-93 as under:-

Table 3.4.7.(b) Shortfall in raw material

(Rupees in lakhs)

Name of the Institute	Amount assessed			Amount sanctioned			Actual Expenditure			Percentage shortfall
	1990-91	1991-92	1992-93	1990-91	1991-92	1992-93	1990-91	1991-92	1992-93	
ITI Arab-ki-Sarai	5.55	4.99	8.90	3.83	4.72	2.33	3.66	3.87	2.49	44%
ITI Narela	1.72	3.35	1.71	1.26	2.50	1.10	1.48	2.44	1.86	28%
ITI Tilak Nagar	2.50	2.38	2.32	2.20	1.71	0.98	2.10	1.35	1.39	32%
ITI Pusa	3.51	4.63	3.96	3.78	3.83	2.67	4.45	4.07	2.37	15%
ITI Shahdara	4.61	3.90	3.02	4.15	3.67	2.41	3.45	3.71	2.19	11%
ITI Jaffarpur	1.84	2.59	1.53	1.54	1.30	0.92	0.95	1.34	0.95	37%
Total	19.73	21.84	21.44	16.76	17.73	10.41	16.09	16.78	11.25	29%

The Directorate admitted in June 1993 that due to shortage of funds the requirements of institutes could not be met, and that to meet the shortages of material certain preliminary exercises meant for the trainees were being skipped. Such shortages curtail the scope of preliminary exercises for the trainees which would adversely affect the programme.

In spite of heavy shortages, raw material and tools worth Rs 2.81 lakhs purchased during 1985-92 were lying unutilised with four institutes. In addition, stores worth Rs 7.72 lakhs were reported to have been embezzled in four institutes during 1975-90. In a case involving embezzlement of Rs 4.66 lakhs, the services of a storekeeper were terminated in December 1990 and in another case involving Rs 2.46 lakhs the storekeeper was charge-sheeted in December 1990. The cost of stores embezzled (Rs 7.12 lakhs) in these cases was yet to be recovered. In two other cases involving embezzlement of Rs 0.60 lakh, action against the defaulters was yet to be initiated as of December 1993.

c) Untrained instructors

The training staff comprises craft instructors, supervisor instructors and foreman instructors. Preference was to be given to the candidates who had completed training in the Central Training Institute (CTI) or the Advanced Training Institute (ATI). Untrained Instructors, if appointed, had to undergo this training as and when deputed.

As per information received from 7 institutes, out of 359 instructors 60 *per cent* had not received any advanced training in the CTI/ATI.

d) Delayed construction of buildings

Of the 14 institutes (13 ITIs and one BTC), 11 had their own buildings, 2 were functioning temporarily in other government buildings, and one in a rented building. A test-check in Audit of the records relating to construction of buildings for the four institutes (3 ITIs and one BTC) revealed that there was considerable delay in construction of the buildings for the institutes which deprived 3892 students of training facilities till 1993 although there was high demand for the facilities in NCT of Delhi. Besides, the delay resulted in cost escalation of Rs 209.53 lakhs apart from avoidable expenditure of Rs 7.02 lakhs on rent as discussed below:-

d(i) Construction of ITI at Khichripur

A plot of 5 acres of land in Khichripur was allotted by DDA in February 1981. A boundary wall around this site was constructed by PWD in 1982. For construction of the building, an estimate of Rs 104.87 lakhs, submitted by PWD in November 1982, was approved by the Directorate in December 1982. The estimate was revised by PWD in June 1984 to Rs 136.37 lakhs on the plea that the original drawings which were the basis for the first estimate were not approved by the Delhi Urban Art Commission (DUAC). Again in January 1986, the estimates were revised by PWD to Rs 172.26 lakhs due to increase in the cost of material and labour. The construction of building which was to be completed within 2 years i.e. by 1984, as originally planned, was completed in 1989 after a delay of 5 years. The delay resulted in cost escalation of Rs 35.89 lakhs as compared to the revised estimates of June 1984. Further, the Department had to bear an additional expenditure of Rs 5.40 lakhs on rent of building in which the ITI had to be housed during these five years. Though the institute was designed to handle 428 students at a time from 1984, this capacity became available only in 1989 after it was shifted to its own building.

d(ii) Construction of ITI at Narela

A plot of 15 acres of land in Narela offered by the Gram Panchayat for construction of an ITI was taken over by the Directorate in May 1988. DDA indicated that the requirement for an ITI in Narela would be considered in phase-I of its Narela Project which was then at the planning stage, and the specific location for ITI would be suggested after the approval of the competent authority. The Directorate acquired 5 acres of land from Delhi State Industrial Development Corporation (DSIDC) in its industrial estate at Narela at a cost of Rs 49.87 lakhs in 1990. The position of the Narela Project was not ascertained from DDA before taking this decision. DSIDC was committed to build a wall around this land in 1990-91. In 1991-92, DSIDC built the wall at a cost of Rs 5.77 lakhs as against a deposit of Rs 8.31 lakhs. The balance of Rs 2.54 lakhs was yet to be received by the Directorate as of December 1993.

In October 1989 DSIDC submitted an estimate of Rs 262.85 lakhs for construction of the building. This was revised to Rs 515 lakhs in August 1992 due to increase in the cost index and plinth area from 7700 sq m to 10000 sq m To avoid the sanction of the Government of India, the project was split up into two parts; in first phase the project covered an area of 6014.90 sq m and in the second phase the work relating to construction of administrative block was planned. An amount of Rs 53 lakhs was paid in advance to DSIDC in March 1993 against their estimates of Rs 303.75 lakhs for the first phase. Thus, construction of the building planned for completion in 1991 could be taken up in 1993 only, and was now scheduled for completion by December 1994. Undue delay in taking up the construction resulted in escalation of cost estimates by Rs 173.64 lakhs. An ITI (named ITI Narela) was started in a rented building at Kingsway Camp 11 km from Narela in 1989-90 with a seating capacity of 108 trainees. As a result, the Directorate also incurred a further avoidable expenditure of Rs 1.08 lakhs *per annum* on rent of the building in which the Institute was housed in the meantime.

d(iii) Construction of ITI at Jaffarpur

A plot of 15 acres of land in village Jaffarpur offered by the Gram Panchayat for the opening of an ITI was taken over by the Directorate in 1983-84. A boundary wall around this site was constructed by PWD at a cost of Rs 11.25

lakhs (1985-86). In the first phase a building was to be constructed on 7.5 acres for an institute for girls, to be completed by 1987-88. In anticipation of this an institute for girls was started in 1985-86 in one of the buildings of the ITI, Tilak Nagar, with a capacity of 96 trainees. In the second phase the ITI was to be shifted to the new building in 1988-89 with a seating capacity of 576 trainees. In the third phase, a rural ITI for boys was planned to be established on the remaining 7.5 acres of land. Administrative approval and expenditure sanction for Rs 240.97 lakhs for construction of building by PWD was obtained in March 1991. Directorate stated in November 1993 that the construction of building had since started and was targeted to be completed by March 1995.

d(iv) Expansion of Basic Training Centre

With a view to utilising the shop floor training facilities available with the various establishments covered under the Apprenticeship Act, a scheme for expansion of BTC at Pusa was taken up in 1985. Under the scheme construction of a building in the existing complex of the centre was planned to accommodate 21 sections with 316 trainees in 13 trades during the Seventh Plan. The construction of the building by PWD at an estimated cost of Rs 419.68 lakhs was approved by the Directorate in July 1990. The building was scheduled for completion in 1993. However, by June 1993, 68 *per cent* of the work was still to be completed.

Directorate stated in November 1993 that the delay in the construction of various buildings was due to multiplicity of the agencies (PWD. DUAC, MCD and DDA) involved in the designs and construction of buildings. The reply is not tenable as the Directorate failed to assess the time likely to be taken in obtaining necessary approval from the various agencies while fixing the target date for completion of the building.

e) Large number of drop-outs

In NCT of Delhi, there was considerable demand for craftsmen training facilities. Against 69005 applications received in 1991 for admission to various engineering and non-engineering trades, 5597 trainees were admitted to 13 ITIs located in different parts of Delhi. The institutes were to admit 20 *per cent* more candidates than the intake capacity in engineering trades and 10 *per cent* more in non-engineering trades as a matter of policy, so that the seats would not remain vacant due to drop-outs. A test-check in Audit of the records of 6 ITIs revealed that the number of students who finally completed the training was less than the intake capacity owing to candidates dropping out of the course mid-way. The percentage of such drop-outs ranged from 13 to 19 as compared to seating capacity during 1989-1991.

The possibility of heavy drop-outs being caused by the deficiencies in training resource cannot be ruled out.

Directorate stated in November 1993, that dropping out of the trainees was due to domestic compulsions, seeking admission to higher courses of studies, etc.. However, this could not be verified from the records of the Directorate.

3.4.8 Linkages with the industrial sector

a) Employment potential

Before opening an ITI, it was necessary to ascertain the employment potential for the tradesmen who would get trained. During 1985-92 in spite of 3 ITIs being opened and the total number of seats being increased by 1504, the Directorate did not explore the employment potential at any stage. At the end of December 1992, the live-register of the employment exchange had 22991 ITI passed candidates and 6558 trade apprenticeship passed candidates waiting for appointment. The following table indicates the number of candidates passed but awaiting appointment and the number of candidates placed during 1988-1992:

Table 3.4.8.(a) **Shortfall in placement**

Year (ending December)	No. of candidates			
	awaiting appointment		placed during the year	
	Tradesmen	Apprentices	Tradesmen	Apprentices
1988	11088	2814	137	101
1989	15897	3201	157	208
1990	12791	4490	220	172
1991	14342	5673	252	145
1992	22991	6558	27	23

Each of the ITIs was also required to maintain a record card for every candidate with particulars of his address, jobs taken up and permanent employment or self-employment to serve as feedback to assess the impact of the scheme. It was observed that the required cards had not been maintained either by the Directorate or by any of the ITIs. It was however, intimated (March-April 1993) that the placement cell of the Directorate sponsored names of 7921 candidates during 1988-1992 to various industrial establishment against their requirement of 792 candidates. The position of the candidates actually employed was not available with the Directorate.

In the absence of data on the number of successful candidates gainfully employed by various industrial establishments, the efficacy of training imparted by institutes could not be ascertained in Audit.

Directorate stated in November 1993 that a Memorandum of Understanding has been signed, in October 1993, with the Confederation of Indian Industries which would *inter alia* provide for better industry-institute interaction in the areas of course selection, curriculum development, students placement etc. and also help in bringing about a qualitative improvement in the training programme for appropriate industrial growth.

b) Improper selection of courses

A test-check revealed that trades like pattern maker, electroplater, moulder, business machine repairer, forger and heat treater, press cameraman, book binder, machine knitting and letter press machine minder were very unpopular as not only was the number of trainees initially opting for these trades less than the seating capacity, the average percentage of drop-outs in these trades was also very high (ranged between 33 to 53 *per cent* of capacity). The Directorate had at no point of time conducted any survey to assess the need for continuing these courses vis-a-vis the industrial requirements.

Directorate stated in November 1993 that steps have already been taken to discontinue the facilities of training in courses which are not popular and to reorient the courses to meet the industrial requirement.

c) Apprenticeship training

c(i) Survey and inspection of industrial establishments

Under the Apprenticeship Act, 1961, private and public limited organisations are statutorily obliged to engage apprentices for training in certain designated trades on the basis of strength of their workers. The training is in two parts, basic training and shop-floor training. Establishments having strength of more than 500 workers are responsible for basic as well as shop-floor training. Where establishments have a strength of less than 500, the Directorate is responsible for basic training.

No system for survey of the establishments coming up in Delhi to identify the training facilities available with them had been laid down. A census of establishments in Delhi was referred to have been conducted in 1978. The

Directorate stated that out of 5000 establishments then engaged in designated trades, 1100 were brought under the scheme. By September 1992, the number of establishments in Delhi rose to 25000. Only 6676 were reported by the Department to be engaged in designated trades. The papers relating to the manner in which this figure of 6676 had been arrived at were not shown to Audit. Of these, however, 5290 (79 *per cent*) had not been subjected to any survey as per reports sent by the Department to DGE&T.

As the extent of survey conducted was quite insufficient, the number of units formally identified under the Act rose only marginally from 1342 in 1985 to 1386 in 1993 of which 1165 had been covered by training facilities.

The number of seats of apprentices in these establishments increased from 4608 in 1985 to 4954 in 1993. 23 *per cent* of the identified seats remained unutilised in 1992-93.

The Deputy Apprenticeship Advisor stated in April 1993 that the regular biennial survey of establishments for assessment of shop-floor training was not being carried out due to shortage of technical staff. It was seen in Audit that the six surveyors who were in position had conducted just one survey per head per year during the last eight years.

c(ii) Training in new trades

Out of 128 trades identified for training under the Act, training was being imparted only in 44. Two new trades (plate maker - lithographic and litho offset machine minder) to accommodate 400 trainees planned during the Seventh Plan (1985-90) were yet to be started (June 1993). Besides, trades like printing and chemicals as suggested by the Central Apprenticeship Council in November 1987 had not been introduced as of June 1993.

c(iii) Non-recovery of training costs

According to the provisions of the Act, in respect of bigger establishments employing more than 500 workers and not having their own basic training facilities, the cost of basic training was to be recovered by the concerned ITI/BTC imparting training on their behalf. During 1985 to 1993, 582 trainees were trained in various ITIs/BTC on behalf of bigger establishments and training charges of Rs 9.08 lakhs were recoverable from them. Information regarding amount recovered, if any, was not available with the Directorate.

3.4.9 Non-optimal use of foreign aid

a) Non-achievement of targets

With the help of United Nations Development Project, International Labour Organisation and the Government of India, the Advanced Vocational Training System (AVTS) was introduced at the ITI Tilak Nagar in 1983 with a view to providing training to industrial workers of government, public and private sector establishments in a variety of advanced and sophisticated skills.

Two training courses, mechanic automobile and mechanical maintenance, out of the four planned in phase-I, were started in 1990-91 and a trade of Indian Standards and Reading Engineering Drawing (ISRED) planned in phase II, in 1991-92. During 1982-83 to 1992-93, Rs 14.29 lakhs were spent on pay and allowances of staff and Rs 11.36 lakhs on machinery and equipment. During 1990-93, training to 183 candidates only was imparted against the seating capacity of 584 candidates and 36 courses were conducted against 73 courses planned.

51 out of 183 candidates trained during 1990-93 were self-sponsored and were not covered under the scheme.

It was further observed that there was very poor response to the trade of mechanical maintenance. As against the target of 256, only 41 students were trained during 1991-92 and 1992-93. Eight persons were to be trained in each course organised. It was noticed that during 1992-93 only one person was trained in each of the six such courses organised. In one course only two persons were trained and in another course, only three persons were trained. In the trade of ISRED taken up in 1991-92, the number of trainees ranged between 1 and 5 in the four courses organised during 1991-93. The lack of response indicated that no survey was conducted before opening the centre.

The trade of Electrical Maintenance planned in phase-I could not be taken up reportedly (April 1991) due to non-availability of tools and equipment and technical staff whereas the trade of Induction to Engineering Technology was dropped due to expensive tools and plant and poor response. The training in the trade of Mechanic Refrigeration and Air-conditioning planned in phase-II was yet to be taken up (May 1993).

Central assistance of Rs 10.49 lakhs received for expansion of the training facilities under the World Bank Assistance Programme remained largely unutilised.

Directorate attributed (November 1993) the non-utilisation of World Bank assistance to the release of funds at the fag end of the financial year.

b) Inability to implement schemes

To modernise, diversify and restructure vocational training programmes, a project was taken up by the Government of India, in 1989 with the assistance of World Bank. The project included 10 schemes with an outlay of Rs 735.99 lakhs for implementation during a period of six years (1989-95).

A state project implementation unit was set up by the Government of NCT of Delhi in October 1989. An expenditure of Rs 7.55 lakhs had been incurred on pay and allowances of the staff of the unit during 1989-93. Against the projected outlay of Rs 532.70 lakhs during 1989-93, the amount released by the Government for 8 schemes was Rs 205.56 lakhs and the expenditure on 6 schemes amounted to Rs 141.11 lakhs. The expenditure included supply of machinery worth Rs 84.34 lakhs by DGE&T, Ministry of Labour during 1989-93.

The expenditure on two schemes (Equipment Maintenance System and Advanced Level Vocational Training) was only Rs 0.13 lakh each against Rs 21.04 lakhs released by the Government during 1990-93. Another two schemes (Post ITI course for self-employment and establishment of basic training centre) for which Rs 8.89 lakhs were released had not been taken up (May 1993). No amount was released for the two schemes (establishment of related instructions centre and introduction of new courses for women in two ITIs).

3.4.10 Evaluation of effectiveness

a) Analysing results

During 1988 to 1992, 17835 candidates passed the trade craftsmen examination and 4418 candidates the trade apprenticeship examination in various trades. A scrutiny of the results in the annual examinations revealed that the percentage of candidates passing the examination ranged between 81 to 87 *per cent* in respect of craftsmen trainees and 76 to 84 *per cent* in respect of apprentices trainees during 1988 to 1992.

a(i) Poor results in stenography

The success rate in English stenography courses was 25-34 *per cent* and in

Hindi 38-66 *per cent* for the years 1989-92. The reasons for poor results had never been analysed by the Directorate.

a(ii) **Coaching-cum-guidance facilities for SC/ST**

A coaching-cum-guidance course in stenography of 11 months duration for SC/ST students registered with the employment exchange was taken up in 1986. Of the 5 posts created for the purpose, 4 were filled up during June 1988 - February 1989. The training course was started in June 1990. During 1986-92, an expenditure of Rs 6.28 lakhs was incurred on the scheme (machinery Rs 0.51 lakh, pay and allowances Rs 5.77 lakhs).

Against the target of providing training to 240 candidates during 1986-92, only 5 candidates actually completed the training successfully during 1990-92.

b) **Lack of monitoring**

Each institute was required to be inspected at least once a quarter by the Directorate to ensure conformity of training curriculum to the prescribed syllabi and desired level of proficiency of the trainees.

During 1991-92 and 1992-93, 10 institutes were inspected twice or thrice and 4 of them only once. No inspection was conducted during 1990-91. Further, the inspection reports did not indicate whether at any stage trade tests were conducted for the trainees or efficiency of instructors checked. The prescribed biennial returns relating to inspection conducted by the Directorate were not submitted to DGE&T.

Even though the training scheme for craftsmen and apprentices have been in operation for more than 30 years, no evaluation of these had been conducted (June 1993). Moreover, as recommended by NCVT in 1965, a committee for evaluation of ITIs with a view to making definite suggestions for the improvement of standards of training had not been constituted.

The above points were referred to the Ministry of Labour in September 1993; their reply is awaited as of December 1993.

3.5 Outstanding recovery on account of electricity dues and rent from tenants

Records of the Industrial Training Institute (ITI), Pusa showed that 84 out of 150 rooms in the hostel building attached with the Institute had been occupied by offices of six departments of Government of India and the Government of NCT of Delhi for periods ranging from 21 to 29 years. Two out of the six tenants, viz., Pusa Polytechnic and Manpower Employment Centre had their own electricity supply arrangements and the remaining tenants were supplied electricity from the meter installed for the hostel. The electricity bills were being paid by the ITI, Pusa from their own budget grant. No recoveries were being made from these four Departments. However, at the instance of Audit recovery amounting to Rs 1.54 lakhs had been effected from two departments viz. NCC and Vocational Rehabilitation Centre.

A sum of Rs 10.53 lakhs was outstanding against two tenants viz. Central Institute for Research and Training in Employment Services and Vocational Guidance Unit on account of electricity consumed by them as of March 1993.

No rent was being recovered from these departments because the rent had not been fixed by the Public Works Department. Moreover, these rooms were not surplus to the requirements of the Institute as the Institute was facing difficulties in accommodating the trainees due to occupation of these hostel rooms by the five departments.

No effective action had been taken by the Institute either to recover the outstanding amount of Rs 10.53 lakhs on account of electricity or to fix and recover rent for the hostel rooms or to evict these tenants.

The matter was referred to the Ministry of Home Affairs in October 1993; their reply is awaited as of December 1993.

3.6 Irregular payment of advance for supply of steel

Delhi Institute of Technology (DIT) had paid Rs 106.80 lakhs as advance to Steel Authority of India Limited (SAIL) on 31 March 1991 towards cost of steel for the construction of a new building at the proposed campus of DIT at Dwarka Project, Papankalan.

The drawal of this amount from Government account on the last day of the financial year without imminent requirement was irregular. The matter was referred to the Department in February 1993. In their reply, the Department stated that the project was delayed due to various reasons and construction could begin in 1993-94. It was also claimed that the advance payment to SAIL was made to "expedite, ensure and plug the delays in supply of steel".

Further enquiry by Audit disclosed that the steel had yet to be supplied against the advance payment received by SAIL in March 1991. The Department's contention that the work will begin from 1993-94 is also not correct as the building plan has been approved only by the Delhi Urban Arts Commission in February 1992. DDA's approval to the building plan is still awaited and MCD has yet to clear the project.

Audit scrutiny also showed that the estimates prepared by the consulting architects were yet to be approved by the Board of Governors. Government initially approved works outlay of Rs 17.40 crores for the construction of the Institute in July 1991, the estimates had to be raised in September 1992 to Rs 63.44 crores which have still to be approved by Government. The construction has not started and the requirement of steel has also not so far arisen.

Thus, lack of planning by the Department resulted in the blocking of Rs 106.80 lakhs of Government money.

The matter was referred to the Ministry of Home Affairs in June 1993; reply has not been received as of December 1993.

Medical, Public Health and Family Welfare

3.7 Setting up of Government hospitals in the Seventh Plan

3.7.1 Introduction

The Directorate of Health Services (DHS), Government of NCT of Delhi is responsible for providing medical facilities to the general public, especially to those belonging to the weaker sections of the society.

In order to expand medical facilities and also to reduce the gross imbalance in the location of hospitals in Delhi, DHS planned, the construction of 9 new hospitals, and augment the capacity in the 2 existing hospitals (Civil hospital and Joshi Memorial hospital) from 30 to 100 beds each, by the end of the Seventh Plan. However, only four hospitals had come up, and commenced functioning partially (September 1993).

3.7.2 Scope of audit

The records of DHS (Hospital Cell and Planning Wing) and 6 hospitals were test-checked during September-October 1993.

3.7.3 Targets and achievements

The estimated cost, target date of completion, dates of completion/partial completion, number of beds, and expenditure upto March, 1993 on the hospitals is given below:

Table 3.7.3

	Targets		Achievements		
Name of hospital	Location	Cost estimates Original/Revised (Rupees in lakhs)	Likely completion date	No. of beds	Expenditure upto March 1993 (Rupees in lakhs)
Sanjay Gandhi Memorial	Mangolpuri	194/791	completed 1990	50	613.58
Rao Tula Ram Memorial	Jaffarpur	471.44 Revised EFC memo under process	1995		921.97
Lal Bahadur Shastri	Khichripur	503.21 yet to be prepared	Dec 1993		662.36
Babu Jagjivan Ram	Jahangirpuri	400/654.86 yet to be prepared	Within Eighth plan		349.38
Government hospital	Pooth Khurd	500/2620.43	1998		28.35
Siraspur	Siraspur	Not yet prepared	?		46.35
Maidan Garhi	Maidan Garhi	Not yet prepared	?		12.13
Guru Govind Singh	Raghubir Nagar	1867.41/1696	1997		210.84
Dr. B R. Ambedkar	Rohini	4877/8044.22 Under preparation	2002		296.35
Civil hospital*	Civil Lines	135		30*	194.06
N.C. Joshi Memorial*	Karol Bagh	49		30*	97.07
Cumulative Total		8997.07/14965.17			3432.44

* *Existing*

3.7.4 Sanjay Gandhi Memorial Hospital, Mangolpuri

The proposal for construction of a 100 bed hospital at Mangolpuri was approved by the Central Government in November 1981 to be fully constructed and operational by March 1987 at an estimated cost of Rs 194 lakhs.

Construction of main building comprising OPD block, casualty, administrative block, X-ray and operation theatre was started in July 1982, and that of kitchen, store, ward block, laundry, hostel for house surgeons/nurses in January-March 1983. The third Expenditure Finance Committee (EFC) memo prepared in January 1991 stated that the delay in construction was due to the following reasons.-

- Instructions given by the senior architect were not followed properly and modifications were required later.

- In certain cases the original construction was as per layout specifications given by the senior architect but were not found suitable to the justified medical needs and had to be modified later.

- Shortages of raw materials for construction at various points of time.

- The scope of the work was changed with the addition of a new building; Air-conditioning plant, and increase in the number of staff quarters which was sanctioned by Home Ministry in September 1984.

As a result of delays and changes in scope the estimates were revised to Rs 457 lakhs in September 1984 and Rs 791 in February 1993. The project was completed in March 1990 at a cost of Rs 614 lakhs.

The indoor block of the hospital could only begin functioning partially with 50 beds in December 1987 because of inadequate supply of potable water and electricity, and shortage of staff. The X-ray unit and Operation Theater (OT) started functioning only in March 1988.

The building for installation of central sterilized supply department was taken over by the hospital in April 1987 and various equipment/instruments worth Rs 2.24 lakhs were procured and installed in March 1990. The services could not be started because technical staff sanctioned for this unit was not provided by DHS.

The construction of 98 staff quarters of various categories which was started between March 1984 and December 1984 was completed by November 1988. Of these, 26 quarters had been lying vacant till July 1991, after which 16 quarters of the three smallest types were allotted. The hospital stated (July 1991) that there was no demand for the 10 larger quarters and these continue to remain vacant as of September 1993. The hospital was not maintaining any records relating to the allotment of quarters in the absence of which the extent of loss on this account including on house rent allowance paid could not be precisely quantified (September 1993).

Thus, the hospital which was expected to provide a full range of medical facilities by March 1987 could only start functioning partially with 50 beds as of September 1993.

3.7.5 Rao Tula Ram Memorial Hospital, Jaffarpur

The construction of a 100 bed hospital at Jaffarpur was approved by the Central Government in September 1984 at an approximate cost of Rs 472 lakhs. It was to be fully functional by December 1987.

Construction was started in March 1985 in anticipation of approval of the Municipal Corporation, Delhi (MCD). MCD found defects in the plans for drainage, sewerage and the building and demanded a compounding fee of Rs 1.52 lakhs in March 1988 which was paid by DHS. The hospital started a number of out-patient services (OPD) in August-September 1989. The administrative block was ready in April 1991 and the casualty and X-ray blocks in May 1993, and these were taken over by the Directorate (September 1993) pending clearance and completion certificate from the architect.

The Executive Engineer (PWD) approached the Superintending Engineer (RWS) in December 1982 for supply of water to the hospital who advised him in May 1983 to submit the water supply scheme for approval of Superintending Engineer (P), Jhandewalan as the commissioning of Najafgarh block scheme was to take about three years. The Executive Engineer (PWD) submitted in April 1987 the water requirement for air-conditioning, horticulture and fire-fighting etc. as 4.10 lakh litres per day and requested for the sanction of water supply connection.

In the meantime efforts were made to augment the water supply by boring two tubewells but the water was not found fit for drinking. A water supply scheme was approved in April 1988 but the supply was restricted to 2.4 lakh litres by MCD subject to providing tubewells of sufficient yield by the hospital authorities. The tubewell water was found unfit for human consumption and DHS once again approached MCD in September 1988 to provide water connection. Thus, DHS had been pursuing MCD for water supply without achieving any results. DHS stated in July 1992 that this was to be made good by laying a separate 9.5 km water pipeline from Najafgarh overhead tank to Jaffarpur hospital, at an estimated cost of Rs 79.42 lakhs. Administrative approval and expenditure sanction was accorded in January 1993. Although this amount was paid in February 1993 to Delhi Water Supply and Sewage Disposal Undertaking, the work had still not been started as of September 1993. However, against the demand for 3 lakhs litres of water about 1.5 to 2 lakhs litres was being supplied from nearby tubewells, and 1000 litres of water was supplied through tankers costing Rs 1700 per day resulting in an additional expenditure of Rs 0.51 lakh per month.

The delay was also attributed to shortage of electricity. The Executive Engineer (PWD) had submitted the necessary application for service connection for 1450 KW in April 1987 but the Commercial Officer, Delhi Electric Supply Undertaking (DESU) demanded in October 1987 the attested copy of the approved building plans by MCD which was linked with compounding fee of Rs 1.52 lakhs. The plans were approved by MCD in November 1989. In this connection a meeting was also held with DESU in December 1990 and Rs 1.15 crores was paid to DESU in March 1991 for providing a separate electricity connection to meet the requirement of electric load upto 1450 KW. DESU requested in March 1993 the hospital to complete the formalities (such as submitting the completion certificate of the building, lift certificate from Government of NCT of Delhi, no objection certificate from the Chief Fire Officer and certificate of Electric Inspector for high tension installation) before the release of the requisite load. However, due to incomplete compliance of formalities by DHS/PWD the same could not be taken up as of September 1993.

The staffing pattern was another reason for delay. 191 posts of different categories of staff were sanctioned by Government of NCT of Delhi in three phases since October 1989 for commissioning of OPD services in all the specialties, but many posts remained vacant and even the staff members who were posted were transferred frequently without proper replacement. Another proposal for sanction of 99 posts of different categories of staff to start indoor, maternity and emergency services, was submitted in July 1991 but had not been approved by Government of NCT of Delhi as of September 1993.

The hospital had already incurred an expenditure of Rs 921.97 lakhs out of which Rs 194.42 lakhs remained blocked in advance payments for supply of water and electricity. Only OPD services had been started by the hospital which were normally available in any dispensary. DHS stated in September 1993 that the hospital was likely to be completed by the end of 1995.

3.7.6 Lal Bahadur Shastri Hospital, Khichripur

The establishment of the hospital was approved by the Planning Commission during the Sixth Plan with an outlay of Rs 150 lakhs. Administrative approval and expenditure sanction of the Central Government for Rs 503 lakhs were received in March 1987.

The construction of the hospital building was started by the Public Works Department (PWD) in April 1988 and was to be completed by March 1990.

The total expenditure incurred upto March 1993 was Rs 662.36 lakhs. Various blocks were completed to the extent of 40 to 95 *per cent* except for the incineratory and mortuary which were complete. In addition, supply of water and electricity was very insufficient as of September 1993.

In a meeting held in February 1990 under the chairmanship of Secretary (Medical) a decision was taken to operate OPD services in a limited number of specialties in the building meant for the indoor block. Accordingly, a few OPD services were started in December 1991 after making temporary make-shift arrangements in the laundry block. Similarly, Eye, ENT, and X-ray facilities were started in January 1992. A complement of 62 functioned against 97 sanctioned posts, in order to run these services. OPD services were shifted to OPD building in May 1993.

Thus, the hospital which was expected to provide a full range of medical facilities by December 1993 was still (September 1993) at the construction stage. The delay was attributed to encroachment of land which could not be cleared by DDA, non-removal of garbage by MCD who was paid Rs 0.49 lakh for the purpose in July 1991 by PWD, and revalidation of layout plan which had been pending with DDA since June 1989. Besides, the pond adjacent to the hospital site was a health hazard, as it was not filled up by MCD as of September 1993 despite reminders by the hospital.

3.7.7 Babu Jagjivan Ram Hospital, Jahangirpuri

The construction of a 100 bed hospital at Jahangirpuri was approved by the

Central Government in the Seventh Plan at an estimated cost of Rs 400 lakhs which was revised to Rs 655 lakhs in May 1987. The hospital was scheduled for completion by March 1990.

The layout plan of the hospital was submitted to DDA only in June 1988 and was approved in April 1989 after a lapse of 10 months. PWD informed DHS in December 1989 that the construction of the hospital building was expected to be completed by March 1993.

In July 1993, The Executive Engineer, (PWD) intimated the Superintending Engineer that the construction was partially completed in several blocks and services. The quality of construction was however, very poor as there was profuse leaking of rain water from roofs of all the buildings, especially corridors on the first floor as reported in September 1993 by the Medical Superintendent of the hospital to the Executive Engineer, PWD. Despite their efforts PWD could not effect proper repairs and the leaking continued.

The progress in construction of OPD block was very slow (18 *per cent*), the construction remained held up due to contractual problems between PWD and the contractor (the work since rescinded by earlier contractor re-awarded). It was decided to start OPD services in September 1992 in the indoor block of the hospital after necessary modifications for which an amount of Rs one lakh was sanctioned in November 1992.

However, a part of the indoor block could only be taken over in July 1993 from PWD, and OPD services in some disciplines commenced in August 1993 with a complement of 35 medical and non-medical staff against the total sanctioned strength of 95 staff. Formalities for release of required electric connections were not yet complete and the drainage around the hospital complex was still to be systematised as of September 1993.

An expenditure of Rs 349.38 lakhs had been incurred upto March 1993 on this hospital which was expected to provide complete medical facilities by March 1990, but could start only OPD services in limited specialties as of September 1993.

3.7.8 Government hospital at Pooth Khurd

20 acres of land was donated by the *Gram Sabha*, Pooth Khurd (Alipur Block) in October 1977 for construction of a 100 bedded hospital. The

administrative approval of the Lt. Governor was conveyed in May 1984 for taking over the possession of land which was taken over in March 1985. The Chief Engineer, (PWD) was requested in December 1985 to initiate the process for construction of boundary wall to prevent unauthorised encroachment.

The total cost of the project was estimated at Rs 5 crores and targeted to be completed by 1990. Subsequently, there was further delay at every stage. In August 1986 the hospital project was stated to be lagging behind the schedule due to late preparation and clearance of drawings. The construction of boundary wall and filling of land was reported to have been stopped in February 1987 because of land dispute created by the *Pradhan* and *Vice-Pradhan* of *Gram Sabha*.

The change in land use pattern from agriculture to public facilities was approved for 8.87 acres of land by Ministry of Urban Development in February 1991. DDA asked DHS to submit a location plan for the area earmarked for the hospital. DHS could not indicate the exact dimensions of 8.87 acres of land on the plan due to non-testing of soil and non-appointment of an architect. DHS further stated that the hospital would consist of three to four main blocks along with the ancillary buildings like mortuary, electric sub-station, incinerator and overhead tank etc. The ancillary buildings would not be located near the hospital but would be scattered in 20 acres of land allotted for the hospital. Accordingly a location plan indicating the land use for 20 acres instead of 8.87 acres as suggested were submitted in October 1991.

Keeping in view the constraints and priorities of construction of the hospital on the available land it was decided in March 1992 that clear demarcation of the land measuring 8.87 acres would be finalised and submitted to DDA at the earliest for the change of land use and the rest of the land be kept for the greenery. The proposed location plan was submitted in April 1992. The public notice inviting objections/suggestions was issued in May 1992. DHS requested the Ministry of Urban Development in December 1992 for issue of a final notification which was done in January 1993. The no objection certificate was received from DDA in March 1993 for the change in land use of an area measuring 8.87 out of 20 acres of land.

The layout and structural drawings prepared by a private architect appointed in December 1992 were approved by DHS in April 1993. PWD submitted estimates for Rs 2132 lakhs in July 1993.

The EFC memo for Rs 2620 lakhs had been submitted to the Ministry of Health and Family Welfare in September 1993. DHS stated that construction would commence after clearance of EFC memo. The target date of completion of the hospital is September 1998.

An expenditure of Rs 28.35 lakhs has been incurred as initial costs for the hospital against the plan outlay of Rs 37 lakhs. The revised estimates for Rs 2620 lakhs and the building plans were yet to be approved by Delhi Urban Art Commission (DUAC) and MCD as of September 1993.

3.7.9 Hospital at Siraspur

DHS took possession of 21.42 acres of land in January 1986 from the *Gram Panchayat*, Siraspur for construction of a 100 bed hospital with an outlay of Rs 41 lakhs during the Seventh Plan. The plot had been partially encroached upon in January 1986 and the *Panchayat* had assured DHS in February 1989 that the encroachment would be cleared. Though the change in the use of land from agricultural to institutional purposes was applied for in June 1986, the NOC was received from the Ministry of Urban Development only in April 1992. However, the status of land still remains ambiguous due to claims and counter-claims filed by different parties in the law courts. The court directed the Lt. Governor in March 1992 to issue a speaking order to settle the contentions of different parties by a speaking order which is still awaited.

The land was divided in October 1986 into two pockets, viz., `A' and `B' in the site plan prepared by the Executive Engineer, (PWD). It was decided in April 1993 to construct the main block of the hospital in Pocket `B' measuring 5.8 acres. A private architect was appointed in September 1992. However, the estimates for the hospital building have not been prepared as of November 1993.

An expenditure of Rs 46.35 lakhs incurred upto March 1993 on earth filling and construction of boundary wall remained blocked without any service to the public as of September 1993.

3.7.10 Hospital at Maidan Garhi

Gram Panchayat of Maidan Garhi donated 20 acres of land in January 1985 for construction of a 100 bed hospital. An outlay of Rs 100 lakhs was approved by the Government of NCT of Delhi during the Seventh Plan. The boundary wall, tubewell and pump house were constructed by October 1986 at a cost of Rs 12.13 lakhs. Request for change of land-use made by DHS in June 1985 was rejected by DDA in January 1986. In May 1992, DDA asked for a copy of the location plan to process the case. DHS was able to provide a survey plan only in March 1993. DDA found this inadequate and fresh plans were made available to them in August 1993. In the meantime, the expenditure of Rs 12.13 lakhs became infructuous.

3.7.11 Guru Gobind Singh Hospital at Raghubir Nagar

DHS acquired about 21 acres of land in July 1986 from DDA at a cost of Rs 124 lakhs for construction of an accident-cum-emergency hospital centre during the Seventh Plan at a cost of Rs 155 lakhs. DDA handed over only 19.72 acres of land to DHS and the difference in cost of land amounting to Rs 7.52 lakhs had not been recovered from DDA upto September 1993.

Out of 19.72 acres of land purchased for the hospital, 5.44 acres was resold by DHS for Rs 43.53 lakhs to the slum wing of DDA in June 1988 for construction of building for a local cloth market but the cost of the land handed over for the market had not been adjusted by DDA upto April 1992.

A private architect was appointed in May 1990 with whom a formal agreement was drawn up in October 1991. The original idea of an accident-cum-emergency centre was dropped and it was decided to set up a general hospital providing basic facilities in some medical and surgical specialties.

The project, estimated at Rs 1867.41 lakhs in April 1992 was revised in September 1992 to cost Rs 1696 lakhs, was approved by DGHS in November 1992. The architect consultant then submitted the layout plans to MCD which were approved in March 1993. The detailed drawings of the hospital were under scrutiny by PWD and clearance was still awaited as of September 1993. DHS stated in September 1993 that the hospital was likely to be completed by March 1997.

DHS incurred an expenditure of Rs 210.84 lakhs upto March 1993 on purchase and levelling of land, laying of foundation stone, construction of compound wall and payment to architect-consultant which has remained blocked without any service to the public. The construction of the hospital was to be started by the end of November 1993 as stated by DHS.

Thus, in spite of having acquired land in 1986 the construction was yet to begin. Against an estimated cost of Rs 1696 lakhs an expenditure of Rs 210.84 lakhs had already been incurred.

3.7.12 Dr. B R Ambedkar Hospital at Rohini (500 beds)

DHS took possession in May 1986 of a 29.4 acres of plot of land at a cost of Rs 235 lakhs. Even though DDA agreed in December 1986 to remove an existing nursery from the site, it had not been removed as of September 1993. Rs 33 lakhs were reported to have been spent on earth filling and construction of a boundary wall.

The Central Design Bureau of Government of India, DGHS were requested to prepare the design of the hospital, but in May 1986 they expressed their inability to do so due to shortage of manpower and pre-occupation with other committed projects. PWD and Government of NCT of Delhi also indicated their inability to do this job on similar grounds.

DHS then decided in December 1989 to appoint a private architect. The private architect was appointed in October 1991 at a consultancy fee of 3 *per cent* and an amount of Rs 18.23 lakhs was paid to him in May 1992 . The foundation stone ceremony was held in November 1991 at an expenditure of Rs 2.78 lakhs.

PWD submitted the preliminary cost estimate of Rs 4877 lakhs to DHS in June 1992 and the draft EFC memo for Rs 8044 lakhs was prepared in November 1992 and submitted to the Ministry of Health and Family Welfare in September 1993 for necessary approval. The layout plan/drawings prepared by the architect had been sent in May 1992 to DUAC, their approval was awaited as of September 1993.

In spite of acquiring the land in 1986 construction was yet to begin. This was because DHS took two years to decide upon going in for a private architect, DUAC is yet to approve the layout plan/drawings. In the meantime an amount of Rs 296.35 lakhs had already been spent on incidentals against an estimated cost of Rs 4877 lakhs.

3.7.13 Civil hospital at Civil Lines

Apart from providing medical facilities to employees of Government, the Civil hospital deals with medico-legal and *post mortem* cases.

Keeping in view the gradual increase in the number of patients visiting the hospital, Delhi Administration decided in May 1986 to increase the number of beds from 30 to 100 and provide additional facilities in a phased manner at a cost of Rs 135 lakhs in the Seventh Plan. In the first phase, it was proposed to build the casualty block by making certain additions and alterations in the existing building. In the second phase, an OPD block was to be constructed and in the third and final phase, an indoor ward with a capacity of 100 beds was to be constructed.

A sum of Rs 79.23 lakhs was spent during the Seventh Plan. The first phase was completed in June 1989 by making alterations and additions to the existing building which was being utilised for attending to out-patients, running an operation theater and a pathological laboratory.

In the second phase, OPD block was to be constructed after demolition of six old quarters which were in the possession of the Police Department. The police took two years to vacate the quarters after getting alternate accommodation from PWD. On completion of formalities regarding possession of land, the architect was to prepare the working drawings.

In the third phase, an indoor ward with a capacity of 100 beds was to be built after demolishing the old existing building from which the present hospital ward was functioning.

In a meeting in February 1990 the Chief Engineer (PWD) handed over the draft agreement for the appointment of consulting architect and enumerated the tentative programme regarding expansion of the hospital complex to be finalised by February 1990. Preliminary architectural drawings were to be finalised by the consulting architect by March 1990, preliminary estimates were to be submitted by May 1990, and the project was expected to be completed by July 1992.

It was suggested that the preliminary drawings submitted in June 1990 be modified as per comments given by the hospital authorities in July 1990. The complete drawings along with necessary forms and documents were sent to MCD in May 1991, but were not accepted by them for want of identity of plot and property tax receipt which could be made available by the hospital only in February 1992. The layout and building plans of the hospital were approved in February 1993 by DUAC and were submitted to MCD for necessary approval in March 1993. The architectural drawings were approved by MCD in April 1993. The preliminary estimates of Rs 488 lakhs were also submitted by the consultant architect to Executive Engineer (PWD) in April 1993.

As a result, 70 additional beds and an out-patient department targeted by March 1990 were yet to be provided even though Rs 194.06 lakhs had been spent as of March 1993 because the appointment of an architect was made only in

February 1990. The hospital's inability to provide information about the identity of the plot (which should have been available in 1985) caused further delay.

3.7.14 N C Joshi Memorial Hospital, Karol Bagh

Joshi Memorial Hospital was taken over by Delhi Administration in 1970 from the trustees of Dr. N C Joshi Nursing Home housed in a rented building in Karol Bagh. In 1983, it was decided to increase the capacity from 30 to 100 beds and initiated proceedings for acquisition of this property. It took 3 years to determine the compensation and the property was finally acquired in June 1986 at a cost of Rs 47.23 lakhs.

The scheme for upgradation of the hospital was to be implemented in 3 phases and was to be completed during the Seventh Plan at an estimated cost of Rs 49 lakhs. In the first phase, a temporary tubular structure was to be constructed on the vacant land already available. In the second phase construction was to take place after demolition of existing buildings. The construction envisaged in the third phase could commence only after acquisition of land from DDA.

Though the first phase of construction of tubular structure for OPD was completed in February 1989 at a cost of Rs 29 lakhs, only six of the 29 rooms were brought into use upto June 1990 for want of adequate power supply. The entire building was put to use only in October 1990 when the desired power load was supplied.

The second phase of the plan was not implemented as the old building had not been taken over and demolished by PWD and further construction work remained unexecuted as per scheme. This part of the project was still at the planning stage as of September 1993.

The construction of building to be taken up in the third phase had not commenced as the requisite land, for which advance payment of Rs 15 lakhs had been made in March 1979, was not made available to DHS by DDA till September 1991 due to encroachment. DDA was also requested repeatedly since March 1984 to remove the encroachment or to provide an alternate plot of land, but this did not materialize. The last reminder was issued to DDA in September 1992 and no action had been taken thereafter.

Thus, the scheme for increasing the bed capacity from 30 to 100 had not materialised although an expenditure of Rs 97.07 lakhs was incurred upto March

1993 because of non-demolition of existing structure, non-removal of encroachment, and non-availability of alternate plot.

3.7.15 Summing up:

- **Out of 9 hospitals targeted for construction and 2 for upgradation by April 1990, only 4 of the new hospitals had come up and were functioning partially.**

- **Against the initial estimates of Rs 89.97 crores, Rs 34.32 crores had been spent on the construction of these hospitals upto March 1993.**

- **The 100 bed Sanjay Gandhi Memorial hospital targeted to be completed by 1984 started functioning partially with 50 beds in December 1987 because of shortage of potable water, power and staff. Rs 6.14 crores had been spent on the project upto March 1990 against the revised estimates of Rs 7.91 crores.**

- **The 100 bed Rao Tula Ram hospital which was planned to be completed by December 1987 had not been completed as of September 1991 except for the commencement of OPD services in limited specialties. An expenditure of Rs 9.22 crores had been incurred against the approved estimates of Rs 4.72 crores.**

- **The 100 bed Lal Bahadur Shastri hospital scheduled for completion in March 1990 was only operating OPD services in limited specialties since March 1991 in spite of having incurred an expenditure of Rs 6.62 crores.**

- **The 100 bed Babu Jagjivan Ram hospital scheduled for completion in March 1990 was only operating OPD services in limited specialties since August 1993 in spite of having incurred an expenditure of Rs 3.49 crores.**

- **Four hospitals with 100 beds each to be constructed at Pooth Khurd, Siraspur, Maidan Garhi, Raghubir Nagar and a 500 bed hospital at Rohini had not been completed mainly due to delay in the selection of site, non-finalisation of agreement with the architect, encroachment on hospital land, non-receipt of permission for change of land use from agricultural to institutional and lack of coordination amongst various agencies responsible for execution of the projects. Consequently, Rs 5.94 crores incurred on the purchase and development of land and construction of compound walls upto March 1993 remained blocked apart from delay in extension of medical facilities to the rural poor and other weaker sections of the society.**

- **Augmentation of the capacity of the Civil hospital and Joshi Memorial hospital from 30 beds to 100 beds each had not been achieved.**

The above points were referred to the Ministry of Health and Family Welfare in October 1993; their reply is awaited as of December 1993.

3.8 Purchases made by the Deen Dayal Upadhyay Hospital

3.8.1 Introduction

The Deen Dayal Upadhyay Hospital, Hari Nagar, New Delhi (Hospital) was started in 1970 with 54 beds. The number of beds was raised from time to time and reached 500 in March 1992. With the expansion of the Hospital the facilities were also proposed to be upgraded and modernised. This was sought to be achieved by installation of sophisticated equipment. Procurement proposals for all hospitals under Government of NCT of Delhi are approved by a Technical Advisory Committee (TAC)

3.8.2 Scope of audit

The purchases of this Hospital for the period 1988-1993 were test-checked by Audit during September-October 1993.

3.8.3 Highlights

- **Though 45 *per cent* (Rs 1523 lakhs) of the expenditure incurred by the Hospital during the last five years (1988-93) was on purchase of materials, equipment and supplies, no record was kept of expenditure incurred on the equipment purchased through DGS&D. As a result, the Hospital was unable to exercise any control over expenditure and there were variations between budgeted and actual expenditure.**

- **Out of Rs 901 lakhs incurred on purchase of equipment and machinery, a test-check of purchases worth Rs 266 lakhs revealed the following:**

- **A CT scan was purchased at a cost of Rs 170 lakhs for diagnostic purposes though there was no neurosurgeon in the Hospital.**

- **Medical equipment worth Rs 35.06 lakhs supplied to the Hospital were defective. Out of which equipment worth Rs 17.4 lakhs were stated to have been repaired as of November 1993 after a lapse of one to two years.**

- **Equipment worth Rs 17.80 lakhs purchased by Hospital were lying idle for want of repairs out of which hospital claimed that equipment worth Rs 9.79 lakhs were working satisfactorily.**

- **Equipment worth Rs 3.67 lakhs was awaiting installation after purchase. Equipment worth Rs 10.94 lakhs were installed after a delay of 2 years.**

- **Accessories worth Rs 1.9 lakhs purchased along with a colono fiberscope at a cost of Rs 3.68 lakhs were without justification.**

- **Six obstetrical tables were purchased for Rs 12 lakhs in May 1991. These were not as per specifications and could be installed only in July 1993.**

- **There were irregularities in procurement of materials and medicines such as purchases at higher rates without any justification for ignoring the lowest rates and short supply by the firms.**

3.8.4 Financial management

The budget provision and actual expenditure of the Hospital during the period April 1988 to March 1993 were as follows:

Table 3.8.4-I

(Rupees in lakhs)

Year	Budget allotment		Final allotment		Actual expenditure	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
1988-89	357	34	289	34	210	34
1989-90	405	40	385	92	327	92
1990-91	785	281	507	326	505	325
1991-92	525	413	562	413	560	411
1992-93	860	413	523	429	524	426
Total	2932	1181	2266	1294	2126	1288
TOTAL(plan+non plan)		4113		3560		3414

The modernisation proposals included the acquisition of equipment and machinery worth Rs 139.20 lakhs through DGS&D in a phased manner from April 1980 to March 1990:

Out of the five-year total expenditure of Rs 3414 lakhs, Rs 901 lakhs were incurred on the purchase of equipment and machinery and Rs 622 lakhs on materials, medicines and other supplies under the plan scheme as per table given below:

Table 3.8.4-II

(Rupees in lakhs)

	Materials and supplies				Machinery and equipment			
Year	Budget allotment	Modified allotment	Actual expenditure	Variation in expenditure	Budget allotment	Modified allotment	Actual expenditure	Variation in expenditure
1988-89	40	53	44	(-) 9	62	90	33	(-) 57
1989-90	69	71	95	(+) 24	80	136	78	(-) 58
1990-91	119	485	102	(-) 383	64	355	310	(-) 45
1991-92	75	360	109	(-) 251	102	377	369	(-) 8
1992-93	100	660	272	(-) 388	272	110	111	(+) 1
TOTAL	403	1629	622		580	1068	901	

In addition there was non-plan expenditure on materials, medicines and other supplies of Rs 350 lakhs during this period.

The Hospital has not been maintaining any records to watch the payments made by Pay and Account Officers (PAOs) against indents placed on DGS&D. As a result it could not be ascertained whether all indents placed on DGS&D had been fully executed, or the material/equipment received in all those cases where expenditure had been debited by PAO to the hospital account. The Hospital had also not been reconciling its accounts with PAO in the absence of its own records. The amounts debited on account of purchase of medicines/equipment by PAO are accepted and incorporated into the accounts by the Accounts Branch of the Hospital. In the absence of such records in the Hospital, the possibility of overpayment cannot be ruled out. The hospital's reply to an Audit query on this issue (July 1993) was still awaited (October 1993). Thus, the variations between actual expenditure and final or modified allotment as reflected in the above table is possibly due to non-adjustment of inward claims by PAO. This is indicative of inadequate control by the Hospital over its finances.

3.8.5 Purchase of equipment

All purchases of equipment by the Hospital were referred to the Technical Approval Committee (TAC) for approval. TAC was constituted in April 1983 with the Secretary (Medical) as its Chairman and Joint Secretary (Medical) as the Member Secretary. In addition there were eight other members. TAC was to screen the proposals for purchase of equipment by all hospitals under Government with reference to specifications, and the justification for purchase given by the hospital.

The records relating to equipment worth Rs 1 lakh and above were test-checked in Audit. Since the Hospital did not maintain a list of all such equipment purchased through DGS&D during the period April 1988 to March 1993 the exact number of equipment could not be ascertained. However, out of the records made available, irregularities were found in the purchase of equipment worth Rs 266 lakhs as stated below.

a) Purchase of CT scan

The purchase of a whole body CT scan was approved by TAC at a cost of Rs 200 lakhs in December 1989. It was purchased through DGS&D for Rs 170 lakhs. The order was placed in March 1990. The equipment supplied by the firm in June 1991 was not as per specifications. The necessary installation certificate had also not been issued as of July 1993.

Though the Finance Department had asked the Hospital authorities to assess and provide for trained manpower and space to operate this machine effectively, there was no evidence of any action having been taken in this regard as of July 1993. The contract for supply of this machine provided for training two radiologists in Japan at no additional cost but no one was sent for this training as per directions from Government of NCT of Delhi in August 1991. This resulted in undue financial benefit to the firm and also deprived the Hospital of properly trained personnel to operate the equipment.

The Hospital authorities admitted in February 1993 that CT scan was best used in the treatment of victims of accidents, but there was no neurosurgeon in the Hospital. The authorities also stated that the CT scan was being used for diagnostic purposes in cases where patients required orthopaedic treatment and could be benefited as operation facilities were available. However, cases requiring treatment by a neurologist were being referred to other hospitals.

The Hospital authorities stated in November 1993 that neuro-surgical facilities would be provided in due course of time.

b) Supply of defective equipment

b(i) A Holter monitor used in cardiology was procured by the Hospital in August 1990 at a cost of Rs 6.2 lakhs from a private firm through DGS&D, although there was no cardiac diagnostic set up in the Hospital. Some technical faults were noticed by the Head of the Department of Medicine during installation of the equipment in January 1991 which were brought to the notice of the firm. The installation certificate was issued in November 1991 stating the items were according to the specification and working satisfactorily.

Three months later in February 1992, the Department again reported that the equipment was not functioning and requested the purchase section to take necessary action. The Hospital wrote to the principal firm in December 1992 to direct the authorised dealer to rectify the monitor. In the meantime, the authorised dealership had shifted to another firm. This firm was requested in May 1993 to rectify the defects. The firm's engineer removed the defective part and took it away for repairs in September 1993. It was yet to be delivered to the Hospital as of November 1993.

The Hospital failed to pursuade the firm to rectify the defects by invoking the contractual clause 7 relating to forfeiture of security deposit as no such deposit had been taken.

b(ii) TAC approved in July 1988 the procurement of one Image Intensifier unit at a cost of Rs 12 lakhs for the Orthopaedic Department and the indent was placed in January 1990 on DGS&D. Eleven firms responded in March 1990 and the offer of Rs 13.9 lakhs of a private firm was found acceptable. The equipment was installed in the Hospital in February 1991.

While the Deputy Medical Superintendent in 1992 did not find the equipment according to the specifications, the Head of Orthopaedic Department certified in April 1992 that the equipment was according to the specifications and was working satisfactorily.

The equipment was reported in October 1992 to be out of order. The supplier insisted in June 1993 that the hospital sign an annual maintenance service contract w.e.f. April 1992 to get the equipment repaired. Records reveal that no reply had been given to the firm in this respect.

The Hospital stated in its reply that further defects were discovered in July 1993 and brought to the notice of the firm. As of November 1993, however, all defects were rectified and the instrument was working satisfactorily as claimed by the Hospital. Thus, the equipment remained out of order for a year.

b(iii) The purchase of a Pulmonary Function Test unit was approved in December 1989 by TAC for procurement at a cost of Rs 8 lakhs and an indent on DGS&D was placed in March 1990. Out of seven quotations forwarded in July

1990 by DGS&D, the equipment offered by a private firm at a cost of Rs 11.46 lakhs was approved and the order was placed in September 1990 with delivery scheduled in January 1991. The equipment was delivered to the Hospital in March 1991 and was installed in June 1991. No approval was sought from TAC to the revised cost.

The equipment installed in June 1991 went out of order in September 1991 after examination of just ten patients but the firm was approached for repairs only in March 1992. The seller had guaranteed that the equipment would continue to conform to description and quality was assured for a period of 12 months after installation or 15 months after shipment whichever was earlier. In case of deterioration, the purchaser had the final and conclusive entitlement to reject the equipment. The Hospital had the latter option open till June 1992, but no action was taken.

In their reply of November 1993 the Hospital claimed that the authorised dealership for this equipment had gone to another party who were sent reminders for rectification of defects. However, the machine continued to be out of order.

b(iv) TAC approved in December 1989 the purchase of orthopantomogram (OPG) with cephalostat at a cost of Rs 3.5 lakhs and an indent was placed with DGS&D in March 1991. The equipment as per specifications was received in August 1991.

The equipment was inspected by the Dental Surgeon of the Hospital in December 1992 and was found to be out of order due to defects in PC Board and front panel for odontorama PC. The supplier firm collected the defective parts in February 1993 at the request of the Hospital, but rectification/replacement was awaited as of August 1993. The equipment could not be installed in the Hospital as the cabin required for the purpose had not been built by PWD. The firm claimed in January 1993 that the equipment developed defect due to storage for fourteen months.

The Hospital stated in November 1993 that the defective part was replaced free of cost by the firm and the equipment had started functioning by August 1993. Thus, the equipment remained unused for two years.

c) Installation of equipment after expiry of warranty period

TAC approved in December 1989 purchase of one operating microscope with halogen light for ENT department at a cost of Rs 3 lakhs. DGS&D sent seven offers to the Hospital for expert advice and the specialist recommended acceptance of the offer of a private firm at a cost of Rs 6.69 lakhs. The offer was accepted but TAC was not approached for approval of the revised cost.

The supply order was placed in April 1991 and the equipment was handed over to the Hospital in August 1991 but was installed and demonstrated by the firm only in January 1993. The equipment was guaranteed for a period of 15 months from the date of delivery or for 12 months from the date of arrival of stores at the ultimate destination, whichever was earlier i.e. upto August 1992. Therefore, the Hospital had no opportunity to avail of the guarantee on the equipment.

As of November 1993 the equipment was working satisfactorily as claimed by the Hospital. They also claim to have obtained a fresh guarantee of one year effective from March 1993. This was taken up with the firm in July 1993 after Audit raised the matter.

d) Equipment lying idle for want of repairs

d(i) The Hospital placed an order in January 1989 with DGS&D for purchase of one electronic ventilator from a private firm at a cost of Rs 5.2 lakhs. The equipment was not according to the tender specifications. The ventilator was supplied in August 1990, but installed only in February 1991. This was done although the concerned specialist had recommended purchase of a more versatile and sophisticated equipment according to the specifications from another firm, at a lower cost. The purchase thus resulted in an extra expenditure of Rs 1.50 lakhs.

The equipment was guaranteed for 12 months from the date of installation i.e. upto February 1992. In this connection, the Hospital stated that the equipment was purchased in view of its satisfactory functioning in several hospitals including AIIMS and GB Pant Hospital. However, the instrument developed a defect in February 1992 and the firm was informed. Subsequently, the equipment went out of order in September 1992 and in the meantime the sales distributor of the company changed in August 1992. After 5 months the hospital contacted the new distributor in January 1993 followed by a reminder in April 1993. There was nothing on record to show that the equipment had been repaired as of July 1993.

The Hospital authorities in November 1993 furnished a certificate dated July 1993 by the firm that the equipment was repaired in January 1993. As of November 1993 the equipment was in working order but needed maintenance and calibration as claimed by the Hospital.

d(ii) TAC approved in December 1989 the procurement of a cystourethroscope at a cost of Rs 1.5 lakhs and an indent was placed on DGS&D in March 1990. A cystourethroscope costing Rs 3.42 lakhs was received by the Hospital in October 1991. The revised cost was not regularised.

This machine was installed and demonstrated in July 1992. In August 1992, damage was reported to two telescopes due apparently to faulty handling by technical staff.

The supplier was requested in August 1992 either to replace the two telescopes or repair them as their non-functioning resulted in jeopardising work in the Hospital. The firm assured the Hospital in January 1993 that they would request their principals either to replace the items or make the essential repairs There was nothing on record to show that necessary replacement/repairs had been done and that the equipment had been working satisfactorily. No action had been taken against the negligent officials.

The Hospital authorities stated in November 1993 that the firm had replaced the damaged equipment free of cost. The investigation in this matter was discontinued as a result. The equipment remained idle for more than a year.

d(iii) TAC approved in June 1988 the procurement of a TcPO2 monitor for the paediatric department at a cost of Rs 6 lakhs and an indent was placed on DGS&D in February 1989. Out of eight offers, the offer of a private firm was approved at a cost of Rs 2.85 lakhs.

The first piece was installed in June 1991 and went out of order in January 1992. The Hospital authorities requested the firm to repair it, and followed it with a reminder in April 1992, but there was nothing on record to show that the monitor had been repaired as of July 1993. This resulted in blocking of Rs 2.85 lakhs. The Hospital authorities stated in November 1993 that the equipment would be repaired in "due course of time".

d(iv) TAC approved in December 1989 the purchase of Lactoscreen H2 Breath Analyser at a cost of Rs one lakh through DGS&D which was re-approved by TAC at a cost of Rs 1.17 lakhs along with accessories in June 1990. The equipment was received in July 1991 by the Hospital and was installed in May 1992. In August 1992 the equipment was found dismantled and out of order by the Medical Officer in-charge of equipment store. The firm was requested only in August 1993 to repair the equipment. The equipment was yet to be repaired as of August 1993.

The Hospital authorities stated in November 1993 that the equipment was made up of four main portable units with standard accessories working satisfactorily and the observations made by the Store Officer were incorrect.

d(v) The procurement of a Gastroscope was approved by TAC in December 1989 at a cost of Rs 1.90 lakhs. DGS&D placed an indent on a private firm in March 1991 to supply the equipment for Rs 4.03 lakhs. The equipment was supplied at a cost of Rs 5.16 lakhs by the firm. TAC's approval was not taken for the revised cost.

The equipment was delivered in August 1991 and was installed in December 1991. The equipment went out of order in August 1992, but this was not brought to the notice of the Hospital administration till May 1993. The firm was requested in June 1993 for the repair of the equipment. There was nothing on record to show whether the equipment was repaired.

The Hospital authorities have claimed that DGS&D have been approached to take up the matter with the firm. However, neither were full details of such correspondence given nor were any records provided supporting their contention as of November 1993.

e) Non-installation and delayed installation of equipment

e(i) Purchase Of a Vestibular Function Analyser with two Channel ENG Empulsifyer with frenzel glasses was approved by TAC in December 1989. It was procured through DGS&D at a cost of Rs 2.94 lakhs and delivered to the Hospital in September 1991 but was not installed. At the instance of the Hospital authorities, DGS&D asked the supplier to install the equipment by January 1992 or face penal action under the terms of the contract. There was no evidence of any further action taken either by the Hospital or DGS&D till December 1992 when the Hospital wrote to DGS&D to stop payment. It was also seen that DGS&D did not ensure deposit of Rs 36700 by the supplier for due performance of the equipment as per the terms of the contract. As a result, they were not in a position to enforce execution of the contract.

The Hospital stated in November 1993 that the equipment was installed in September 1993 and a fresh guarantee of one year from date of installation had been obtained from the firm. However, no penal action could be taken for the inordinate delay.

e(ii) A double-puncture laparoscope for diagnosis was purchased at a cost of Rs 3.67 lakhs through DGS&D and was received in the Hospital in June 1990, but the same had not yet been installed as of August 1993. The Hospital informed the supplier through DGS&D in March 1993 that the equipment supplied was not according to the tender specifications and some of the parts were short supplied. The Hospital stated in November 1993 that the firm had agreed to install the equipment soon.

e(iii) TAC approved in December 1989 doppler upgradation of existing ultra sound unit and addition of intra-vaginal and intra-rectal probe at a cost of Rs 8 lakhs. An indent for the upgradation accessories was placed on DGS&D in April 1990. The consignment arrived in November 1990, but there was a short shipment of cart assembly for doppler which was received only in February 1991. The equipment was not installed till December 1992.

The Hospital authorities stated in November 1993 that the equipment was installed in July 1993 and was working satisfactorily. The equipment thus remained uninstalled for more than two years.

f) Purchase of accessories without justification

f(i) The procurement of Colono Fiberscope was approved in December 1989 by TAC for Rs 2 lakhs without any accessories. The equipment was not included in the annual plan 1990-91 and as such no funds were made available. In spite of TAC's instructions not to carry forward the purchase to the subsequent year unless the letter of credit had been opened (actually opened in March 1991) the Hospital processed the purchase case and an indent was placed on DGS&D in March 1990. The Colono Fiberscope (Model CL20L) costing Rs 3.68 lakhs inclusive of accessories worth Rs 1.9 lakhs was recommended for purchase. The records provided to Audit did not indicate the justification for the accessories. The approval of TAC was also not sought for procurement of the accessories. The equipment was installed in July 1991 to the satisfaction of the Hospital authorities.

The Hospital stated in November 1993 that specifications sent initially to DGS&D were inclusive of accessories and as such TAC was not approached again for approval. The Hospital thus admitted the findings of Audit.

g) Purchase not as per specifications

TAC approved in December 1989 the purchase of six obstetrical tables at a cost of Rs 12 lakhs through DGS&D which were supplied by the firm in May 1991 to the Hospital. The tables were not as per specifications and some components were required to be repaired as reported in September 1991 by the Head of the Gynaecology Department. The tables were therefore not installed.

At the instance of the Hospital, DGS&D contacted the firm in January 1993 and again in March 1993 to ascertain the installation position. The Head of Gynaecology Department also informed DGS&D in January 1993 that the firm had not returned the material collected for rectification in 1991 and thus the tables remained unutilised for about 2 years. It was also pointed out that the tables did not indicate the name of the manufacturer and it was doubtful that they were imported. Without seeking clarification on the above points the Consignees' Receipt Certificate (CRC) was issued by the Hospital in June 1993. Thus, expenditure of Rs 12 lakhs remained unfruitful. Besides, the quality of the equipment supplied was also doubtful.

The Hospital authorities stated in November 1993 that after obtaining the clarification and demonstration to the full satisfaction of the Department the equipment was cleared for installation by the Head of the Department. In June 1993 the equipment was installed and was said to be working satisfactorily.

The Specification Committees (SCs) were constituted in December 1991 to clear the detailed specifications before orders were placed. The indenting authority was required to ensure that the members of the SCs sign the proceedings in respect of these equipment, and the minutes made available to DGS&D. The head of the institution was to keep the minutes of the SCs in the Hospital for ready reference. A set was to be sent to Medical and Public Health Department for completing the records of TAC. From the record examined in Audit, it was seen that these instructions were not followed. The Hospital was asked to confirm this Audit finding but had not responded as of November 1993.

It was also noticed that the log books for equipment were not maintained as a result the utilisation of equipment could not be verified.

3.8.6 Purchase of materials, other supplies and medicines

Test-check in Audit of records relating to purchases of consignments of materials and medicines each worth Rs 50000 and above as seen from the Contingency Register of the Hospital for the period April 1988 to March 1993 revealed the following:-

- The Hospital incurred an extra expenditure of Rs 2.80 lakhs on purchase of orthopaedic articles during 1988-89 by ignoring the lowest quotation for which no justification was recorded in the comparative statement prepared by the Hospital. In three cases the prices quoted were in foreign currency, the rupee equivalent of which was not found in the comparative statement and as such Audit could not verify whether these were purchased economically at the lowest rates. This was brought to the notice of the Hospital (July 1993) but no reply was received (October 1993).

- The Hospital purchased 10 trans-trolley systems for Rs 9300 each by ignoring the lowest quotation of Rs 5750 each with ISI mark from a consumers cooperative store incurring an extra expenditure of Rs 35000.

Similarly, in the purchase of 9 items of furniture the lowest tender was ignored on the plea that no samples were supplied by the lowest tenderer. The samples from other firms were also obtained after the date of opening of tenders and the lowest tenderer was not asked to submit samples. This resulted in extra expenditure of Rs 63095.

Thus, the Hospital incurred an extra expenditure of Rs 98095 by ignoring the lowest quotations.

- A test-check of the purchase of surgical goods for the department of Anaesthesia for the year 1990-91 revealed the following:

- The Hospital did not make all purchases of surgical goods on the basis of lowest rates and no justification for purchases at higher rates was recorded in the comparative statements or in other documents. Out of 28 items of surgical goods costing Rs 5.34 lakhs for the year 1990-91, the hospital purchased nine items at higher rates and had to incur extra expenditure of Rs 0.52 lakh.

- In order to avoid purchase through DGS&D, the Hospital authorities have been splitting their requirement and making purchases on the basis of open tender quotations. For example, the annual requirement for IV sets for the Hospital during 1990-91 was worked out (May 1990) by the Store Officer as 20000 sets. These were purchased during September 1990 to January 1991 at a cost of Rs 96180. Additional demand of another 20000 sets from the same firm for the year 1990-91 was placed (February 1991) but the supply could only be made in April 1991 at a cost of Rs 96180 regularised by an *ex post facto* sanction. In spite of direct orders of the Medical Superintendent, the requirement for 1991-92 was not placed on DGS&D and purchases were made piecemeal: 7500 sets in September 1991, 5000 sets in October 1991 and another 5000 sets in January 1992 by resorting to splitting of the requirements.

- Though the Hospital authorities inserted a clause in the contracts for the supply of surgical goods under which short supply of goods could be made

DGS&D gave M/s Blue Star Ltd. one month's time to supply the flow cell within the basic cost of the main equipment in May 1992. The latter replied in July 1992 that the flow cell had to be ordered separately. Finally, DGS&D placed an order in April 1993 for the supply of flow cell at US $ 865 out of which M/s Blue Star agreed to bear fifty *per cent*. The flow cell had not been received as of October 1993.

The instrument received in April 1992 was lying unutilised in the Laboratory due to lack of flow cell. Thus, the expenditure of Rs 8.93 lakhs (including demurrage charges and agent's commission) on the procurement of HPLC resulted in blocking of government funds apart from the non-realisation of the intended purpose of purchase.

The matter was referred to the Ministry of Health and Family Welfare in September 1993; their reply is awaited as of December 1993.

3.10 Stocks of chemicals lying unused

The Department of Prevention of Food Adulteration had set up a Food Testing Laboratory in 1977 to carry out tests on samples of foodstuff. A number of chemicals are used for tests including micro-biological and toxicological tests on food samples.

In 1988 when this work was transferred to the Department, stocks of chemicals purchased by the Municipal Corporation of Delhi before 1984 were also passed on to the laboratory. Test-check of the laboratory records revealed that chemicals worth Rs 2.26 lakhs purchased upto August 1992 were lying unused as of September 1993. In March 1993 the Department purchased further stocks of various chemicals costing Rs 5.63 lakhs, of which too, Rs 4.84 lakhs worth of chemicals were lying unutilised as of September 1993.

The Department stated in reply to an Audit query that the old stocks of chemicals had become time-expired; at the same time it was contended that rare and atmosphere sensitive micro-biological chemicals can be purchased in bulk and used for four to five years. The stocks of unused chemicals worth Rs 7.10 lakhs would appear to indicate that the purchase made in March 1993 were to avoid the lapse of funds.

The matter was referred to the Ministry of Health and Family Welfare in October 1993 ; their reply is awaited as of December 1993.

3.11 Review of the Forest unit

3.11.1. Introduction

Forestry in Delhi is being managed by several departments and autonomous bodies, viz., Public Works Department, Flood Control Department, Delhi Development Authority, Municipal Corporation of Delhi, New Delhi Municipal Committee, etc. From June 1988, a Forest unit started functioning as an independent unit under the Development Commissioner who is also *ex officio* Secretary, Department of Environment, Forests and Wildlife.

The main objectives of the Forest unit are to create and preserve a green buffer to control environmental pollution and to prevent encroachments on public land. The major functions of the Forest unit are (i) plantation (ii) protection of forests (iii) soil conservation and (iv) landscaping of a wildlife sanctuary.

3.11.2. Area coverage

Out of 180000 acres (891 sq. km.) of rural land in Delhi, the Forest unit is responsible for management of 9156 acres (5 *per cent*) of compact area and 1145 kilometers of railway tracks, drains and bunds. In the latter case, the area of land involved has not been worked out by the Forest unit. The unit does not have maps indicating the areas under its management. Out of 9156 acres of compact land, only 2290 acres are under forest ranges and the rest of the land is covered by the area earmarked for the wildlife sanctuary. Besides, the Forest unit is also functioning as a nodal agency for protection of trees in the entire rural belt of Delhi.

3.11.3. Scope of audit

The records maintained by the Forest unit at Headquarters and range offices for the period 1988-89 to 1992-93 were test-checked in Audit. In addition, records of Keshavpur Effluent Irrigation Scheme (KEIS) Division and Division V of Flood Control Department relating to capital works of the Wildlife sanctuary were examined.

3.11.4. Highlights

- **Due to absence of records and procedure for evaluating the survival of plants the reported survival of plants could not be verified. Against the expected survival rate of 80 *per cent* actual survival rate ranged between 28 to 70 *per cent.***

- **The correctness of the figures of sales of central nurseries could not be verified in Audit as no records were maintained for production and sale of plants.**

- **Compensation rates for illicit tree-cutting were not revised since 1963. Those who felled trees with prior permission were being charged much more than those who felled trees illicitly and were allowed to retain the timber after payment of nominal penalty.**

- **Despite expenditure of Rs 483 lakhs against the sanctioned amount of Rs 292 lakhs, the Wildlife sanctuary at Asola had not materialised.**

- **Although records showed that certain areas of the sanctuary were under encroachment, details regarding encroachment of land were not furnished to Audit.**

- **There was excess expenditure of Rs 70.87 lakhs incurred on the construction of the boundary wall for the sanctuary.**

- **Against the provision of Rs 4 lakhs for 10 shallow ponds, 27 shallow ponds were constructed at a cost of Rs 18.97 lakhs though there are no arrangements for supply of water.**

- **Rs 5.32 lakhs worth GI pipes were lying in stock awaiting installation since March 1990.**

- **No work norms were prescribed for the forest staff. No working plan for efficient management of forests land was prepared.**

3.11.5. Organisational set up

The Forest unit is headed by a Deputy Conservator of Forests. He is responsible for overall supervision, planning and liaison activities. The forest area is divided into seven ranges, viz., Alipur, Mehrauli, Nangloi, Najafgarh, Shahdara, Moti Bagh and ITO. Each range is being looked after by a forest ranger. Range Officers are assisted by forest guards who act as beat officers. The Range Officer is responsible for afforestation and protection of forests and liaisoning with the police. The Forest unit is also developing a 4707 acres wildlife sanctuary in Asola. An additional area of 2166 acres of Bhatti village was also notified in April 1991 as under the wildlife sanctuary. The wildlife sanctuary is looked after by a Senior Forest Ranger who is assisted by forest guards.

3.11.6. Financial management

The Forest unit is financed by allocation from the budget of Government of NCT of Delhi. The following table gives the expenditure during the five years ending March 1993.

Table 3.11.6.-**Head-wise expenditure on Forest unit**

(Rupees in lakhs)

	Heads/ Schemes	Revenue	Capital	Total
1.	Direction and administration	9	-	9
2.	Plantation of trees	588	10	598
3.	Creation of Wildlife sanctuary	103	470	573
4.	Miscellaneous schemes	48	-	48
	Total	**748**	**480**	**1228**

The capital expenditure on creation of the Asola wildlife sanctuary is being incurred by the Flood Control Department as the Forest unit had not come into being when this scheme was approved in 1987. As against the capital expenditure of Rs 470 lakhs reflected in the accounts of the Asola wildlife sanctuary, the Flood Control Department had booked Rs 531 lakhs (April 1993). When Audit pointed this (September 1993), the Flood Control Department furnished revised figures totalling Rs 470 lakhs in November 1993. No reasons were given as to how either of these figures were arrived at. This is indicative of the lack of control over the expenditure incurred by the Forest unit.

3.11.7. Plantation of trees

Under the plantation of trees' scheme, the Forest unit is required to:

- plant trees along roadsides, drains bunds, railway tracks, Panchayat and Government wasteland and forests, ;

- set up localised nurseries for raising plantation stock;
- ensure maintenance and watch and ward of trees.

a) Plantation and survival of trees

The achievement in terms of number of trees planted in ranges and in Wildlife sanctuary Asola and their survival during the last 5 years ending March 1993 is given below:-

Table 3.11.7.(a) - Survival of plants

(Number in thousands)

	Plant planted			Survival			Percentage Survival	
Years	Range	WLS *	Total	Range	WLS	Total	Range	WLS
1988-89	1004	1132	2136	397	794	1191	40%	70%
1989-90	722	87	809	432	24	456	60%	28%
1990-91	328	640	968	183	308	491	56%	48%
1991-92	493	395	888	245	120	365	50%	30%
1992-93	573	447	1020	N.A.	N.A.	N.A.	N.A.	N.A.

* *Wildlife sanctuary*

Thus, survival during 1988-89 to 1992-93 ranged between 40 to 60 *per cent* in ranges and in the Wildlife sanctuary between 28 to 70 *per cent* against the expected survival rate of 80 *per cent.*

b) Incorrect method of reporting of survival of plants

The method of reporting of survival of plants by the Forest unit was found to be incorrect due to the following reasons:-

- The Forest unit did not prescribe guidelines to assess the number of plants which had actually survived.
- Survival of plants planted from June to August is reported after the completion of the financial year i.e. 7 to 9 months after plantation whereas in Flood Control/PW Departments where the plantation is done through contractors, the plantation work is treated as complete only after 3 years. The practice of premature reporting of survival of plants by the Forest unit was pointed out in Audit and the Forest unit admitted that casualties among the plants after reporting of survival could not be ruled out as no further

follow up action was being taken in this regard.

- No working plan exercise which gives details of the plants standing inside a particular area of plantation was being conducted by the Forest unit.

- The plants were also not being marked for identification and preparation of inventory with the result that no census of plants has ever been conducted.

Thus in the absence of proper records of the plants actually surviving, the correctness of the figures of survival of plants is questionable.

c) Production of nursery plants

The Forest unit earmarked 28.5 acres of land for nurturing plants in nurseries. Of this, 18 acres were under two central nurseries and 10.5 acres under ranges. The plants grown in range nurseries are all used for plantation of trees in the ranges. Those grown at central nurseries (Northern and Southern Ridges) cater to the needs of ranges and are also for sale at concessional market rates to Government departments, institutions, societies and individuals involved in plantation activities at rates ranging from Rs 0.50 to Rs 7.00. The production at central and range nurseries during 1988-89 to 92-93 was reported as under:-

Table 3.11.7. (c) - **Production of plants in nurseries**

(In thousands)

Year	Number of plants produced in nursery		
	Central Nurseries	Range Nursery	Total
1988-89	142	234	376
1989-90	169	177	346
1990-91	148	148	296
1991-92	259	197	456
1992-93	229	146	375
Total	947	902	1849

It was noticed in Audit that no records of production and sale at central nurseries was maintained. However, as per the general cash book of the Forest unit, the amount deposited on account of sale of plants through nurseries during 1988-89 to 1992-1993 was Rs 1.43 lakhs. In the absence of production and sale records, the correctness of sales figures as per cash book could not be verified in Audit.

d) Protection of trees

Tree cutting in Delhi is totally banned and in cases where tree felling becomes absolutely essential, prior approval of Lt. Governor was required excepting for a short period from July 1990 to December 1991 when the powers were delegated to the Heads of Department.

For affording protection to forest assets through the process of law, the Forest unit exercises its powers under Indian Forests Act, 1927. The forest staff are so empowered by Government of NCT of Delhi under notifications issued from time to time. Forest unit issues challan forms under section 26/38 of Indian Forest Act, 1927 to rangers for charging compensation from offenders for illicit cutting of trees. The protection of trees which are spread out in rural belt of 891 sq. km is done by forest guards under Forest unit. An average 15 sq. km. area is required to be protected by each forest guard.

The Forest unit was requested by Audit to furnish the details of offences detected and compensation charged during each of the years 1988-89 to 1992-93. The information was not furnished to Audit. However, Audit collected the above information for 2 out of 7 ranges for the last five years ending March 1993 as under:-

Table 3.11.7. (d)

	Name of range	Number of cases	Amount recovered (Rs)
1.	Alipur	142	25804
2.	Najafgarh	87	9665
	Total	229	35469

Scrutiny of records of two ranges revealed the following irregularities.

- It was noticed in Audit that trees were being cut without seeking prior permission of Lt. Governor. A test-check of the records of the Alipur range for the period March 1992 to March 1993 revealed that 319 trees had been felled illicitly. Cases of such offences were not even being submitted to Deputy Conservator of Forests.

- Range Officers disposed of all cases of illicit felling of trees. It was seen that no such cases were registered with the police. Instead, all such cases were regularised by levy and collection of compensation and cost of timber after which the person who had cut the trees was allowed to carry them away.

- Whereas the cost of raising a plant as assessed by the Forest unit in March 1992 was around Rs 100, the rates of compensation or penalty were fixed by the Government of NCT of Delhi in 1963 at Rs 5 to Rs 25- per tree on the basis of girth of trees ranging from 6 to 36 inches. These rates have not been revised since.

- Cost of timber was being recovered at double the prescribed (1963) rates of compensation. The authority under which this was being done was not made available to Audit. During test-check it was found that Rs 5.77 lakhs were recovered (April 1992) as compensation from DESU for felling of 1976 trees for which permission was granted. However, in cases where trees were illicitly cut in Alipur range by MCD and DESU contractors and others, compensation of only Rs 8770 was recovered for felling of 319 trees.

- As the Range Officers do not maintain any inventory of trees, it is not possible to verify the actual number of trees cut illicitly.

3.11.8. Creation of wildlife sanctuary, Asola

In March 1987, the Flood Control Department, Government of NCT of Delhi, prepared a project report on behalf of Department of Environment, Forests and Wildlife, Government of NCT of Delhi, for setting up a wildlife sanctuary at Asola in the outskirts of Delhi covering an area of 3250 acres at an estimated cost of Rs 3.95 crores. The project report was approved by Government of India in July 1987, subject to certain modifications. Accordingly, the scheme was re-cast by Department of Environment, Forests and Wildlife, Government of NCT of Delhi and estimated project cost was reduced to Rs 2.93 crores. The project was scheduled for completion by the end of March 1991 in a phased manner.

a) Financial and physical achievements

The following statement compares the projected expenditure with the actual expenditure incurred by the Department on the Asola Sanctuary up to the end of March 1993:-

Table 3.11.8 (a)-Expenditure on Asola wildlife sanctuary		
		(Rupees in lakhs)
Year	Expenditure as per proposed programme	Actual expenditure
1986-87	-	*1
1987-88	32	11
1988-89	93	95
1989-90	129	80
1990-91	38	64
1991-92	-	180
1992-93	-	52
Total	292	483

* *Expenditure on account of preliminary expenses*

The work-wise break up of expenditure of Rs 483 lakhs was not made available to Audit. However, it was noticed that several major works for which provisions existed in the project report, viz., construction of peripheral road (Rs 53.60 lakhs), administrative block (Rs 10 lakhs), residential accommodation (Rs 7.50 lakhs), public conveniences (Rs 5.00 lakhs), external services (Rs 17.00 lakhs) and other miscellaneous works were yet to be taken up as of April 1993.

b) **Acquisition of land**

Gaon Sabha land measuring about 2707 acres was notified for Wildlife sanctuary at Asola in October 1986. Subsequently about 2000 acres of Gaon Sabha land of adjacent areas was notified in November 1987 / February 1988. Further, about 33 acres (142 bighas) of private land was notified in July 1992. Thus, the total land notified for wildlife sanctuary, Asola was 4740 acres (approx.) which was being developed for Asola sanctuary. Besides, 2166 acres of Gaon Sabha land of nearby village Bhatti was also notified for Wildlife in April 1991. However, plans for its development were yet to be finalised.

It was also seen that the possession of tracts acquired for the wildlife sanctuary, Asola was taken over by the Flood Control Department from the Revenue Department, Government of NCT of Delhi, on paper without recording details of the status of land. Subsequently, at the time of taking physical possession of land, Flood Control Department found that large areas of land acquired were already under encroachment. On being asked by Audit, to, furnish the details of land under encroachment, the Forest unit stated that these were not available and may be called for from owning agency. Forest unit also did not furnish the details of land under encroachment. However, records of Flood Control Department showed that the following land was under encroachment.

Table No. 3.11.8. (b)		
	Location	Area in bighas
1.	Boundary wall of Wildlife sanctuary towards Deoli village	90.00
2.	Isolated pockets of village Deoli	114.30
3.	Isolated pockets of village Tughlakabad	36.15
	Total	240.45

c) Works

c(i) Construction of boundary wall

The project report stipulated 2.5 metre high wire mesh fencing provided over a half metre high masonry wall in a length of 18 km. at an estimated cost of Rs 90 lakhs. Subsequently, after the clearance of project estimates, it was decided in April 1988 to protect the area notified in November 1987 and February 1988 and the length of boundary wall to be constructed was modified to 48 km However, against the original scheme of 3 metre high wire mesh fencing it was decided to construct 2 metre high masonry wall without change in financial estimates.

A test-check of records relating to construction of the boundary wall revealed the following points in Audit.

- Against the provision of Rs 90 lakhs, an expenditure of Rs 160.87 lakhs had already been booked on construction of 41 km RR masonry wall of 2 metre height upto May 1992. Thus excess expenditure of Rs 70.87 lakhs was incurred without revising the scheme. The expenditure incurred after May 1992 on construction of remaining boundary wall was not available.

- It was noticed in Audit that a contract for construction of 1.5 km boundary wall of wildlife sanctuary towards Deoli village had to be curtailed after completion of 0.75 km length due to encroachment of 90 bighas of land where 350 unauthorised structures existed.

- On a specific complaint in December 1989 from Forest Ranger posted in the sanctuary regarding incorrect construction of boundary wall at Khasra Number 1088 and 1089 of village Satbari, Flood Control Department conducted re-demarcation of land in February 1990 and found that land measuring about 600 sq m in Khasra number 1088 and 1089 had been left outside the boundary wall. It was decided in August 1990 that the construction of a wall along actual land boundary be taken up by dismantling wall constructed earlier at an estimated cost of Rs 0.75 lakh. However, no action was taken to cover the area left outside the boundary wall as of November 1993.

- On finding breaches in the boundary wall, the Forest unit collected sample material and sent it for testing to a private laboratory. The test report was sent by Forest unit to Development Commissioner in January 1992. The contents of the report were not made available to Audit.

c(ii) Infructuous expenditure on construction of tube well

In order to provide water resources in the sanctuary, the project report envisaged construction of 3 tube wells including pump house and pump sets at a cost of Rs 9.00 lakhs. However, only two tube wells (including pump houses) were constructed at a cost of Rs 3.48 lakhs through contractors without any proper survey. Both the tube wells had to be abandoned due to excessive mica deposits. Subsequently, Flood Control Department constructed 2 more tubewells through its Minor Irrigation Division at a cost of Rs 5.82 lakhs. Thus, the Forest unit incurred infructuous expenditure of Rs 3.48 lakhs.

c(iii) Construction of shallow ponds

According to the project report, shallow ponds were to be constructed after successful installation of tube wells. The tube wells were required to be connected with galvanized iron (GI) pipes for distribution of water leading to 10 small shallow ponds to cater to the needs of Wildlife in the sanctuary.

Audit scrutiny of records relating to construction of shallow ponds showed the following irregularities:

- A provision of Rs 4 lakhs for construction of 10 shallow ponds @ Rs 0.40 lakh each was made in the approved scheme. Against this provision, Rs 18.97 lakhs was incurred on 27 shallow ponds during August-September 1988. Administrative approval for extra expenditure of Rs 14.97 lakhs as well as for construction of 17 extra shallow ponds was not obtained from the competent authority.

- The shallow ponds were constructed on emergent basis to cater to the water needs of wildlife animals but only 2 out of 3 tube wells envisaged became functional from February 1993. The pipes through which water was to reach shallow ponds were yet to be laid in the wildlife sanctuary

(April 1993). Justification for construction of the 27 shallow ponds as urgent works without creation of water resources was not furnished to Audit.

- The work of construction of shallow ponds was split up into 27 sub-works each ranging between 0.41 to 1.14 lakhs totalling Rs.22.91 lakhs. The sub-works were awarded to 12 different contractors in August 1988 (without calling for tenders) on work order basis. These work orders were awarded at more than 50 to 100 *per cent* above the estimated costs. Sanction of the competent authority for splitting and award of work on work order basis was not shown to Audit.

- Out of 27 sub-works of construction of shallow ponds which were stipulated for completion in 3 weeks, 18 works were completed after a delay of more than 6 months, 5 works after a delay of more than 3 months and 1 work was not finalised. The delays in all cases were attributed to administrative reasons. Thus the purpose for which work was awarded on emergent basis was defeated.

c(iv) Blocking of funds on account of purchase of GI pipes

In March 1990, Flood Control Department purchased 4997 metre of GI pipes of 65 mm diameter at a cost of Rs 5.32 lakhs for laying in the sanctuary for distribution of water but the pipes were lying in stock due to non-finalisation of layout plans till the date of Audit(April 1993).

Thus, though the sanctuary was sanctioned in 1987 by the Government of India and even after spending Rs 483 lakhs, the sanctuary has yet to be established.

3.11.9. Deficiencies in management

The Forest unit was brought under technical supervision of a Deputy Conservator of forests in June 1988 for better management of forestry work in Delhi. However, the following deficiencies in the management of the Forest unit were noticed at the time of Audit.

- No register or other records were prescribed for headquarters and range offices to keep the details of the forest assets and lands under the jurisdiction of the Forest unit as is done for forest divisions in the States.

- No working plan for efficient management of forests land was prepared.

- The Forest unit was manned by more than 800 field staff consisting of forest rangers/deputy ranger, forest guards and labourers but there were no approved work norms.

The above points were brought to the notice of Ministry of Home Affairs in September 1993, their reply is still awaited as of December , 1993.

3.12 Acquisition of stores in excess of requirements

The preparation of 1.60 lakh identity cards costing Rs. 11.62 lakhs for people living in the border areas was entrusted by the Government of Rajasthan in January 1989 to the Delhi Energy Development Agency (DEDA).

As the Government of Rajasthan desired that these identity cards be tamper proof, water proof, tear resistant, scratch resistant and long lasting, DEDA placed an order in November 1989 with a firm for supply of two lakh pouches made from imported sheets at a cost of Rs 5.17 lakhs. The firm completed the supply in June 1990. Out of the two lakh pouches, only 92800 pouches were utilised for preparation of 1.08 lakh identity cards and the same were handed over to the State government. The work was completed to the satisfaction of the State government in February - March 1990, but dues amounting to Rs 4.92 lakhs had not been received by DEDA as of September 1993. The remaining 107200 pouches costing Rs 2.54 lakhs were lying in stock as of September 1993.

In the meantime, while 107200 pouches remained in stock, the Agency purchased and utilised approximately three lakhs pouches made from indigenously produced material from two firms.

DEDA was aware of the fact that in case the pouches are not utilised, they will deteriorate with the passage of time. As such, non-utilisation of 107200 pouches led to idling of Rs 2.54 lakhs and this expenditure is likely to prove infructuous. Besides, dues amounting to Rs 4.92 lakhs have also not been recovered for more than three years..

The matter was referred to Ministry of Non-Conventional Energy sources in August 1993; their reply is awaited as of December 1993.

3.13 Outstanding dues for identity cards

There was a requirement of identity cards for employees of Government of NCT of Delhi departments and agencies and for slum (jhuggi jhopri) dwellers. Since the Delhi Energy Development Agency (DEDA), Government of NCT of Delhi had acquired expertise in preparation of laminated polaroid identity cards, various agencies of Government of NCT of Delhi placed orders with it for preparation of identity cards for their employees as well as for slum dwellers.

Test-check of records of DEDA revealed that a sum of Rs 18.68 lakhs was outstanding upto March 1993, from various departments of Government of NCT of Delhi and DDA on account of identity cards supplied since 1990, although DEDA claimed to have made efforts to recover the dues the amount remained outstanding.

The matter was referred to the Ministry of Non-Conventional Energy Sources in September 1993; their reply is awaited as of December 1993.

Deputy Commissioner

3.14 Mismanagement of land deals

Under Section 6 of the Land Acquisition Act, the Collector, Land Acquisition Cell (LAC) Delhi issued notifications for acquisition of land measuring 67000 bighas in 13 villages of South Delhi between May 1985 and February 1986.

73 writ petitions were filed in the Delhi High Court challenging the validity of this notification.

Meanwhile, the Collector went ahead with the acquisition of 42530 bighas. Out of 7087 bighas for which possession was taken between July 1987 and August 1988, 4040 bighas were handed over to DDA. The liability of compensation for the latter amounted to Rs 9903 lakhs. Of this amount, only Rs 916 lakhs was disbursed.

In November 1988 the Delhi High Court quashed the acquisition proceedings on the grounds that the reports sent by LAC to the Lt. Governor, Delhi, certifying its acquisition for public purpose under sections 5A and 6 of the

Land Acquisition Act, were non-speaking orders. The Government of NCT of Delhi filed a special leave petition against this judgment in the Supreme Court. But, in September 1991, the Supreme Court upheld the judgment of the High Court.

The owners were required to refund the compensation money along with 12 *per cent* interest *per annum* and surrender alternate plots if given to them within two months of the judgment of the High Court.

Accordingly, 30 of the 73 land owners returned the compensation money amounting to Rs 84 lakhs by cheques and drafts between December 1988 and July 1989, which were not promptly credited to Government account and expired; no action was taken for their revalidation. The balance amount of Rs 831.72 lakhs was also not recovered. On being asked whether the land had been restored to the land owners, the Department stated in their reply that the land would be restored to the land owners after the compensation was refunded by them. Test-check of revenue records of one village revealed that the land continued to be in the name of the land owners in the revenue records and had not been mutated in the name of the Government. The Department also stated (October 1993) that no alternate plots were recommended for allotment in respect of land owners of these 13 villages.

Thus, poor management of the land acquisition process led to the blocking of Rs 916 lakhs of Government money; the amount was yet to be recovered together with interest amounting to over Rs 439 lakhs, as per court judgment.

The matter was referred to the Ministry of Home Affairs in June 1993; their reply is awaited as of December 1993.

Police

3.15 Infructuous expenditure on baggage scanner due to poor planning

A proposal for the purchase of an X-ray baggage inspection system for installation in Rashtrapati Bhawan was sent by Deputy Commissioner of Police (DCP), Rashtrapati Bhawan to the Commissioner of Police in August 1990.

The baggage scanner was received in November 1990 from the Electronics Corporation of India Ltd. but could not be installed at the earmarked location due to non-availability of site. Rs 12.14 lakhs being 40 *per cent* of the cost Rs 30.36 lakhs was paid to the supplier in March 1991. Another instalment of Rs 15.24 lakhs was paid to the firm in December 1991. Installation charges and cost of spares were not paid for as the equipment was not installed. The condition of imparting training for operating this machine was also not fulfilled by the firm.

The scanner was temporarily installed and used for a short period of 10 days in September 1991 for the Commonwealth Parliamentary Conference. Subsequently, the scanner was transferred to the DCP, Security and Traffic in December 1991 for use by the Delhi Police instead of Rashtrapati Bhawan. The Department stated in September 1993 in its reply that the scanner was fitted on a trailer fabricated for the purpose at a cost of Rs 1.4 lakhs and had become portable. However, it was used for only 27 days during September 1991-July 1993 to cover the visits of VVIPs.

Thus, an expenditure of Rs 28.78 lakhs was incurred on purchase of a scanner without providing for proper installation or utilisation.

The matter was referred to the Ministry of Home Affairs in August 1993; their reply is awaited as of December 1993.

Industries

3.16 Blocking of funds

With a view to improve the quality of household appliances and to protect consumers from electrical hazards, the Government of India set up a Quality Control Laboratory at Okhla for testing of electrical appliances in November 1981. In 1985-86, a second laboratory was set up by Delhi Small Scale Industries Development Corporation.

Upto 1986, Government of NCT of Delhi incurred an expenditure of Rs 19.58 lakhs (upto 1986) towards the setting up of a third laboratory.

The expenditure on the third laboratory was commented on in paragraph 4 of the CAG's report for the year 1984-85 and in paragraph 2.7.5 of CAG's report for the year 1985-86 because the laboratory had not become operational, and the expenditure of Rs 19.58 lakhs for setting up of the laboratory for testing of equipment was idling. In March, 1989, the Ministry of Industry questioned the wisdom of setting up of the third laboratory in view of the fact that the facilities available in their existing laboratory were not being utilised fully.

Despite this, the Government of NCT of Delhi incurred a further expenditure of Rs 12.27 lakhs on this laboratory during 1987-93. The ground cited for incurring this expenditure was the Government of India's Electrical Appliances Quality Control Order of March, 1988 which made it mandatory for the manufacturers of seven electrical appliances to obtain the ISI Mark from the Bureau of Indian Standards. The earlier order of March 1981 had made it mandatory for the manufacturers of 40 household electrical appliances to obtain manufacturer's or trader's certificate in the Union Territory of Delhi.

It was noticed by Audit that the Commissioner of Industries, who was appointed the implementing agency for this purpose, issued 2447 manufacturers' certificates and 541 traders' certificates between August 1982 and March 1992. His office also lifted 125 samples during raids conducted between January 1984 - September 1987. 105 of these samples were sent to the Government of India's laboratory in Okhla - of these only 30 were found to conform to ISI specifications. The manufacturers of other 75 samples tested at Okhla were issued warnings. FIRs were lodged against the manufacturers of the remaining 20 samples lifted during the raids. Thereafter, neither was any follow up action taken with reference to these raids nor were any samples lifted except one which was lifted in December 1992.

As regards the laboratory of the Government of NCT of Delhi, it was noticed by Audit that during 1987 - 1993, only 347 samples were received for testing - of these 107 were received from the Bureau of Indian Standard and the rest voluntarily from manufacturers. 150 out of 240 samples received voluntarily were found to conform to ISI specifications.

From the above, it is clear that the Government of NCT of Delhi continued to invest and block resources aggregating Rs 45.6 lakhs including salary of laboratory staff in the setting up of the third laboratory for testing electrical appliances in Delhi even though the need for such a laboratory was never clearly established.

The matter was referred to Ministry of Industry in August 1993; their reply has not been received as of December 1993.

3.17 Infructuous expenditure on a bridge

The work of reconstruction of an existing bridge across Najafgarh drain on Ring Road (Phase IV) at Basai Darapur was awarded by the Executive Engineer to a contractor in December 1988 at the negotiated amount of Rs 139.39 lakhs which was 5.53 *per cent* above the estimated cost of Rs 132.08 lakhs. The work was to start in January 1989 and completed by the first week of January 1991.

The site was partly made available to the contractor in December 1989, i.e., one year after the award of work. Thereafter, work could not progress, further due to delays in supply of material, and non-removal of hindrances like high tension line, telephone line and electrical cables passing through the site. The work was further postponed due to delays in the approval of job mix and design of piers and the super-structure.

The contractor executed work worth Rs 55.42 lakhs upto March 1992. In September 1992, the contractor requested for closure of the agreement on the grounds that work in foundation had increased substantially due to delays in supply of designs for piers, well foundation and abutment and non-supply of material. The facts could not be verified in Audit as the revised estimates had not yet been finalised.

The work was finally closed by the Chief Engineer in May 1993, eight months after receipt of the request from the contractor. No action was taken by the Department to get the balance work completed through other agencies as of November 1993.

Thus, as the Department could not make hindrance free site available, delayed the supply of material, and did not supply necessary structural drawings, the work remained incomplete. The entire exercise resulted in infructuous expenditure of Rs 55.42 lakhs.

The matter was referred to the Ministry of Urban Development in August, 1993. No reply has been received as of December 1993.

CHAPTER - IV

REVENUE DEPARTMENTS OF GOVERNMENT OF NCT OF DELHI

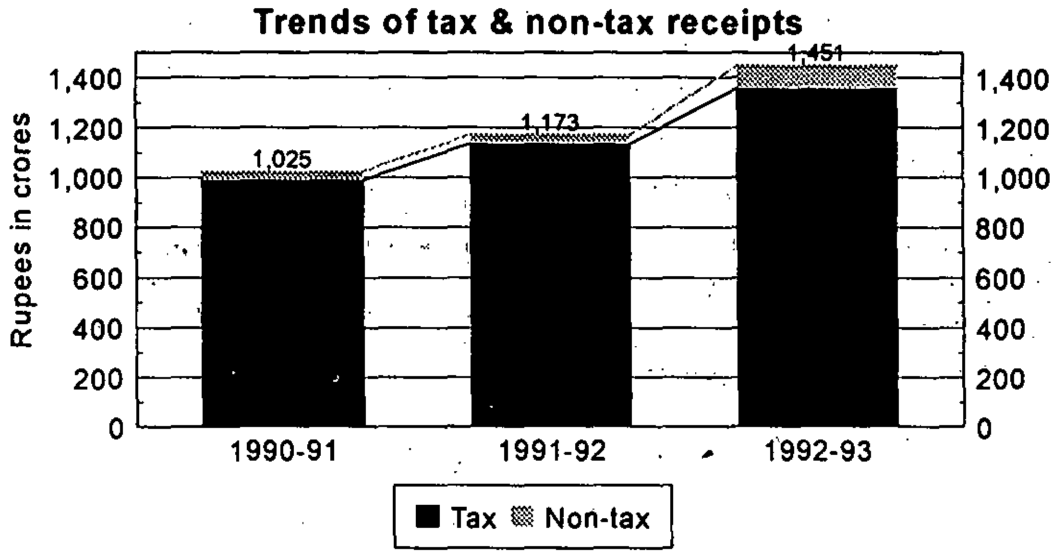
General

4.1 Trend of revenue receipts

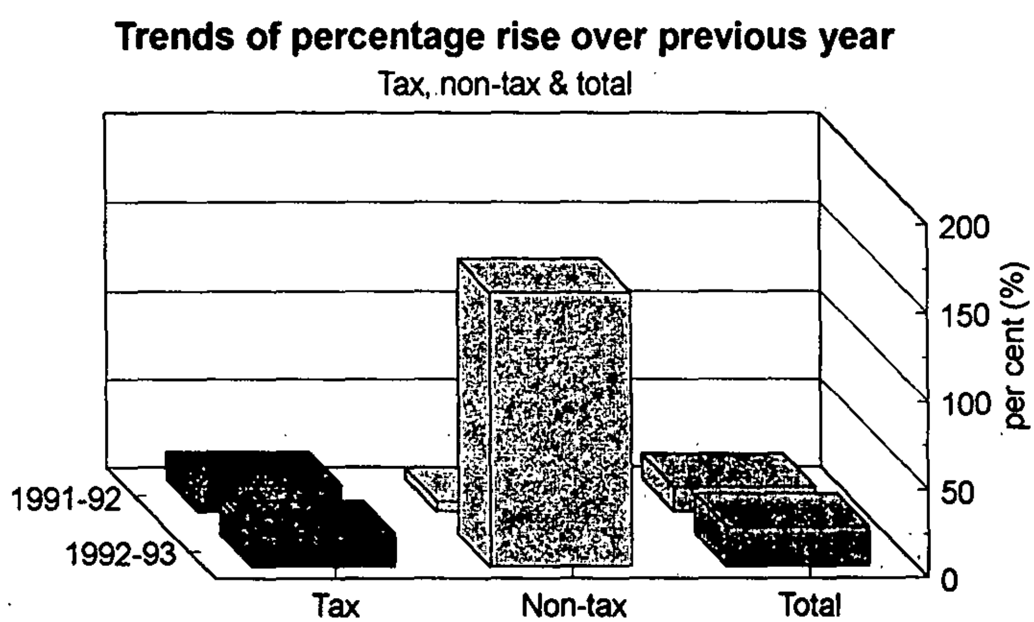
The total revenue receipts of National Capital Territory (NCT) of Delhi for the year 1992-93 were Rs 1451 crores against the anticipated receipts of Rs 1575 crores. Tax revenue accounted for Rs 1359 crores and the balance of Rs 92 crores was from non-tax revenues. The revenue receipts during the year registered an increase of 24 *per cent* over those of 1991-92 (Rs 1173 crores).

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

Table 4.1			
			(Rupees in crores)
	1990-91	1991-92	1992-93
Tax	991	1137	1359
Non-tax	34	36	92
Total	**1025**	**1173**	**1451**



It would be seen from the above that tax revenue was 94 *per cent* of the total revenue of the Government of National Capital Territory of Delhi during 1992-93.



During 1990-91 to 1992-93, the non-tax revenue increased from Rs 34 crores to Rs 92 crores (287 *per cent*) although in terms of total revenue it varied from 3.3 to 6.4 *per cent.*

4.2 Cost of collection of tax revenue

The gross collections in respect of major revenue receipts, expenditure on their collection and percentage of such expenditure to gross collections during the year 1990-91, 1991-92 and 1992-93 along with the relevant all India average percentage of expenditure on collections to gross collections for 1991-92 are given below:

Table 4.2 - Cost of collection of tax revenue

(Rupees in crores)

Tax revenue Receipt head	Year	Gross collection	Expenditure on collection	Cost of collection as a percentage of collection	All India average (percentage for 1991-92)
Sales tax	1990-91	688	4.90	1	2
	1991-92	778	5.50	1	
	1992-93	930	6.67	1	
State excise	1990-91	162	0.75	1	3
	1991-92	215	0.96	Negligible	
	1992-93	278	1.23	Negligible	
Taxes on goods and passengers (Terminal tax)	1990-91	37	3.89	10	
	1991-92	39	3.94	10	
	1992-93	33	3.36	10	
Stamp duty & Registration fees	1990-91	32	0.18	Negligible	5
	1991-92	48	0.17	Negligible	
	1992-93	49	0.20	Negligible	
Taxes on motor vehicles	1990-91	53	1.36	3	3
	1991-92	38	1.24	3	
	1992-93	37	1.36	4	

Sales Tax

4.3 Number of registered dealers

Under the Delhi Sales Tax (DST) Act, 1975, a dealer, who is a trader, is required to get himself registered and pay tax if his gross turnover exceeds Rupees one lakh in a year. A dealer, who is a manufacturer, is required to get himself registered if his turnover exceeds Rs 30000 in a year. Halwais are required to get themselves registered if their turnover exceeds Rs 75000 in a year. Dealers are required to get themselves registered under the Central Sales Tax 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 1993 as furnished (August 1993) by the Sales Tax Department, Government of NCT of Delhi is given below:

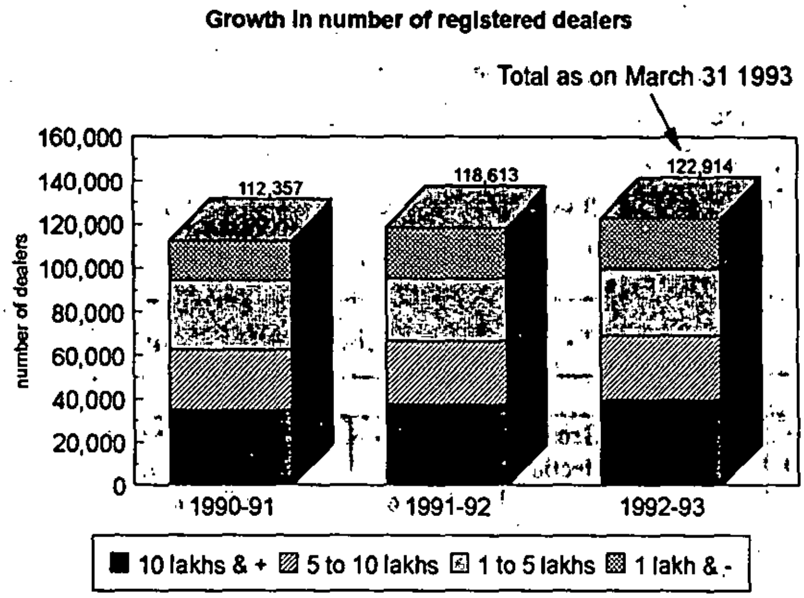


Table 4.3 - Sales Tax - Registered dealers			
Yearly turnover	1990-91	1991-92	1992-93
10 lakhs & +	34446	37174	39476
5 to 10 lakhs	27764	29071	29483
1 to 5 lakhs	32068	29071	30639
1 lakh & -	19079	23297	23316
Total	**113357**	***118613**	**122914**
Percentage variation over the previous year	4	5	4

* The Department had intimated (February 1993) the total number of registered dealers as 119243 which was adopted in Report No. 3 of 1993 While furnishing (August 1993) segregated details, the total number of registered dealers for 1991-92 was shown as 118613 by the Department.

It will be seen from above that there was no significant increase in the number of registered dealers during the last two years.

4.4 Sales tax demands raised and pending

The information relating to demands raised and pending as on 31 March 1993 was called for from the Department in June 1993. Despite reminders (September-October 1993) the information relating to demands raised, collected, reduction, remission, write-off and demand outstanding at the end of year has not been received (December 1993).

4.5 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 1993, sales tax dues amounting to Rs 1260.95 crores were pending collection against recovery certificates from 7263 assessees, the age-wise break-up of which is furnished below.

Table 4.5 - **Sales tax demands in process of recovery**

(Rupees in crores)

	Age	Number of recovery certificates	Amount
(i)	10 years and above	623	35.98
(ii)	Less than 10 years and upto 5 years	4544	524.24
(iii)	Less than 5 years and upto two years	1997	674.13
(iv)	Less than two years	99	26.60
	Total	7263	1260.95

It would be seen from the above that about 45 *per cent* of the total dues recoverable from defaulting dealers were more than five years old.

4.6 Fraud and evasion

According to the information furnished by the Department (September 1993), 268 cases of fraud and evasion of tax involving Rs 37.70 crores both under the Local and Central Acts, were detected during the year 1992-93.

The following table indicates the position of such cases pending at the commencement of the years 1990-91, 1991-92 and 1992-93, disposed of during these years and outstanding at the end of these years:

Table 4.6 - Fraud and evasion

(Rupees in crores)

		1990-91				1991-92				1992-93			
		No. of cases		Amount		No. of cases		Amount		No. of cases		Amount	
		Local	Central	Local	Central	Local	Central	Local	Central	Local	Central	Local	Central
A(i)	Cases pending at the start of year	315	297	9.18	3.56	243	218	17.27	8.92	152	133	13.65	9.12
(ii)	Cases detected during the year	219	198	29.57	17.16	64	59	11.00	10.50	180	88	23.50	14.20
B.	**Cases in which Investigation/assessment were completed during the year**												
(i)	Out of cases at A(i) above	153	148	4.76	1.72	123	117	8.42	4.50	67	31	1.74	0.15
(ii)	Out of cases at A(ii) above	138	129	16.72	10.08	32	27	6.20	5.80	-	-	-	-
C.	**Cases which were pending at the end of the year**												
(i)	Out of cases at A(i) above	162	149	4.42	1.84	120	101	8.85	4.42	85	102	11.91	8.97
(ii)	Out of cases at A(ii) above	81	69	12.85	7.08	32	32	4.80	4.70	180	88	23.50	14.20

4.7 Results of Audit

- Test-check of records of Sales Tax, State Excise, and other revenue earning Departmental offices of Government of NCT of Delhi conducted during the year 1992-93 revealed under-assessment/short-levy/loss of revenue amounting to Rs 37.10 crores in 799 cases.

- This chapter contains 6 paragraphs which illustrate some of the major points noticed in Audit. Of these, Audit observations in respect of 21 dealers were accepted by the Department and their cases were re-assessed and demands amounting to Rs 31.24 crores were raised. Audit observations in respect of 5 other dealers, involving a financial effect of Rs 21.28 lakhs, were contested by the Department. As the contentions of the Department in these cases were found to be at variance with the provisions of the DST Act and Rules framed thereunder, they have been suitably commented upon in the relevant paragraphs.

4.8 Short-levy due to suppression of sales

Under the DST Act, 1975 and the Rules made thereunder, a registered dealer can purchase goods from another registered dealer, without payment of tax, if the goods are required by the purchasing dealer for re-sale within the Union Territory of Delhi or for use in manufacture in Delhi, of goods the sale of which is taxable in Delhi. In order to become eligible for this concession the purchasing dealer is required to furnish to the selling dealer, a declaration in the prescribed Form ST-1. If the dealer makes a false representation in regard to the goods or class of goods covered by his certificate of registration or conceals the particulars of his sales, or files inaccurate particulars of his sales, penalty not exceeding two and a half times the amount of tax, which was avoided, is leviable in addition to the tax payable on the sales. In case of default by the dealer to pay the tax due, he shall, in addition to tax (including any penalty) due, be liable to pay simple interest on the amount so due under section 27 of DST Act, 1975.

(a) Test-check of the records in Audit of 21 wards revealed that, in 43 cases (Annexure-4A), the assessing authorities failed to detect suppression of sales which resulted in short-levy of tax of Rs 47.91 lakhs and interest of Rs 39.09 lakhs. Besides, penalty not exceeding Rs 118.76 lakhs was also leviable. The Department accepted the omissions and re-assessed in 11 cases and raised an additional demand of Rs 75.77 lakhs.

(b) A registered dealer, in Delhi, engaged in the business of manufacture and re-sale of ferrous and non-ferrous metals, had purchased goods valued at Rs 626.75 lakhs and Rs 1075.11 lakhs during the year 1987-88 and 1988-89 respectively from other registered dealers without payment of tax on the strength of prescribed declarations in Form ST-35. The dealer, however, had accounted for the purchases amounting to Rs 616.27 lakhs and Rs 860.04 lakhs only in his books of accounts. Thus, the dealer had suppressed purchases amounting to Rs 10.49 lakhs and Rs 215.07 lakhs respectively which resulted in corresponding concealment of sales of Rs 226.33 lakhs (after adding *pro rata* margin of profit). The short-levy of tax due to this worked out to Rs 15.87 lakhs and interest amounting to Rs 9.66 lakhs. Besides, penalty not exceeding Rs 39.63 lakhs was also leviable.

Further the dealer during 1987-88 and 1988-89, transferred on Form 'F', goods purchased at a cost of Rs 160.38 lakhs without payment of tax on Form ST-35. These transactions were not permissible as transfers on Form 'F' do not qualify for exemption under section 4(2)(a)(v) of the DST Act 1975, which resulted in short-levy of tax of Rs 11.23 lakhs and interest amounting to Rs 8.98 lakhs. Besides, penalty not exceeding Rs 28.07 lakhs was also leviable.

The cases were reported to the Ministry of Home Affairs between February and October 1993 and Department (September 1992); their replies have not been received (December 1993).

4.9 Irregular grant of exemption from tax

Under the provisions of DST Act, 1975 and the Rules framed thereunder, sales of goods made by one registered dealer to another registered dealer are to be allowed as a deduction from the turnover of the selling dealer, on his furnishing along with his returns, a complete list of such sales duly supported by prescribed declarations in Form ST-1 or ST-35 or C or Embassy certificates obtained, subject to monetary limits for a single declaration, from the purchasing dealers/Diplomatic Missions. However, if a dealer conceals the particulars of his sales, penalty not exceeding two and a half times the amount of tax which was avoided is leviable in addition to the tax payable on the sales. Besides, interest is also leviable.

Under the provisions of Central Sales Tax Act, 1956, exemption of sales occurring in the course of export out of India is granted on production of documents to prove that such sales had occasioned such exports. Also a concessional rate of tax of 4 *per cent* is levied on inter-State sales supported by Forms C and D to registered dealers and Central/State Governments respectively.

4.9.1 Exemptions not covered by export documents

(a) Test-check of records of 3 wards (Nos. 42, 46 and 49) revealed that exports amounting to Rs 2312.73 lakhs were not covered by export documents as required under the Central Sales Tax Act. This resulted in underassessment of tax amounting to Rs 163.01 lakhs and interest of Rs 106.29 lakhs. Besides penalty not exceeding Rs 406.25 lakhs was also leviable. The details are given below:

Table 4.9.1(a)

(Rupees in lakhs)

	Ward No.	Assess-ment year	Value of: exports exempted	Value of: documents supporting export sales	Value of: sales not covered by documents	Tax	Interest	Penalty	Remarks
1	42	1987-88	762.01	110.98	651.03	45.01	40.51	112.52	Reply has not been received (December 1993)
		1988-89	223.34	nil	223.34	16.63	13.81	41.38	
		1989-90	497.68	76.50	421.16	29.48	15.92	73.70	
		1990-91	399.36	87.89	311.47	21.80	7.85	54.51	
2	42	1987-88	293.00	85.12	207.88	14.55	13.39	36.38	Reply has not been received (December 1993)
		1988-89	228.89	86.55	142.34	9.96	7.37	24.91	
		1989-90	216.23	103.48	113.75	7.89	2.84	19.73	
		1990-91	284.77	7.49	224.28	15.70	3.77	39.25	
3	46	1987-88	28.69	21.47	7.22	1.08	0.57	2.37	Reply has not been received (December 1993)
4	49	1987-88	119.98	103.72	16.26	0.91	0.26	1.50	Reply has not been received (December 1993)
Total irregular exemption					2312.73	163.01	106.29	406.25	

(b) A registered dealer, in Delhi, engaged in the business of dry fruits and mushrooms had exported goods out of India during the years 1989-90 and 1990-91 and claimed exemption on such sales on the basis of export documents (bill of lading and banks certificates) furnished by him as under:-

Table 4.9.1 (b)

(Rupees in lakhs)

Assess-ment Year	Value of: exports exemp-ted	Value of: documents supporting export sales	Value of: sales not covered by documents	Tax	Interest	Penalty
1989-90	110.74	39.53	71.21	4.98	1.79	12.46
1990-91	169.57	60.88	108.69	7.61	2.74	19.02
Total				12.59	4.53	31.48

Thus exemption on export sales out of India during the years 1989-90 and 1990-91 of Rs 71.21 lakhs and Rs 108.69 lakhs which was not covered by the requisite documents was irregular and resulted in an under assessment of tax of Rs 12.59 lakhs. Interest amounting to Rs 4.53 lakhs and penalty not exceeding Rs 31.48 lakhs were also leviable.

The dealer had shown purchase of mushrooms during the assessment year 1989-90 for Rs 89.96 lakhs against which he had shown sales of Rs 89.64 lakhs upto February 1990. The ST-2 account of the dealer, however, revealed that the dealer had purchased mushrooms worth Rs 95.91 lakhs in the month of March 1990 alone, the purchase and corresponding sale of which were not shown in his books of account. The dealer during the year 1990-91 only purchased mushrooms worth Rs 54.83 lakhs and their corresponding sales were Rs 58.54 lakhs. Thus the dealer had concealed the purchase of mushrooms for Rs 95.91 lakhs during March 1990 and consequent sales of Rs 105.50 lakhs (after adding a margin of profit at 10 *per cent*). This resulted in short-levy of tax of Rs 7.38 lakhs and interest of Rs 3.99 lakhs. Besides, penalty not exceeding Rs 18.46 lakhs was also leviable.

This was pointed out to Department (April 1993), their reply has not been received (December 1993).

4.9.2 Exemptions without prescribed declarations in Form ST-1 or ST-35

Test-check of records of 4 wards (Nos. 3, 35, 43 and 50) revealed exemptions on sales to the extent Rs 77.05 lakhs not supported by any statutory forms which resulted in short realisation of tax amounting to Rs 6.35 lakhs and interest of Rs 4.93 lakhs. Besides, penalty not exceeding Rs 15.53 lakhs was also leviable. The details are given below:

Table 4.9.2

(Rupees in lakhs)

	Ward No.	Accounting Year	Extent of Sales exempted by Assessing Authority	Extent of Sales supported by statutory Forms	Excess Exemption	Tax	Interest	Penalty	Remarks
1	3	1987-88	28.13	17.83	10.30	0.72	0.58	1.80	The Department re-assessed (September 1993) the dealer and raised a demand of Rs 2.05 lakhs.
2	3	1986-87	8.00	1.42	6.58	0.33	0.33	0.82	Reply of the Department has not been received (December 1993)
3	35	1987-88	12.42	6.38	6.03	0.60	0.46	1.51	Reply of the Department has not been received (December 1993).
4	43	1987-88	9.01	4.79	4.22	0.30	0.24	0.74	Reply of the Department has not been received (December 1993).
5	43	1987-88	80.04	76.87	3.17	0.22	0.18	0.55	Reply of the Department has not been received (December 1993).
6	50	1987-88	74.98 249.64	42.97 244.03	32.01 5.61	3.54	2.66	8.51	The Department re-assessed (August 1993) the dealer and created a demand of Rs 5.06 lakhs.
7	50	1987-88	125.64	116.51	9.13	0.64	0.48	1.60	The Department re-assessed (August 1993) the dealer and raised a demand of Rs 2.13 lakhs.
	Total irregular exemption				77.05	6.35	4.93	15.53	

4.9.3 Exemption granted wrongly under Form ST-1

A registered dealer, in Delhi, engaged in the business of manufacture and sale of electronic quartz clocks and movements, claimed and was allowed deductions on account of sales made to other registered dealers on the basis of 37 statutory forms (ST-1) submitted by him. These goods are taxable at first point of sale with effect from 16 April, 1986 but can be sold without payment of tax against Form ST-35 if duly authorised in Form ST-37. Thus, the exemption granted by the assessing authority on the basis of Form ST-1 was irregular which resulted in short-levy of tax of Rs 7.31 lakhs and interest amounting to Rs 5.85 lakhs.

This was pointed out to the Department in January 1993; their reply has not been received (December 1993).

4.9.4 Sales exempted on false declarations

A registered dealer in Delhi engaged in the business of manufacture and sale of bulbs and tubes claimed and was allowed deduction on account of sales of Rs 370.57 lakhs to other registered dealers on the strength of Form ST-1 and ST-35. A cross verification of the forms, however, revealed that some of the forms were either not issued to the assessee dealer or were verified for lesser amounts. This resulted in irregular exemption of Rs 26.53 lakhs which the assessing authority failed to detect. The short-levy of tax worked out to Rs 1.33 lakhs and interest amounting to Rs 91858. Besides, penalty not exceeding Rs 3.33 lakhs was also leviable.

The assessing authority had also allowed concessional rate of tax at 4 *per cent* on the basis of Forms `C' containing more than one bill exceeding the prescribed monetary limit of Rs 25000 which were not supported by single purchase orders. The concessional rate of tax on inter-State sales of Rs 128.36 lakhs resulted in short-levy of tax of Rs 7.70 lakhs. Besides, interest amounting to Rs 5.91 lakhs was also payable.

Further, the dealer was allowed deductions of Rs 370.57 lakhs on account of sales made to other registered dealers when sales valued at Rs 368.14 lakhs only were supported by declarations in Forms ST-1 and ST-35. This resulted in tax amounting to Rs 12168 not being levied on sales of Rs 2.43 lakhs and interest of Rs 8426. Besides, penalty not exceeding Rs 30421 was also leviable.

The total under-assessment thus worked out to Rs 19.69 lakhs (tax Rs 9.15 lakhs, interest Rs 6.91 lakhs and penalty Rs 3.63 lakhs).

This was pointed out to the Department in October 1991; their reply has not been received (December 1993).

4.9.5 Exemption allowed in excess of sales covered by Form ST-1

In the case of a dealer of Delhi, the following irregularities resulted in short-levy of tax, interest and penalty amounting to Rs 1.57 lakhs, Rs 1.87 lakhs, and Rs 3.93 lakhs respectively, the details of which are given below:

Table 4.9.5

(Rupees in lakhs)

	Nature of irregularity	Amount involved	Tax	short-levy of Interest	Penalty
1	Sales not supported by Form ST-1 not deducted by assessing authority	4.14	0.42	0.39	1.04
2	Sales supported by Form ST-1 but cross verification revealed: • Forms not issued to selling dealer - Rs 2.45 • Forms belonged to the period after cancellation of registration certificate of purchasing dealer - Rs 0.89 • Items not covered by registration certificate of purchasing dealer - Rs 0.92 • Fake ST-1 Forms - Rs 2.42 • Two forms could not be verified with utilisation account (ST-2) of the purchasing dealer - Rs 1.45	8.13	0.81	0.84	2.03
3	Sales not supported by Form ST-1 detected but interest not levied	5.27	-	0.36	-
4	Suppression of purchases the dealer showed sales of Rs 65.31 lakhs in trading account although he actually purchased goods worth Rs 68.42 lakhs from other registered dealer on statutory forms	3.43	0.34	0.28	0.86

The Department re-assessed the dealer and raised an additional demand of Rs 2.85 lakhs (tax Rs 1.02 lakhs, interest of Rs 1.23 lakhs and penalty of Rs 0.6 lakh). Report on recovery has not been received (December 1993).

4.9.6 Irregular exemption on Form 'C'

a) Three registered dealers in Delhi had claimed inter-State sales at concessional rate of tax at 4 *per cent* on the basis of Form `C'. The CST Act stipulates that in case there is more than one bill in Form 'C' and whose total value is in excess of Rs 25000 should be supported by a single purchase order for all transactions covered therein. Scrutiny in Audit revealed that certain declarations contained more than one bill which exceeded the prescribed maximum monetary limit of Rs 25000. As these declarations were not supported by a single purchase order, this resulted in irregular concession on sales of Rs 38.64 lakhs leading to short-levy of tax of Rs 2.82 lakhs and interest amounting to Rs 1.76 lakhs. Besides, penalty not exceeding Rs 3.57 lakhs was also leviable on the dealer for misrepresentation of facts.

The case was reported to the Department in July 1992; their reply has not been received (December 1993).

b) In another case, a registered dealer, in Delhi, was allowed exemption from payment of tax in respect of inter-State sales amounting to Rs 59 lakhs during the year 1987-88 on the basis of Form 'C'. It was seen in Audit (May 1992) that one Form 'C' submitted by the dealer included bills for Rs 6.55 lakhs which pertained to the period after the issue of the form by the purchasing dealer. This resulted in short-levy of tax of Rs 39327 and interest of Rs 28807. Besides, penalty not exceeding Rs 58990 was also leviable.

The case was reported to the Department in June 1992; their reply has not been received (December 1993).

c) In another case, a registered dealer, in Delhi, engaged in the business of manufacturing of lenses and frames had claimed deduction of Rs 9.50 lakhs from his gross turnover in the assessment year 1985-86 on account of sale of choke-covers, containers and toys made to other registered dealers by furnishing declarations in Form ST-1 in support of his claim. These items, were, however, not covered by his registration certificate.. The irregular grant of deduction resulted in short-levy of tax amounting to Rs 94991. Besides, interest due was also leviable.

On this being pointed out (November 1991) in Audit, the Department re-assessed (May 1992) the dealer and raised additional demand of Rs 1.98 lakhs including interest of Rs 1.03 lakhs. The Department also stated (July 1993) that the dealer filed an appeal before Appellate Authority against the additional demand raised by the assessing authority. Decision on this appeal had not been received (December 1993).

4.9.7 Exemptions against Embassy Certificates

Two registered dealers in Delhi, engaged in the business of manufacture and re-sale of wooden furniture, sold goods worth Rs 98.82 lakhs to Diplomatic Missions and their staff during 1987-88 and 1989-90. The assessing authorities while finalising the assessments allowed deductions on sales made to Embassy/Diplomatic Missions without production of requisite certificates. This irregular grant of exemption resulted in non-levy of tax amounting to Rs 9.88 lakhs and interest Rs 8.30 lakhs. Besides, penalty not exceeding Rs 24.73 lakhs was also leviable.

The case was reported to the Department in December 1992, their reply has not been received (December 1993).

4.9.8 Irregular exemption of sales of pesticides to other registered dealers

Under the provisions of the 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.

Two registered dealers in Delhi, engaged in the business of re-sale of weedicides and fungicides made sales of pesticides amounting to Rs 481.94 lakhs during the assessment year 1987-88. The dealers were allowed exemption on sales of pesticides for Rs 64.20 lakhs (local) and Rs 329.68 lakhs (central) in respect of which neither was the purpose indicated nor was proof furnished of the actual use of these pesticides in plant protection. The exemptions granted were thus irregular and resulted in short-levy of tax of Rs 44.57 lakhs and interest amounting to Rs 36.72 lakhs. Besides, penalty amounting to Rs 70.37 lakhs was also leviable.

The cases were reported to the Department in October 1993; their reply has not been received (December 1993).

The above cases were reported to the Ministry of Home Affairs between February and October 1993; their reply has not been received (December 1993).

4.10 Non-levy of interest

Under the DST Act, 1975 and the Rules made thereunder, if any dealer fails to pay the tax due, he shall in addition to the tax due, be liable to pay simple interest on the amount so due, at one *per cent* per month (from the date immediately following the last date for submission of return) for a period of one month, and at one and half *per cent* per month thereafter so long as the default continues or till the date of completion of assessment, whichever is earlier.

Three registered dealers in Delhi had claimed deductions on account of sales made to other registered dealers valued at Rs 74.87 lakhs, but could not produce declaration in Form ST-1 in support of their claims. The assessing authority while finalising assessments levied tax but failed to levy interest of Rs 4.71 lakhs for non-payment of tax.

On this being pointed out to the Department during the period from February to October 1993, the Department re-assessed the two dealers and raised an additional demand of Rs 0.81 lakh. In the third case the Department stated (August 1992) that interest was not leviable. The contention of the Department is not tenable as levy of interest on short recovery is mandatory under section 27 of the DST Act, 1975.

The cases were reported to the Ministry of Home Affairs between February and October 1993; their reply has not been received (December 1993).

4.11 Mistake in best judgement assessment

Under the provisions of the DST Act, 1975 and the Rules made thereunder, if a dealer fails to furnish a return for any period by the prescribed date or the notice served on the dealer is not complied with and he neither appears nor produces evidence, the assessing authority is empowered to assess the dealer to the best of his judgement after giving the dealer a reasonable opportunity of being heard. But if the dealer makes a false representation in regard to the goods or class of goods covered by his certificate of registration or conceals the particulars of his sales or files inaccurate particulars of his sales, a penalty not exceeding two and half times the amount of tax which was avoided is leviable in addition to the tax payable on the sales. In case dealer fails to pay the tax due, he shall, in addition to tax (including any penalty) due, be liable to pay simple interest on the amount so due under section 27 of DST Act, 1975.

In the following four cases, the turnover of the dealers was under estimated which resulted in short-levy of tax of Rs 174.85 lakhs, interest of Rs 144 lakhs and penalty of Rs 437.12 lakhs:

Table 4.11

(Rupees in lakhs)

	Ward No.	Accounting Year	Purchase against statutory forms	Gross turnover worked out in Audit	Computation of gross turnover by assessing authority	under estimation of gross turnover by assessing authority	Tax due but not paid	Interest	Penalty	Remarks
1	20	1987-88	210.17	220.07	105.01	115.36	9.09	7.86	22.72	Reply has not been received (December 1993).
2	32	1987-88	1830.77	2014.47	9.25	2004.78	140.32	117.17	350.80	The Department re-assessed the dealer (October 1993) and raised a demand of Rs 3012.46 lakhs. Further progress of recovery was awaited (December 1993).
3	43	1987-88	58.98	60.28	40.34	19.94	1.49	1.19	3.73	The Department re-assessed the dealer (August 1993) and raised a demand for Rs 20.40 lakhs.
4	46	1988-89	316.69	342.11	4.22	335.21	23.95	17.78	59.87	Reply has not been received (December 1993).
	-	1989-90	18.52	-	11.43	-	-	-	-	
TOTAL							174.85	144.00	437.12	

These cases were reported to Department and Ministry of Home Affairs between February and October 1993; their reply has not been received (December 1993).

4.12 Short-levy of tax due to mistake in computation

A registered dealer in Delhi engaged in the business of ferrous and non-ferrous metals, was assessed (March 1992) ex-parte. The assessing authority had assessed the gross turnover of the dealer at Rs 30 lakhs for the year 1987-88 and raised a demand of Rs 36320 (including interest of Rs 15120 and penalty of Rs 200) as against the actual demand recoverable of Rs 3.87 lakhs (including interest of Rs 1.75 lakhs upto January 1993). This resulted in short-levy of tax of Rs 3.51 lakhs.

On this being pointed out (June 1993), the Department raised a demand of Rs 3.87 lakhs (including the demand raised at the time of assessment). Report on recovery has not been received (December 1993).

The case was reported to Ministry of Home Affairs in June 1993; their reply has not been received (December 1993).

4.13 Unauthorised purchase not covered by Registration Certificate

Under Section 50(d) read with Section 56(3) of the DST Act, 1975, when a registered dealer while purchasing goods, commits an offence of representing any goods or class of goods not covered by his certificate of registration, that such goods or class of goods are covered by such certificates shall, apart from the penalty not exceeding two and a half times of tax leviable, be punishable with rigorous imprisonment for a term which may extend up 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 the continuance of offence.

Four registered dealers in Delhi purchased goods valued at Rs 71.86 lakhs against statutory forms by misrepresenting that these goods were covered under their certificate of registration, even though these items were not actually included in their registration certificates for the purpose of re-sale. The assessing authorities failed to detect the misrepresentation and did not impose penalty of Rs 12.64 lakhs on the dealers which was recoverable under the provisions of DST Act, 1975.

On this being pointed out in Audit, the Department re-assessed two dealers and raised an additional demand of Rs 4.76 lakhs while in remaining two cases replies of the Department have not been received (December 1993).

The cases were reported to Ministry of Home Affairs between February and October 1993; their reply has not been received (December 1993).

CHAPTER - V

MUNICIPAL CORPORATION OF DELHI

5.1. Accounts

5.1.1 Introductory

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 Committee and the Delhi Cantonment Board.

MCD was superseded by the Central Government in January 1990 and the Chief Secretary, Delhi Administration was vested with powers and duties conferred on the Municipal Corporation of Delhi, under Section 490 of the Delhi Municipal Corporation Act, 1957.

5.1.2 Accounts

The Delhi Municipal Corporation (Maintenance of Accounts) Regulations, 1959 prescribe that the three wings of MCD, viz., (i) General Wing, (ii) Delhi Water Supply and Sewage Disposal Undertaking (DWS&SDU), and (iii) Delhi Electric Supply Undertaking (DESU) maintain separate accounts of all receipts and expenditure in the form approved for the budget estimates. The monthly and annual accounts of these wings are sent up to Standing Committees of MCD by the Municipal Chief Accountant after verification by the Municipal Chief Auditor.

5.1.3 Arrears in accounts

The status of preparation of monthly, annual and appropriation accounts and their certification by Municipal Chief Auditor (MCA) is indicated below:-

	Table 5.1.3- Arrears in accounts			
		General Wing	DESU	DWS&SDU
1.	**Annual accounts**			
	Year upto which accounts submitted to MCA	1991-92	1990-91	1990-91
	Year upto which accounts certified	1991-92	1988-89	1990-91
2.	**Appropriation accounts**			
	Year upto which accounts submitted	1991-92	1980-81	1989-90
	Year upto which accounts certified	1990-91	1980-81	1987-88
3.	**Monthly accounts**			
	Month upto which accounts submitted	February 1993	April 1991	February 1992
	Month upto which accounts certified	October 1992	March 1991	February 1992

It can be seen that the annual accounts and appropriation accounts of all the three wings are in arrears, with the backlog being particularly heavy in DESU and DWS&SDU.

5.1.4 Non-reconciliation of external receipts

It was also found that the figures for grants-in-aid and loans in the books of Delhi Administration were at variance with those of MCD as shown below:-

Table 5.1.4-Unreconciled accounts			
			(Rupees in crores)
Year	Grants & loans as per accounts of		
	MCD	Delhi Admn	Difference
1989-90	379.94	449.20	69.26
1990-91	469.01	555.25	86.24
1991-92	553.43	629.94	76.51
1992-93	602.21	676.19	73.98
Total	**2004.59**	**2310.58**	**305.99**

These differences rose to Rs 305.99 crores in 1992-93.

5.1.5 Outstanding advances

Temporary advances are required to be adjusted within a period of one month from the date of drawal and, if left unadjusted, a detailed report is required to be sent to the administrative Ministry concerned.

It was noticed that advances amounting to Rs 385 lakhs in General Wing and Rs 48836 lakhs in DESU had not been adjusted till December 1993 as shown below:-

Table 5.1.5- **Unadjusted advances**		
		(Rupees in lakhs)
Period	**MCD**	**DESU**
Advances paid upto 1985-86	229.50	8043.98
Advances paid between 1986-87 to 1991-92	57.77	23812.40
Advances paid during 1992-93	97.84	16979.62
Total	**385.11**	**48836.00**

DWS&SDU was unable to provide any information along the above lines. Non-adjustment of such large amounts of advances for a long time is fraught with the risk of misutilisation. No report in regard to these unadjusted advances was ever sent to the Ministry concerned.

5.1.6 Audit by Municipal Chief Auditor

The Audit Reports of the Municipal Chief Auditor for the years 1988-89, 1989-90 and 1990-91 were placed before the Standing Committee in October 1992, January 1993 and August 1993 respectively.

a) Objections awaiting settlement

It was seen that 6382 Inspection Reports containing 36348 objections relating to the period 1963-64 to 1990-91 were awaiting settlement as on March 31, 1991. 20628 objections and 4043 inspection reports are outstanding since years earlier than 1984-85 as detailed below:-

Table 5.1.6 (a)- Year-wise break-up of outstanding inspection reports and objections					
	Upto 1984-85	1985-89	1989-90	1990-91	Total
General wing					
Inspection reports	2204	856	215	136	**3411**
Paras	12497	5809	1623	1198	**21127**
DESU					
Inspection reports	1268	470	123	84	**1945**
Paras	5379	2826	799	560	**9564**
DWS&SDU					
Inspection reports	571	337	64	54	**1026**
Paras	2752	2004	462	439	**5657**

b) Missing vouchers

Report of the Municipal Chief Auditor for the year 1990-91 showed that vouchers for Rs 1450.76 lakhs were found wanting in the three wings of MCD which include 4126 vouchers for a sum of Rs 288 lakhs relating to years prior to 1985-86. The position of DWS&SDU on this account, is particularly adverse, as shown below:-

Table 5.1.6 (b) - Wanting vouchers and payees' stamped receipts				
				(Rupees in lakhs)
Period to which objections pertain	Vouchers wanted		Payees' stamped receipts wanted	
	No.of items	Amount	No.of items	Amount
(a) General Wing				
prior to 1985-86	1045	80.72	347	28.93
1985-86 to 1990-91	703	105.23	13	1.19
Total	**1748**	**185.95**	**360**	**30.12**
(b) DWS&SDU				
prior to 1985-86	2281	204.74	36	3.65
1985-86 to 1990-91	6652	1055.49	48	4.41
Total	**8933**	**1260.23**	**84**	**8.06**
(c) DESU				
prior to 1985-86	800	2.46	407	1.12
1985-86 to 1990-91	1312	2.12	-	-
Total	**2112**	**4.58**	**407**	**1.12**
Grand Total	**12793**	**1450.76**	**851**	**39.30**

5.2 Construction of 220 KV sub-stations

5.2.1 Introductory

Delhi Electric Supply Undertaking (DESU) is responsible for generation and transmission of power in Delhi. Delhi's present requirement of power is 1536 MW of which 593 MW is being met from DESU's own generation and the rest purchased from the northern grid. The requirement is expected to rise to 2389 MW by 1995 and 4000 MW by 2001.

To meet the rising demand, DESU proposed in August 1985 to strengthen the system of transmitting power to Delhi from sources other than DESU's own through construction of three 400 KV and eight 220 KV sub-stations and laying transmission lines to connect these with DESU's existing system. The Central Electricity Authority cleared the project in August 1986 at an estimated cost of Rs 117 crores.

Transmission of power at a higher voltage in this network was expected to bring down its cost to 3.8 paise per KWH from the present level of 7.43 paise per KWH and to further reduce energy loss from 21.10 *per cent* in 1988-89 to 18 *per cent*.

Work on the project is being monitored by the Planning & Construction Department headed by a Chief Engineer (P&C) with the assistance of three Additional Chief Engineers. Civil works are executed by Chief Engineer (Civil) through divisions each headed by an Executive Engineer.

5.2.2 Scope of audit

Audit conducted test-check of the records of the Planning and Construction Department of DESU as also of the Civil Divisions concerned with the construction and energisation of 220 KV sub-stations at Rohini and Vasant Kunj during April to October 1993.

5.2.3 Highlights

- **Rs 155.58 crores were spent on 220 KV works during 1987-92 but DESU was unable to confirm the figures of the total progressive expenditure incurred on the project.**

- **Only three of the 10 sub-stations scheduled for completion by March 1990, were completed on time. Five of the remaining seven were yet to be completed as of November 1993.**

- **Due to non-completion of line works and electrical works, investment of Rs 8.71 crores on Vasant Kunj sub-station proved infructuous.**

- **Two transformers, installed at the Rohini sub-station at a cost of Rs 178 lakhs, failed after just one and a half years resulting in avoidable expenditure of Rs 75.58 lakhs (estimated) to be incurred on repairs.**

- **Equipment worth Rs 31.67 lakhs installed at Rohini to receive 220 KV supply from Bawana sub-station was lying unused due to non-completion of the sub-station.**

- **Undue benefit of Rs 25.99 lakhs was given to a firm by reducing the penalty for delayed supply of material.**

5.2.4 Progress on works

(a) Expenditure

The total expenditure incurred on 220 KV works (including 10 sub-stations and line works of the project) during the years 1987-88 to March 1990 was Rs 62.95 crores. The expenditure went upto Rs 155.58 crores by March 1992 as worked out by Audit from initial records, i.e., general ledgers. The figures for 1991-92 were provisional. DESU was unable to provide the break-up either project-wise or sub-station-wise. This would suggest that the DESU management has no control over the flow of expenditure.

(b) Physical progress

The sub-stations were expected to be commissioned during the Seventh Plan, i.e., by March 1990. Progress on the works is far behind schedule as shown below:-

Table 5.2.4 (b)- Progress on works		
	Name of sub-station	Actual/expected date of commissioning
400/220 KV		
i	Bawana	March 1994
ii	Banauli	March 1994
220/66-33 KV		
iii	Rohini	March 1990*
iv	Vasant Kunj	March 1992*
v	Shalimar Bagh	March 1990*
vi	Sarita Vihar	December 1991*
vii	Park Street	November 1993
viii	Naraina	March 1995
ix	Kashmiri Gate	December 1993
x	Rajghat	February 1989*

* indicates sub-stations commissioned.

No electrical work had started on the 400/220 KV sub-stations at Bawana and Banauli as of September 1993. Out of the eight 220 KV sub-stations five were completed by March 1992. Work on three sub-stations is in progress. Out of the completed sub-stations four have been commissioned and are transforming power. The Vasant Kunj sub-station though completed is yet to be put to commercial use due to non-availability of 220 KV line.

The objective of reducing energy losses in transmission has not been achieved. This loss was 22.56 *per cent* in 1991-92. The position after 1991-92 is not known as DESU has not finalised its accounts after 1991-92. No information was provided by DESU on reduction in cost of transmission.

5.2.5 220 KV sub-station at Vasant Kunj

Work on the 220 KV sub-station at Vasant Kunj was taken up in 1986-87. A sub-station comprises mainly of line works and electrical works.

(a) Line works

Delay in erection of tower line

Work on erection, testing and commissioning of a 220 KV line from Mehrauli to Vasant Kunj was awarded to a contractor in April 1989, to be completed within 9 months, i.e., by January 1990 at a cost of Rs 17.47 lakhs. The work was started in August 1989.

Before taking up the work, DESU was obliged by law to publish a gazette notification inviting objections from the public. The notice that DESU published in the newspapers in June 1988 was a draft notification which is not a recognized gazette notification under the law. In a similar case on erection of Shalimar Bagh-Bawana 220 KV tower line, such a notification was declared invalid in March 1990 and not sustainable in law.

Excavation for laying of foundation for pylons at location numbers 4 and 5 was started in September 1989 on an agricultural land owned by a firm. In October 1989, the firm barred entry into its premises by DESU's contractor. The work reported to have been done on these two locations was reported to have been reversed. Loss on this account was assessed by DESU at Rs 84773 but no criminal or civil proceedings against the firm were initiated by DESU. DESU's attempts at recovering this loss from the firm by including it in the firm's electricity bills were resisted by the latter who took DESU to court in February 1992. While six dates of hearing have passed, DESU has not as yet filed its reply (September 1993) and the case has become time-barred.

The General Manager, DESU formed a committee only in February 1993 to try for an out of court settlement. The firm put forward the following conditions to this committee:-

- Withdrawal of the case of theft of electricity.
- Withdrawal of damage charges of Rs 84773.
- Restoration of electricity at its premises.
- Erection of one more tower between locations 4 and 5.
- Shifting or conversion of 11 KV line passing through its premises.

The offer is still under examination as of October 1993.

The circumstances under which the gazette notification was not issued were called for from DESU in September 1993; a reply is awaited as of January 1994.

It was observed by the Divisional authorities in February 1993 that it was possible to shift location number 5 to a new site outside the premises of the firm.

Since shifting location number 4 was not possible, the firm would have to be compensated for which an extra expenditure of Rs 5.85 lakhs would have to be incurred by DESU.

The sub-station at Vasant Kunj which was energised in March 1992 at a cost of Rs 795 lakhs could not be put to commercial use because of non-availability of 220 KV line from Mehrauli. An expenditure of Rs 76.1 lakhs has been incurred on laying the line from Mehruali to Vasant Kunj which still remains incomplete in patches. The entire investment of Rs 871 lakhs has remained idle since April 1992.

(b) Electrical works

b (i) Work lying incomplete due to non-availability of stores

The following five works with an estimated cost of Rs 697.62 lakhs made up the electrical works component of the Vasant Kunj sub-station:-

Table 5.2.5 b.(i)- **Progress on electrical works**

	Work order	Amount	Date of award of work	Stipulated date of completion	Position of work done
		(Rupees in lakhs)			
1.	Erection of 220 kv/66 kv switch yards, installation of power transformers & installation, testing & commissioning of allied equipment	559.61	19.6.89	18-2-90	75 *per cent* upto July 1993
2.	Providing yard lighting in switch yards	3.06	10.1.90	8-2-90	completed
3.	Laying of earth mat and taking out risers in switch yards	4.90	10.1.90	23-2-90	completed
4.	Installation of capacitor bank	6.11	29.12.89	7-1-90	work is yet to start
5.	Erection, testing and commissioning of capacitor bank	123.94	5.2.92	5-3-92	completed
	Total	697.62			

Most of the cost of this work i.e., Rs 400 lakhs consisted of material to be supplied by DESU. In May 1990, a contractor was awarded the work of moving this material to site within 30 days of its issue from DESU store. The contractor has not been able to complete his job as of November 1993 because material worth Rs 23 lakhs was not available in DESU stores. As a result, the entire investment made so far is idling.

Divisional authorities stated (July 1993) that monthly progress reports were sent to higher authorities indicating shortage of materials but no action was taken to make available the materials to complete the work.

b (ii) Power transformers not commissioned within guarantee period

Four power transformers installed at Vasant Kunj 220 KV sub-station and all energised on 31 March 1992 were guaranteed for one year from date of commissioning or 18 months after receipt of the material in store whichever was earlier.

These transformers were installed after the guarantee period of 12 or 18 months had already expired as detailed below:-

***Table 5.2.5 b (ii)*- Delay in installation of transformers**

(Rupees in lakhs)

	Transformer capacity	Date of receipt in store	Date of lapse of guarantee period	Cost
1.	100 MVA	29.3.90	September 1991	89.00
2.	100 MVA	10.4.90	October 1991	89.00
3.	20 MVA	10.4.90	October 1991	29.46
4.	20 MVA	10.4.90	October 1991	29.46
			Total cost	236.92

As the sub-station has not been put into commercial use so far (August 1993) these transformers are still lying unused.

History cards of these transformers have not been maintained and as these are not in operation, no testing or periodical overhauling has been carried out.

5.2.6 220 KV sub-station at Rohini

(a) Delay in commissioning power transformers and their subsequent failure

An order for procurement of two 100 MVA power transformers to be put to use in Rohini was placed with BHEL in March 1987. The transformers, costing Rs 89 lakhs each, were received by October 1988 and were guaranteed for one year from the date of commissioning or eighteen months after their receipt in store, whichever was earlier. It was found that the transformers were put to commercial use only in July 1990 and March 1991 thus foregoing all guarantee benefits.

The 220 KV sub-station at Rohini was commissioned with the installation of the first of these transformers in March 1990. The second one was commissioned in May 1990.

The transformers were expected to be in service for 35 years but both failed within one and a half years of active service.

Though the first failure occurred in June 1992, BHEL was asked to send a replacement transformer (at a cost of Rs 280 lakhs) only in September 1992 after the second transformer had also failed. Accordingly, another transformer which was to be installed at the sub-station at Sabzi Mandi was diverted to Rohini in November 1992 and put to commercial use in February 1993. Replacement of the second transformer is still awaited as of August 1993.

Thus the sub-station at Rohini remained without any high-power transformer between the period September 1992 to February 1993.

The Divisional authorities stated in August 1993 that the sub-station remained functional on 66 KV and 11 KV levels with the local flow being regulated by the system operation of DESU and as such this sub-station did not remain idle. The reply is not tenable since during this period the sub-station did not function to its full capacity and DESU's existing network would have been subject to extra load possibly regulated by unlogged shedding.

Since February 1993, only one transformer is in use in Rohini and the load being borne is 120 MVA. The report of the Enquiry Committee which looked into the failure of transformers stated in July 1993 that under normal conditions, one transformer is insufficient to meet the load of sub-station.

The committee pointed out the following as the probable causes for the failure of transformers:

- The possibility of insulation failure due to poor quality of workmanship cannot be ruled out.

- The site engineer responsible for erection, commissioning did not have adequate work experience.

- The results of the pre-commissioning tests were not properly recorded by the contractor.

- Operations and maintenance staff has not been adequately trained to handle such costly and vital equipment particularly in disturbed operating conditions.

The committee did not fix responsibility for the failure of these transformers.

The committee found that the prevention maintenance records had not been maintained properly and, as a result, the extent of preventive maintenance carried out could not be assessed.

The transformers were sent for repairs to BHEL workshop at Jhansi in December 1992. One transformer was received after repairs in May 1993 and installed at Najafgarh 220 KV sub-station. The second transformer is still to be repaired (October 1993). The total cost of repairs to these transformers was estimated at Rs 75.58 lakhs which includes Rs 13.63 lakhs spent on their transportation to Jhansi.

(b) Surplus serviceable transformer oil lying unused

8400 litres of transformer oil was drained out of these two transformers and stored in 420 drums. Of these, 210 drums were sent to the 220 KV sub-station at Najafgarh while the remaining oil valued at Rs 5.46 lakhs was lying unused at Rohini since June-September 1992 (October 1993).

(c) Excess consumption of cables

A lump sum estimate of Rs 7.8 lakhs was made for control cables for the work of erection of the sub-station at Rohini without mentioning the quantities to be used. The actual expenditure on these cables added upto Rs 19.58 lakhs.

DESU stated in October 1993 that the control cables to be used cannot be estimated accurately because, depending on the site requirements, the divisions often interchange the sizes of the cables during execution of the work. It is for this reason that only lump sum provision is made and actual expenditure does not correlate with the estimates. The reply seeks to justify the excess expenditure at 151 *per cent* of the estimates as covered by provision made under "contingencies".

(d) Blocking of funds

Seven major items of equipment like circuit breakers, current transformers and lightening arresters were erected and test charged along with associated switch gear at an estimated cost of Rs 31.67 lakhs between the period March 1989 to May 1990 at Rohini to receive 220 KV supply from the 400 KV sub-station at Bawana. These equipment were lying unused as the electrical work on 400 KV sub-station at Bawana is yet to be started (September 1993). This resulted in blocking of funds amounting to Rs 31.67 lakhs since May 1990.

5.2.7 Undue benefit to contractor

Purchase orders were placed on a firm in December 1988 and July 1989 for supply of tower materials for 40 km of transmission lines at a cost of Rs 329.74 lakhs to be delivered within 12 months and three months from the date of order respectively. The following penalty clause was included in the contracts:

" For the supply of material beyond scheduled date or extension thereof, the supplier shall pay to the undertaking an amount calculated @ 1/2 (half) of one *per cent* per week or part thereof, of the **total value of contract**. The value of such damage shall be limited to 10 *per cent* of the total contract value".

The firm could not complete the supply in time and their request for extension was rejected in October 1990 by DESU which did not find the grounds for delay convincing.

In October 1990 a request was made by CMD of the Industrial Development Corporation Ltd, Orissa (of which the firm is a subsidiary) to waive the penalty, citing delay in receiving test beds from Bangalore for circuit towers material as one of the main reasons for not meeting the schedule. On the basis of this request DESU decided, in January 1991, to retrospectively amend the penalty clause and charge "@ 1/2 (half) of one *per cent* per week or part thereof **of the value of undelivered material/incomplete work**".

Accordingly, DESU reduced the penalty from Rs 32.23 lakhs to Rs 6.24 lakhs and allowed Rs 25.99 lakhs as undue benefit to the firm.

Concession given on the grounds that the party had already supplied 93.2 *per cent* material is not tenable because no material had been supplied against the second order till the stipulated date of delivery.

The above points were referred to Government of NCT of Delhi in December 1993; their reply is awaited as of January 1994.

5.3 Material management in DESU stores - cement

5.3.1 Introductory

Cement is procured centrally and received in and issued from one of the 34 central stores of DESU. The general manager, DESU, is empowered to order purchase of cement upto a cost of Rs five lakhs beyond which the Delhi Electric Supply Committee (DESC) has to be approached. The detailed procedure for purchase, storage and issue of cement is laid down in the stores manual of DESU which has not been updated since 1966.

5.3.2 Scope of audit

Records relating to procurement, storage and utilisation of cement in the years 1989-90 to 1992-93 were test-checked in Audit during June 1993 to October 1993.

5.3.3 Highlights

- **DESU was unable to show Audit the details of calculation of its projections of requirement of cement each year. These projections were found to be highly inflated.**

- **DESU's procurement efforts were found to be inadequate. Out of 95224 MT of cement ordered during 1989-92, only 50844 MT were received.**

- **The various wings of DESU have not reconciled their books for years together. As a result, the figure of unadjusted advance payment made to cement suppliers has risen from Rs 286 lakhs on 31 March 1989 to Rs 654 lakhs on 31 March 1991 (DESU was unable to provide any figures after this date).**

- **DESU had not evolved any systematic, rational procedures for either test weighment or quality control.**

- **Of the five samples of cement tested for quality during 1991-93, one was found to be sub-standard. However, the entire lot worth Rs 38.45 lakhs had been used in works**

before receipt of the test report.

5.3.4 Financial outlay

Revised budget estimates and actual expenditure on purchase of cement for the period 1989-90 to 1992-93 are as given below:-

Table 5.3.4- Estimates and actual expenditure on cement			
			(Rupees in lakhs)
Year	**Budget estimates**	**Actual expenditure**	**Savings**
1989-90	560	212	348
1990-91	660	262	398
1991-92	650	278	372
1992-93	1100	339	761

The savings year after year were due to supply always being short of the orders placed against the expected requirement.

5.3.5 Procurement of cement

(a) Inflated projection of requirement

Annual requirement was assessed to be 30000 MT in the years 1989-90 to 1991-92 and 45200 MT in 1992-93. DESU stated (September 1993) that a rough assessment of annual requirement of cement is worked out by adding together the requirements of all divisions in DESU. But it was unable to furnish the details of calculation to Audit (October 1993).

Total receipts and issues of cement bags during 1991-92 and 1992-93 were as under:-

Table 5.3.5 (a)- Receipt and issue of cement bags				
				(in metric tons)
Year	**Opening balance**	**Receipt**	**Issue**	**Closing balance**
1989-90	-	17488	-	-
1990-91	-	16712	-	-
1991-92	891	18068	18869	90
1992-93	90	20779	18775	2094

Records for the year 1989-90 and 1990-91 were not made available to Audit.

From the above table, it will be seen that the average annual off-take of cement from DESU's Central store was 18822 metric tons. In 1992-93, the only year in which the receipt of cement exceeded this average, the entire extra receipt was found to have remained in stock. This would indicate that DESU is not able to utilise more than around 18822 MT of cement each year. As such, its projections of its annual requirement would appear to be greatly inflated.

(b) Short supply

Table below shows the receipt of cement against purchase orders placed during the years 1989-90 to 1992-93:-

Table 5.3.5 (b)- **Receipt of cement against order**				
				(in metric tons)
Year	**Quantity ordered**	**Quantity supplied**	**Percentage supplied**	**Quantity pending supply**
1989-90	*35224	17488	50	17736
1990-91	33000	16712	51	16288
1991-92	27000	16644	62	10356
1992-93	43564	19474	45	24090

* *Includes 4874 MT to be supplied by five old vendors against whom advances worth Rs 68.23 lakhs were outstanding as on March 1989. 2340 MT was received from them in 1989-90.*

Table shows that 44380 MT of cement was pending supply against orders placed on suppliers as on March 1992, of which 21798 MT was against CCI and the rest against six others. While action has been initiated against the latter, an additional order of 10000 MT was placed on CCI and Rs 114 lakhs paid as advance, in excess of the advances already pending adjustment. CCI had not begun supplies against this order as of March 1993.

It is apparent that DESU failed to assess the capacity of the suppliers while placing the purchase orders. Fresh orders were placed on suppliers despite repeated defaults and no corrective action was taken by DESU to ensure that supplies were received in fulfilment of the orders.

In April 1992, a contract entered into with a private firm V-A which was cancelled because the supplies were always short of the order placed on them and the material supplied was sub-standard. As DESU did not ensure deposit of Rs 4.3 lakhs as security by the firm, it was unable to enforce forfeiture of this amount.

Orders were placed on three firms for the balance quantity of 20048 MT of cement which remained unsupplied by firm V-A at the latter's risk and cost. Rs 26 lakhs was recoverable from the firm on this account, which is in addition to Rs 1.09 lakhs of advances lying unadjusted against them.

The cement store does not keep a record of non-availability certificates given when cement is not available for issue against indents. As a result, Audit was not able to assess the impact of non-availability of cement on project targets.

(c) No penalty levied on delayed supplies

Contract with CCI did not lay down a clause for levy of penalty till 1992-93. Although this clause was included in the purchase order for 1992-93, no action has been initiated even when CCI has not as yet begun to supply cement against the purchase order for the year and had stopped supplies after February 1993. For all other suppliers no penalty was charged even though the contracts fixed the penalty at half to one *per cent* per week subject to a maximum limit of 10 *per cent* in case of delayed or no supplies. In 1992-93, a firm supplied only 25 *per cent* of the quantity ordered but no action was initiated against it (September 1993).

5.3.6 Payment of advances

Receipt of cement in the store is acknowledged by the storekeeper on the duplicate copy of the challan. Terms of the contract with CCI laid down in 1989 provided that 90 *per cent* advance payment would be given on presentation of the duly acknowledged challan and the balance released after approval of material by the store.

This condition was relaxed in 1991-92 enabling CCI to draw 100 *per cent* advance before making delivery. The same concession was made applicable for private firm V-A.

In 1992-93, CCI continued to benefit from this concession but for the other three suppliers, it was modified to 98 *per cent* against delivery with the remaining 2 *per cent* to be released after the approval of the goods.

(a) Mounting advances lying unreconciled

Ledger accounts for the years 1991-92 and 1992-93 have not been finalised as yet and the amount of unadjusted advances in these years could not be determined.

From the records made available to Audit, it was seen that unadjusted advances were Rs 286 lakhs in 1988-89, Rs 521 lakhs in 1989-90 and Rs 654 lakhs in 1990-91.

It was found that during 1989-90 and 1990-91, 100 *per cent* advances were being paid to suppliers before the delivery of cement bags in stores in violation of the terms for supply.

It was seen that as on March 31, 1991, advances as shown in the records of Purchase section were at variance with the amounts recorded in Store Billing section in the following cases:-

Table 5.3.6 (a)- Unreconciled advances

(Rupees in lakhs)

Name of Suppliers	Outstanding Advance on 31.3.1991		Difference
	in Store Billing	in Purchase Section	
Firm V-B	134.3	34.9	99.4
Firm V-C	13.0	0.3	12.7
Firm V-E	16.5	4.6	11.9
Firm V-F	6.9	Nil	6.9
Firm V-G	26.0	Nil	26.0
Total	**196.7**	**39.8**	**156.9**

From the above, it is clear that the purchase and the billing divisions of DESU have not been reconciling these figures. As a result, DESU is unable to arrive at the correct figures of advances outstanding against different firms from whom cement is yet to be received.

(b) Deficiencies in accounting of receipt of cement

Several discrepancies were also noticed in accounting of receipt of cement. For instance, the total pendency of cement against CCI was worked out by Audit at 21798 MT at the end of March 1992 whereas the quantity intimated by DESU was only 17516 MT. In 1989-90, of 17488 MT of cement received in DESU stores as worked out by Audit, only 15148 MT of cement was accounted for by DESU.

Similarly, an acknowledgment submitted by the store to store billing section in August 1989 indicated receipt and approval of 1739 bags while only 600 bags were supplied by CCI as per bill submitted by them to store billing section. This difference was not reconciled (November 1993).

This would suggest serious shortcomings in DESU's procedures for accounting of receipts.

(c) Excessive payment of advances to CCI

A scrutiny of the payment of advances to and value of cement supplied by CCI during 1989-90 to 1992-93 revealed that:-

- Advance payments were made to CCI on a number of occasions each year even though payments against which supplies had not been received were sufficient to cover future receipts. For instance, in October 1991, fresh advance of Rs 50 lakhs was made to the company although the outstanding advance of Rs 110 lakhs could cover the supplies amounting to Rs 34 lakhs made in the month of October 1991. As a result, the advances against which cement had not been received rose from Rs 46 lakhs in March 1989 to Rs 138 lakhs in March 1993.

- In one case, in March 1991, though the amount of advance to be paid worked out to Rs 108.6 lakhs, a sum of Rs 126.9 lakhs was paid resulting in excess payment of Rs 18.3 lakhs.

- During 1989-90, CCI was paid Rs 270 lakhs as advance against which the firm supplied bags worth Rs 212 lakhs at the rate of Rs 70 per bag. In July 1990, a fresh purchase order was issued for supply of cement bags at a rate of Rs 77 per bag. Supplies made subsequently against the earlier order were also adjusted at the higher rate, thus giving undue benefit of Rs 18.61 lakhs to the firm.

- In addition, 38199 bags supplied in April and May 1990 against an earlier purchase order were adjusted at Rs 77 per bag giving undue benefit of Rs 2.50 lakhs to the firm.

5.3.7 Weighment of cement bags

Cement is supplied in jute or HDPE[1] bags each filled with 50 kg of cement. There are standard procedures for weighment of consignments including for

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[1]High density polyethylene

sample/random checks. These standards stipulate that average net mass in a sample shall be equal or more than specified mass.

A test-check of the records of the store regarding weighment of cement bags revealed the following shortcomings:

- Records of Store Billing Section showed that the bags received in the stores were not checked for their weight till March 1991.

- There are no facilities for weighment at the Central Store and the practice in vogue is to select a few trucks out of the total number of trucks sent to the store on a challan and send these for computerised weighment at private *Dharam Kantas*. The cost incurred on weighment is paid by the suppliers. Weighment slips are accepted from more than half a dozen kantas with whom DESU has no formal agreement.

- The weight of the loaded trucks and the weight of the trucks after unloading in DESU stores is taken and the difference between the two is taken as the average net weight of the cement received.

The weight of an empty truck would depend on tools and accessories like spare wheels, amount of petrol in the tanks, etc., and if any of these changes between the two weighments, the figure of average weight of the bags would change. It was found that weight of the same truck differed by 300 to 800 kg on different dates. As such, correctness of the net weight recorded on the weighment slips could not be vouchsafed.

Table below shows the break-up of average weight of cement bags received in DESU store during 1991-92 and 1992-93:-

Table 5.3.7- Average weight of cement bags		
	Number of bags	
	1991-92	1992-93
Total number of bags received	332883	389482
Total number of bags weighed	17129	276827
Average weight per bag in kg		
i) Equal and above 50	4360	146428
ii) 50-49	5770	108176
iii) 49-48	2220	18973
iv) below 48	4779	3250
Total number of bags weighing less than 50 kg	12769	130399

- From the above table, it will be seen that 5 *per cent* of the bags received were test weighed in 1991-92 whereas, in 1992-93, this percentage rose very sharply to cover nearly three fourth of the bags received during that year.

- The total short weight in 1991-92 was 31798 kg whereas in 1992-93, it was 75112 kg. Average weight was less than 50 kg in 74 *per cent* of total bags weighed in 1991-92 and 47 *per cent* in 1992-93.

- The quantum of short weight recorded in the weighment slips received from the *Dharam Kantas* was not noted by the store keeper in the suppliers' delivery challans. As a result, when copies of these challans were presented to the Store Billing Section, it did not deduct the cost of short weight from the amount adjusted against advances paid to suppliers. A practice of indicating short weight on acknowledgment slips sent to Store Billing Section was also discontinued from December 1992. However, contractors to whom such cement bags were issued for use in works, were given credit for the short weight as indicated in the *Dharam Kanta* weighment slips. In cases where the *Dharam Kanta* slips indicated weight in excess of 50 kg, the cost of extra cement issued to contractors was not recovered. During 1991-93, undue benefit to cement suppliers on account of short weight not adjusted amounted to Rs 1.77 lakhs, while undue benefit to contractors due to non-recovery of cost of bags in excess of 50 kg amounted to Rs 2.09 lakhs.

5.3.8 Quality Control

It was laid down as a condition in the purchase orders that factory test certificate should be submitted with every batch in case of firm V-A and a test certificate from a Government approved Test House for each lot received from other suppliers. DESU also reserved the right to test samples selected randomly from the supplies.

No register was maintained prior to the year 1992-93 to indicate either the number of random samples taken from the supplies received or the results of testing of samples. In 1992-93, though 1463 truck loads of cement were received in the stores, samples were taken only thrice during the year.

Scrutiny of the supplier's file showed that out of the two samples taken from supplies received from firm V-A during 1991-92, one taken in October 1991 failed to meet the ISI standards on compressive strength and soundness.

Thus 42494 cement bags worth Rs 38.45 lakhs supplied by firm V-A during April 1991 to January 1992 were below the specified standard.

Report on this sample was received after 5 months in March 1992. Cement being a fast moving item, the material supplied had already been issued to works and utilised by the time it was found that it was sub-standard.

On receipt of the report, the Purchase Section issued a letter to the suppliers in May 1992 requesting them to furnish a manufacturer's certificate stating that the cement conformed to the requirement of ISI standards along with test certificate from another Government laboratory.

No penalty could be charged as purchase order placed on the supplier was terminated in April 1992.

No separate register is being maintained in the store to watch the receipt of factory test reports; test house reports submitted by the suppliers were not on the batches supplied by them.

Firm V-H supplied 20000 bags in November 1992 but the certificate submitted along with the batch was on the tests conducted on samples taken in December 1989 and tested in February and March 1990.

A certificate submitted by another firm V-I related to samples taken in July 1992 whereas the Company started supplying cement to DESU from November 1992. Similarly firm V-F began to supply cement only from November 1992 but the certificate attached with cement supplied by the firm related to a sample taken in August 1992.

Suppliers were also not furnishing factory test reports regularly with each lot of supply. Firm V-A did not furnish a report after August 1991. No report was received from firm V-I after November 1992 and firm V-F did not submit any report from November 1992 to March 1993.

The above points were reported to the Government of NCT of Delhi in December 1993; their reply is awaited as of January 1994.

GENERAL WING

5.4 Construction of houses for *safai karmacharis*

5.4.1 Introductory

General Wing of MCD has on its roll 28146 *safai karmacharis*, of whom only 440 were provided with staff quarters as on 31 March 1993.

In April 1989, to avert a strike by All India Safai Mazdoor Congress, Ministry of Home Affairs launched a scheme named Dr. Ambedkar Centenary Awas Yojana, to construct 20000 houses to enable *safai karmacharis* employed in MCD to acquire a house on hire purchase while in service

The project, approved by MCD in October 1989 envisaged construction of 4000 houses each year for five years at a cost of Rs 305 crores. Work on the project was planned and executed by the Engineering Department of the Corporation.

5.4.2 Scope of audit

The records relating to the construction of houses for *safai karmacharis* during the years 1990-91 to 1992-93 maintained by six divisions of Engineering Department of the Corporation were test-checked in Audit between June 1993 to August 1993.

5.4.3 Highlights

- **Against a target of 20000 houses to be constructed by March 1993 only 640 houses have been built as of August 1993 at a cost of Rs 3.85 crores; work on another 960 houses is in progress. Land available with MCD can accommodate no more than 2580 houses.**

- **Despite repeated refusal of DDA to allot land to MCD, an amount of Rs 1.2 crores was paid to them in April 1991. No land has been allotted against this deposit lying with DDA.**

- **Rs 23.99 lakhs was paid as escalation on construction cost for 640 houses built at Rohini, due to delays attributable to MCD.**

- **MCD failed to evolve a scheme suitable to the karmacharis' capability to pay for the houses; only 38 applicants could qualify for allotment of 640 houses constructed.**

5.4.4 Targets and achievements

20000 houses were to be constructed for allotment to *safai karmacharis* on hire purchase at a cost of Rs 305 crores in five years starting from 1989-90 by constructing 4000 houses each year. The plan and layout of the houses was changed in 1990 to reduce the cost of each house to Rs 68000, thereby reducing the total cost of the scheme to Rs 136 crores. The annual targets were also revised in the same year to construct only 500 houses each year.

The Corporation could not adhere even to this revised schedule and civil work on 640 houses have been completed as of August 1993, at a cost of Rs 384.73 lakhs. Further, 960 houses were in various stages of construction and Rs 462.21 lakhs were spent upto March 1993. All the 640 houses constructed were lying unallotted as of December 1993.

MCD has only 41.23 acres of land in its possession, on which no more than 2580 houses can be constructed as given in the table:-

	Table 5.4.4- Availability of land		
	Location	Land available (in acres)	No. of houses
1.	Rohini	9.07	640
2.	Nandnagri	7.69	380
3.	Jahangirpuri	18.25	1100
4.	Sundernagri	6.22	460
	Total	**41.23**	**2580**

5.4.5 Unrealistic cost estimate

Estimate prepared in October 1989 was revised in November 1990 as shown under:-

Table 5.4.5- Cost estimate		
		(Rupees in lakhs)
	In October 1989	In November 1990
Land	0.17	0.14
Development work	0.13	0.16
Building	1.23	0.38
Cost per house	**1.53**	**0.68**
For 20000 houses	**30500**	**13600**

Both the original as well as the revised estimates were found unrealistic in Audit. The cost of land was estimated at Rs 10 lakhs per acre in the original estimate. In the revised estimate, it was put at a lower rate, i.e., Rs 8.23 lakhs per acre. As against these two estimates, the minimum price quoted in the Schedule of market rates of land as fixed by the Ministry of Urban Development for 1990 (except Narela and outlying areas) in West Delhi was Rs 14.93 lakhs and for the rest of Delhi was Rs 19.27 lakhs. Tentative cost of the building work alone for the houses constructed at Rohini is Rs 93000, exclusive of cost of land and site development.

5.4.6 Non-repayment of loan

MCD was given a loan of Rs 490 lakhs by the Government of NCT of Delhi in two years i.e. 1990-91 and 1991-92 on interest at the rate of 12.5 *per cent per annum* to be repaid in 15 yearly instalments starting from one year after the drawal of loan.

A sum of Rs 106.94 lakhs was due for repayment as on 31 March 1993, which has not been paid by MCD. This would further attract penal interest of Rs 2.41 lakhs upto August 1993 at the rate of 2.75 *per cent.*

MCD stated (December 1992) that the repayment of loan was not made as it was short of funds and that Government of NCT of Delhi had been requested to convert the loans into outright grant-in-aid.

5.4.7 Blocking of funds resulting in loss of interest

Rs 1.2 crores was deposited with DDA in April 1991 towards cost of 250 acres of land required for this project. In December 1991, DDA refused to allot the land and returned the cheque in original. This cheque was sent back to DDA in February 1992. However, no land has been allotted by DDA as of August 1993 and DDA has not refunded the money to MCD.

The action of the Corporation in sending the cheque without getting any demand from DDA resulted in blocking of funds amounting to Rs 1.2 crore in addition to the loss of interest amounting to Rs 52.20 lakhs at current market rates.

5.4.8 Cost escalation due to delay in construction

Work on construction of 800 units at Rohini was awarded in April 1991 to eight contractors at 55 *per cent* above tendered cost of Rs 46.46 lakhs in each group.

The work was stipulated to be completed in April 1992. Civil portion of the work in each group was completed by October 1992 and the work on electrification was in progress as of August 1993. Delay of five months was due to delay in:-

***Table-5.4.8*- Reasons of delay**

	Days
Handing over clear site	93
Handing over designs and drawing	25
Supplying cement and steel from stores	59

As a result of the delay, an amount of Rs 23.99 lakhs was paid as cost escalation to the contractors upto March 1993.

5.4.9 Construction of houses at Samaipur Badli

(a) Award of work on disputed land

Tenders were invited for construction of 600 houses in Samaipur Badli in six groups in December 1990 at a cost of Rs 278.8 lakhs.

The site chosen for construction was occupied by old staff quarters and *jhuggi jhopri* (slum) clusters which are fully inhabited. Attempts to demarcate the site were made several times but due to resistance by a section of the slum dwellers, construction work could not be taken up.

Alternative sites were identified in Nandnagri and Jahangirpuri and work was taken up as given below:-

Table 5.4.9 (a)- Award of work

Group	Name of new location	Actual date of start of work
I	Nandnagri	March 1992
II	Nandnagri	February 1992
III	Jahangirpuri	April 1993
IV	Jahangirpuri	February 1993
VI	Nandnagri	February 1992
Total number of houses	500	

It was observed that there was delay in starting the work for groups III, IV in Jahangirpuri although this site was identified as an alternative as early as in June 1992. As regards Group V, no alternative site has been selected as yet.

Change of site and delay of more than one year in making clear site available to the contractors may lead to compensation claims and escalation in cost. Only 10 *per cent* of the work on Group IV is complete for which Rs 14.52 lakhs (20 *per cent* of the contractual amount) have been paid.

(b) Slow progress of work at Nandnagri (300 units)

The work at Nandnagri (Group I, II & VI) was to be completed by June 1993. Completion of work is likely to be delayed by more than one year as only 50 *per cent* of the work could be completed by the stipulated date of completion as detailed below:-

Table 5.4.9 (b)- Progress of works			
			(Rupees in lakhs)
Group No.	Amount paid upto June 1993	Contractual amount	Percentage of work completed
I	29.33	72.60	31
II	49.22	72.60	60
VI	49.30	72.60	63

Corporation stated in August 1993 that the delay was due to late supply of cement and steel to contractors.

5.4.10 Registration for allotment of houses

(a) Delay in finalising the scheme

The Corporation decided to prepare a priority list of 500 allottees in November 1990 and to collect fees in instalments as under:-

Table 5.4.10 (a)- Fees for allotment of 500 houses		
		(Rupees in lakhs)
Description	Rate	Amount
Ist Year Registration fee	5000	25
IInd year Deposit to be collected on allotment in four quarterly instalments	25000	125
IIIrd Year Loan to be raised from Housing Development Corporation	38000	190
Total	68000	340

The cost of the project was to be met through funds collected from the applicants and loans from Delhi Administration.

The scheme for registration of the applicants for allotment of houses was finalised only in September 1993 even though work on construction of 1400 houses had been initiated in 1991.

(b) Poor response to registration

In September 1993, the Corporation invited applications for allotment of 640 houses constructed at Rohini. The original scheme for registration was modified as under:-

- Processing and administration fee reduced to Rs 500 (originally Rs 600).

- First instalment to be paid within one month of receipt of allotment cum demand letter, reduced to Rs 15000 (originally Rs 25000).

Despite wide publicity given through all the Zonal offices of the Corporation and three extensions of the last date of receipt of applications, only 168 *safai karmacharis* applied for registration, 69 of whom offered for adjustment of the deposits from their provident fund accounts. 38 applicants have finally deposited Rs 15000 to qualify for allotment of houses (December 1993).

The poor response was due to lack of funds available with the *safai karmacharis*. MCD failed to take into account the known limited financial capability of the karmacharis to pay for the houses and to evolve a scheme for arranging funds by way of group housing loans refundable in small instalments.

The above points were reported to the Government of NCT of Delhi in October 1993; their reply is awaited as of January 1994.

5.5 Operation of road rollers

As per the terms of the contracts awarded to them, contractors who build and maintain roads for MCD have to take road rollers on hire from MCD. It was noticed in Audit that, though MCD owns 21 road rollers of which 19 are in working condition, in no case did its road building contractors take any one of these on hire. Instead, in every case, MCD gave a certificate of non-availability which enabled these contractors to use their own road rollers. This resulted in loss of revenue of Rs 34 lakhs during the five years from 1988-89 to 1992-93.

Out of 28500 road roller days available during the five years from 1988-89, MCD was able to utilise only 189, i.e., only 0.7 *per cent* for in-house maintenance and repair work. Not more than four of the 19 operational rollers could be put to use on any one day. As a working strength of nine drivers and eight beldars and cleaners has been provided for the operation of these road rollers, the expenditure of Rs 20.36 lakhs on just their salaries during this period became infructuous.

An expenditure of Rs 21.35 lakhs during this period on purchase of parts for repair and maintenance of these machines was also infructuous. These purchases are expected to be made only against defects recorded in a defects register maintained in the workshop.

Scrutiny of records of the road roller repair workshop also revealed that two road rollers which were condemned in September 1992, had not yet been auctioned.

The above points were reported to the Government of NCT of Delhi in December 1993; their reply is awaited as of January 1994.

NEW DELHI MUNICIPAL COMMITTEE

5.6 Accounts

5.6.1 Introductory

New Delhi Municipal Committee caters to the needs of a population of 8.5 lakhs spread over an area of 42.74 sq km.

It is a nominated body and is governed by the Punjab Municipal Act, 1911 as extended to Union Territory of Delhi. It was superseded in February, 1980 and replaced by an Administrator appointed by the Central Government.

The Administrator is assisted by a Secretary, a Financial Advisor, Chief Engineers (Civil and Electricity), Director (Estate, Tax and Horticulture) and Medical Officers (Health) and various other officers.

The main functions of NDMC are to provide civic amenities, supply water and electrical energy, make sanitary arrangement and attend to public health, primary education, children parks, gardens and roads. NDMC also provides some special amenities like swimming pools, stadia, palika clubs and hostels, working girls hostels, youth centres, community centres and baraat ghars.

5.6.2 Financial position

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

	Table 5.6.2- Receipts and expenditure of NDMC				
					(Rupees in crores)
		1989-90	1990-91	1991-92	1992-93
1.	**Receipts**				
	Internal	126.73	147.29	210.45	227.85
	From govt				
(a)	Grants	17.61	22.06	23.48	22.65
(b)	Loans	13.83	11.51	9.77	11.95
	Total	**158.17**	**180.86**	**243.70**	**262.45**
2.	**Expenditure**				
(a)	Non-plan	133.89	152.96	217.51	231.67
(b)	Projects	24.17	27.23	25.66	28.04
	Total	**158.06**	**180.19**	**243.17**	**259.71**

5.6.3 Audit by Examiner, Local Fund Accounts

The examiner, Local Fund accounts Delhi Administration, audits the accounts of NDMC under the Punjab Municipal Act. The examiner has audited the accounts upto 1985-86 and submitted reports on these to the Delhi Administration.

5.6.4 Internal audit

Out of 219 units planned to be centrally audited during the years 1990-94, 150 units have been audited by the Internal Audit Wing. A total of 2439 objections are outstanding. As on March 1993 year-wise break-up of these objections was not made available to Audit.

5.7 Construction of quarters for staff

5.7.1 Introductory

NDMC has on its roll 16700 employees, of whom 2530 had been allotted staff quarters as on 31 March 1985. To augment the availability of housing, NDMC proposed construction of staff quarters to be taken up as a cluster of 21 schemes in the period 1985-86 to 1992-93. In the Seventh Plan, 700 quarters were to be constructed at a total cost of Rs 650 lakhs. In the Eighth Plan, an amount of Rs 800 lakhs was proposed for construction of 500 quarters of different categories. No project report was, however, prepared and funds were released by Delhi

Administration on the basis of write-ups prepared annually.

5.7.2 Scope of audit

Records maintained in five civil divisions of NDMC on the scheme of construction of staff quarters during the period 1985-86 to 1992-93 were test-checked in Audit.

5.7.3 Highlights

- **NDMC began work on a project for construction of 1170 quarters for its staff without preparing a project report; an expenditure of Rs 881 lakhs has already been incurred on the project.**

- **1170 quarters were to be constructed in eight years ending March 1993. Only 600 quarters have been built, resulting in huge saving on plan allocation.**

- **Four works were awarded to an undertaking without calling for tenders and on unusual contractual terms. Disputes over ownership of land and slow progress of work by this firm, resulted in cost escalation on two of these works by 92 *per cent* and 85 *per cent* of the initial estimates (November 1993).**

- **Rs 42.59 lakhs was awarded to contractors in 11 arbitration cases decided in their favour due to delays attributable to NDMC.**

- **Investment of Rs 97.38 lakhs made on five acres of land in 1990, was lying idle as no work was taken up on this plot. NDMC has also incurred a liability of Rs 7.12 as ground rent.**

- **Due to delay in completion of the work, NDMC lost Rs 37 lakhs on account of payment of house rent allowance and non-recovery of standard licence fee.**

5.7.4 Progress on works

Targets and physical achievement in construction of staff quarters during the period 1985-93 are given in table below:-

Table 5.7.4.1-Physical progress		
Year	**Targets**	**Achievements**
1985-90	700	477
1990-91	160	80
1991-92	250	10
1992-93	60	33
Total	**1170**	**600**

Although 1170 houses were targeted in these eight years, only 600 have been constructed so far (September 1993). This resulted in savings on the funds made available for the project as detailed below:-

Table 5.7.4.2-Allotment and expenditure			
			(Rupees in lakhs)
Year	**Budget allocation**	**Actual expenditure**	**Saving**
1985-90	1065.5	716.5	349.0
1990-91	130.0	104.2	25.8
1991-92	140.0	60.6	79.4
1992-93	170.0	*-	-
Total	**1505.5**	**881.3**	**454.2**

* figures were not made available to Audit

The huge saving each year is indicative of inadequate planning and defective budgeting by NDMC.

5.7.5 Award of work

During the Seventh Plan and thereafter upto 1992-93, 21 works were taken up for execution, of which 17 works were awarded to private agencies after inviting tenders. With regard to the remaining 4 works of construction of 186 quarters, it was decided in February 1989 that since land would be made available in phases, the work would be awarded to public undertakings without calling for tenders. After discussions with various government undertakings, the works were awarded to Uttar Pradesh Rajkiya Nirman Nigam (UPRNN) at actual cost plus 14 *per cent* basis in February 1989.

Private agencies completed all the 17 works awarded to them. Rs 80.83 lakhs were paid as cost escalation on three of these works due to delays caused by non-availability of clear site.

Out of four works allotted to UPRNN, only one has been completed after a delay of 22 months.

5.7.6 Delays in four works awarded to a government undertaking

(a) Delay in completion of work

The Committee resolved in August 1988 that tenders should not be invited before ensuring that clear title to land is available. Despite these instructions two works, namely, construction of 132 type II quarters at Laxmi Bai Nagar and construction of 36 type V flats at Vinay Marg were awarded on disputed land as detailed below:-

a(i) Construction of 132 type II quarters at Laxmi Bai Nagar

Work was awarded to UPRNN in March 1989 at an estimated cost of Rs 181 lakhs to be completed by April 1991. The land on which the houses were to be constructed was reclaimed by covering a *nallah* passing through land belonging to NDMC.

Work was taken up in April 1989 but was stopped within a month as the Land and Development Officer of Ministry of Urban Development, claimed ownership of the reclaimed land. It took 16 months to resolve this dispute and the firm was able to take up the work only in August 1990. Since April 1991, the firm had stopped the work. The Committee issued show cause notices from time to time and also reduced the scope of work from 132 to 93 quarters, but the firm had not restarted the work till August 1993. The estimated cost of this work was raised by 92 *per cent* in October 1992. The actual cost, as and when these quarters are completed, is likely to be even more.

a(ii) Construction of 36 type V flats at Vinay Marg

Work was awarded to UPRNN in March 1989 at a cost of Rs 145.8 lakhs for construction of 36 type V flats to be completed by October 1990. Due to a similar dispute with the Land and Development Officer over the ownership of land reclaimed by covering a *nallah*, work was stopped in April 1989. A formal letter to restart the work was issued in October 1990 and the Agency was instructed to take up the work immediately.

UPRNN did not comply with the orders on the grounds that the mobilisation advance payable to them was not released by NDMC on time. Rs 9.5 lakhs was released as mobilisation advance in November 1991, 20 months after award of work and the targeted date of completion was revised to June 1993. In April 1992, it was observed that only 8 *per cent* of work had been completed. Since progress was slow, the Committee reduced the number of flats to be constructed to 17 and later to 15 (June 1993).

Work is still in progress and the expenditure of Rs 131.59 lakhs incurred on the scheme (November 1993) has already exceeded the proportionate estimated cost for 15 flats (Rs 71.14 lakhs) by 85 *per cent*.

(b) No clause for levy of penalty

Clause 2 of NDMC *General conditions of contract* provides for a penalty clause which states: "the contractor shall pay as compensation an amount equal to one *per cent* or such small amount as Chief Engineer may decide for every day that the work remains uncommenced or unfurnished after the proper dates. The entire amount of compensation under this clause shall not exceed ten *per cent* of the estimated cost of work." However, there was no such clause in the agreement entered into with UPRNN. As a result, NDMC could not take any punitive action even though the progress of work done by UPRNN was far from satisfactory. Had this condition for levy of penalty been incorporated, Rs 36.49 lakhs could have been levied by the Committee.

(c) Irregular payment of mobilisation advance

Clause 7 of the agreement laid down that mobilisation advance equal to 10 *per cent* of the estimated cost of each work subject to a maximum amount of Rs 10 lakhs to be paid to UPRNN. Following irregularities were noticed in Audit:-

- Expenditure on the scheme was met from interest bearing loans from Delhi Administration. Yet, Rs 24.32 lakhs were given to the agency free of interest which was not covered by the rules. Irregular issue of interest free mobilisation advance resulted in loss of Rs 10.42 lakhs calculated at the rate of 18 *per cent* (June 1993).

- Under the rules, mobilisation advance is to be given only for works costing more than Rs one crore each. However, advance of Rs 4.8 lakhs was paid to UPRNN for two works estimated at Rs 38 lakhs and Rs 12 lakhs each.

- Work on 6 type IV flats at Southend Lane could not be started due to non-availability of land and the contract was cancelled. Mobilisation advance of Rs one lakh paid for the work (March 1989) was recovered in December 1989 after a delay of nine months. Payment of mobilisation advance in the absence of clear site was irregular.

- Advances paid to the agency were to be recovered from running bills. Out of Rs 24.32 lakhs paid to UPRNN in 1989, Rs 6.75 lakhs is still to be recovered as of July 1993, due to slow progress of work.

5.7.7 Work executed by private agencies

(a) Award to contractors in arbitration cases

Of the 17 works awarded to private agencies, 14 were referred for arbitration. 11 cases have been decided and all in favour of the contractors. The amounts awarded and the reasons for these were as follows:-

Table 5.7.7 (a)-Amount payable to private parties on account of arbitration cases

(Rupees in lakhs)

Reasons for awards	Amount of award
Non-finalisation of terms of payment for steel works (which were not listed in the schedule of rates) at the time of award of work	7.64
Compensation for delay in making available clear site and detailed drawings and designs	14.00
Non-adjustment for additional steel used on works	1.68
Non-payment for: (a) Works which exceeded the deviation limit of 50 *per cent* of specified amount	4.68
(b) Extra items executed but not paid for by NDMC	6.17
Delay in making final payments	3.57
Others	4.85
TOTAL	**42.59**

In addition to Rs 42.59 lakhs awarded to the contractors, NDMC had to pay Rs 10.65 lakhs as interest which included Rs 5.69 lakhs due to delayed payment of the awards.

(b) Avoidable loss due to delay in finalising tenders

Construction of 4 type II and one *chowkidar* quarters at Babar Road.

Preliminary estimate of Rs 5.64 lakhs was approved by the Committee in December 1986. Tenders were invited for the first time in May 1988, 17 months after the approval. Subsequently tenders were invited 20 times for which bids were received thrice in the 7th, 13th and 16th call, all of which were rejected. Work was finally awarded on the 20th call in February 1992 at Rs 7.54 lakhs, 95.19 *per cent* above the estimated cost.

It was found that the tenders received on 7th, 13th and 16th call were rejected because the divisions could not process the tenders in time as a result of which they were received in the Finance Branch of NDMC much after the expiry of validity period as shown below:-

Table 5.7.7 (b)-Delay in finalisation of tenders

No.of call	Date of lapse of validity	Date of receipt in Finance branch
7th	24.12.1988	28.12.1988
13th	7.10.1989	19.12.1989
16th	31.7.1990	11.12.1990

It was also noticed that on the 16th call, the Divisional authorities had requested for early checking and scrutiny of justification in the division. The contractor had also extended the validity upto October 1990 but the Committee could not finalise the tender even within the extended time frame.

Offer received in the 7th call was for Rs 5.32 lakhs and the work was finally awarded at Rs 7.54 lakhs in February 1992. Estimates are being revised to Rs 11.54 lakhs (October 1993)

NDMC spent Rs 75000 on advertisement alone which is in addition to the loss of Rs 6.22 lakhs on account of cost escalation.

(c) Delay in rescission of contract

Construction of 12 type III and 12 type IV Quarters in Sarojini Nagar.

Work was awarded at a cost of Rs 36.97 lakhs in October 1986. Stipulated date of completion was January 1988 which was extended by 150 days due to:-

Table 5.7.7 (c)-Break-up of delay in work	
Reasons	**Days**
delay in finalisation of layout structural drawings and designs	120
non-availability of cement and earth required for back filling	23
delay in deciding colour scheme	7
Total	**150**

In June 1988, when 86 *per cent* of the work had been completed and Rs 31.81 lakhs spent, the contractor stopped work on the project. A number of show cause notices were issued to him and finally, in September 1989, i.e., 15 months after the contractor stopped work, the contract was rescinded at the risk and cost of the contractor. In February 1990, the contractor went to court with a claim of Rs 29.80 lakhs and the issue is sub-judice.

A penalty of Rs 2.18 lakhs imposed on the contractor in May 1990 was not recovered from him. Balance work was measured only in August 1990. Four years after rescission of contract, no action has been taken by NDMC to award the balance work to another contractor as of November 1993.

It was stated (June 1993) that no work was initiated at the risk and cost of the contractor as the case is under litigation.

(d) Excess coverage of plinth area

Ministry of Works and Housing (March 1981) fixed the following standards for plinth area for different categories of houses:-

Type	Plinth area (sq m)
III	72.40
IV	101.10

These norms were adopted by the Committee (March 1986) and it was decided that no deviations would be allowed from these standards.

It was observed that NDMC exceeded these standards and covered 208.56 sq m in excess of the prescribed norms in 12 type III and 12 type IV quarters constructed in Sarojini Nagar, resulting in extra expenditure of Rs 4.08 lakhs.

5.7.8 Delay in allotment of quarters

The quarters were to be allotted immediately after completion of the work. Due to delay in completion of the work, NDMC has lost Rs 37 lakhs on account of payment of house rent allowance and standard licence fee not recovered (September 1993).

5.7.9 Blocking of funds

A request was made to DDA for allotment of 60 acres of land for construction of 3000 housing units at Mehrauli-Mahipalpur Road in August 1983. Six years later (March 1989), a plot of 5 acres was allotted to NDMC at Rohini and possession was taken over from DDA on payment of Rs 97.38 lakhs in May 1990.

256 quarters (36 type II and 220 type III) were planned to be constructed on this plot. No work was taken up as the building plans are yet to be finalised as of May 1993.

In addition to Rs 97.38 lakhs paid at the time of taking possession, NDMC incurred a liability of Rs 7.12 lakhs as ground rent for three years.

The above points were referred to the Government of NCT of Delhi in December 1993, their reply is awaited as of January 1994.

5.8 Construction of Mini-workshop at Okhla

All the 405 vehicles of NDMC are repaired, maintained, cleaned and fuelled in the automobile workshop at Mandir Marg.

In October 1982, it was felt that this workshop was unable to function at its optimum level due to shortage of space (it is on 0.9 acre of land). A new workshop on three acres of land with modern facilities was proposed to be built as an additional facility.

Even though no funds were provided for this project, 1.5 acres of land adjacent to the Committee's compost plant in Okhla was taken over from DDA in August 1983 on payment of Rs 11.4 lakhs out of Plan funds provided to NDMC for agricultural schemes.

As the Delhi Administration was prepared to provide funds only for agricultural purposes, NDMC justified the creation of a mini automobile workshop on this land as part of the compost plant infrastructure at an estimated cost of Rs 74.37 lakhs.

Work was awarded in November 1989 without calling for tenders to a Government undertaking, Uttar Pradesh Rajkiya Nirman Nigam (UPRNN) at an estimated cost of Rs 50.84 lakhs. All the standard clauses relating to compensation and penalties in case of default of any kind were not included in the contract entered into with the firm.

An interest free mobilisation advance of Rs 5.08 lakhs was paid to UPRNN in February 1990 although the cost of the work was less than Rs one crore which is the minimum work value eligible for payment of mobilisation advances and bearing interest, under the rules.

Stipulated date of completion of work as per the contract was August 1991, but the agency could complete only 29 *per cent* of the work upto October 1991 for which they were paid a sum of Rs 14.81 lakhs.

On the ground of slow progress of work, NDMC terminated the contract in April 1992 without any risk and cost to the firm. The remaining work was measured and estimated at Rs 37.72 lakhs (July 1992). In August 1992. this work was awarded at Rs 41.92 lakhs to be completed in November 1993. An amount of Rs 14.05 lakhs has been paid to the contractor though only 11 *per cent* of the work was completed as of July 1993.

Out of the advance of Rs 5.08 lakhs made to UPRNN, a sum of Rs 1.85 lakhs has been recovered so far (August 1993) and the balance of Rs 3.23 lakhs is still outstanding.

On scrutiny of records, it was found that 32 items of material supplied by NDMC remained on site (April 1991) at the time of termination of contract, out of which 121 bags of cement costing Rs 11525 have neither been issued to other works nor returned to the store as of September 1993. Moreover, the agency removed 300 bags of cement costing Rs 28575 from the site without the permission of the Committee. No recovery has been made from the agency on this account.

Thus a total of Rs 3.52 lakhs remains unadjusted with UPRNN apart from penalties that the Committee was unable to levy. The Committee stated in July 1993 that the matter relating to its recovery is under investigation.

Administrative approval of Rs 11.65 lakhs was accorded by the Committee in December 1990 for purchase of tools and plants required for the mini-workshop. Despite the directions of the Finance Department that purchases be made after completion of work on the building, tools were purchased in March 1991 at a cost of Rs 7.38 lakhs.

The tools could not be installed and were lying unused, as work on the building has not been completed. The warranty period on these tools had also expired.

During 1990, the Committee also sanctioned and filled up two posts of Executive Engineers to manage this workshop. The Committee stated that their services were being utilised in the main workshop at Mandir Marg. Rs 4.67 lakhs have been spent on their pay and allowances as of June 1993.

As a result of injudicious award of work and purchase of tools, a total investment of Rs 51 lakhs made so far was idling. The civil work had been completed only to the extent of 40 *per cent* two years after the scheduled date of completion. Appointment of engineers very much in advance of requirement had already resulted in infructuous expenditure of Rs 4.67 lakhs on pay and allowances alone.

The matter was referred to Government of NCT of Delhi in December 1993; their reply is awaited as of January 1994.

SECTION II DELHI DEVELOPMENT AUTHORITY

CHAPTER - VI

6.1 Accounts

The Delhi Development Authority (DDA) came into existence with the enactment of Delhi Development Act 1957 for the purpose of promoting and securing the development of Delhi. Its activities encompass land development, construction of houses/shops, improvement of slums, development of green areas, preservation and beautification of historical monuments and enforcement of planning, laws and regulations so that the capital city of India has a planned and orderly growth.

DDA derives its funds from disposal of land, buildings and other properties, grants and loans from the Central Government, and fees, rents, etc. DDA is required to prepare an annual statement of accounts including the balance sheet. The accounts of DDA are audited by the Comptroller and Auditor General of India under section 25(2) of the Delhi Development Act, 1957, read with Section 19(2) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of service) Act, 1971. The accounts of DDA for the year 1992-93 had not been finalised so far (December 1993) though these were required to be submitted to Audit by 30 June 1993.

DDA receives moneys and incurs expenditure under various heads of account based on the purpose for which these transactions are carried out. However, DDA has never submitted any income and expenditure account covering all the heads. For the year 1990-91, DDA submitted to Audit, accounts for 5 out of 8 heads.

A summary of receipts and payments for the year 1991-92 in respect of five heads of account is given below:-

Table 6.1 - Summary of Receipts and Payments						
Particulars	*General Development Account	#Nazul Account-I	$Nazul Account-II	+Nazul Account-III	^ISBT	Total
						(Rupees in lakhs)
Opening Balance	1907.66	679.89	2.78	648.09	-50.08	3188.34
RECEIPTS						
Receipts for the year 1991-92	107591.12	1385.32	34266.03	1042.90	655.96	144941.34
PAYMENTS						
Payments for the year 1991-92	109371.72	1489.39	34233.07	1465.60	591.47	147151.25
Closing Balance	127.06	575.82	35.74	225.39	14.42	978.43

* *General Development Account records transactions relating to management of DDA's acquired property, work connected with the preparation and implementation of Delhi Master Plan and Zonal plan.*

\# *Nazul Account -I records transactions pertaining to old Nazul Estates entrusted to DDA for management and development.*

$ *Nazul Account -II records transactions pertaining to scheme of large scale acquisition, development and disposal of land in Delhi.*

\+ *Nazul Account -III records transactions relating to scheme of removal of Jhuggi Jhopries .*

^ *Inter State Bus Terminus.*

The detailed audit observations on the accounts of DDA for the year ending 31 March 1992 are given in the Separate Audit Report. However, some of the major persisting irregularities noticed are given below:-

6.1.1 Incomplete accounts

As prescribed in DDA (Budget and Accounts) Rules, 1982, Proforma Accounts containing the financial status of the works and schemes of the authority, are required to accompany the annual accounts. DDA did not submit the list of works and schemes completed upto March 1992. However, only 74 proforma accounts have been prepared so far. Administrative accounts in respect of permanent works such as markets, shops, etc., had been prepared only in respect of ISBT.

6.1.2 Non-finalisation of accounts

- The accounts of Slum and JJ(Jhuggi Jhopri)-I wing and Delhi Lotteries, for the year 1991-92 had not been finalised.

- Slum and JJ-II wing had prepared the Receipts and Payments accounts for the year 1991-92, but the Income and Expenditure Account and Balance Sheet for this period were not finalised.

- Balance Sheets of Nazul-II and Nazul-III wings accounts had not been prepared and in the absence thereof the assets and liabilities were still not brought to the accounts.

6.1.3 Non-submission of the details of assets and liabilities

- Details of sundry creditors (Rs 220.54 crores) and sundry debtors (Rs 337.57 crores) in respect of General Development Account of DDA as on 31 March 1992, were not made available to Audit, in the absence of which the authenticity of these balances/figures could not be verified.

- Neither had any supporting records/registers of property and stock worth Rs 320.18 crores (as exhibited in the Balance Sheet of General Development Account as on 31 March 1992) been maintained nor were any physical verification reports made available.

6.1.4 Other irregularities

- Loans amounting to Rs 32.29 crores released by Delhi Administration to DDA during the period from 1979-80 to 1987-88 for developing/ regularising unauthorised colonies had not been exhibited in the General Development Account.

- The cash balances of Nazul-I, II and III wings could not be verified as no separate cash books and bank accounts were being maintained by DDA.

- As against the total liability of Rs 35.43 crores on account of provident fund, DDA had made investments of Rs 0.50 crore only.

6.2 Housing schemes - audit review

6.2.1 Introduction

Delhi Development Authority (DDA) was incorporated in 1957 with the object of providing shelter and related amenities to all strata of society in Delhi. One of the important functions of Delhi Development Authority is the construction and allotment* of flats under various categories, viz., Janta, Lower Income Group (LIG), Middle Income Group (MIG), Self Financing Scheme (SFS). The first registration scheme for allotment of flats by DDA was started in the year 1969. Thereafter 16 more registration schemes have been started.

In 1979, DDA introduced another scheme called New Pattern Registration Scheme (NPRS) which envisaged reduction in sale price of MIG/LIG and Janta flats so as to bring them within the reach of common man. In 1977 DDA introduced a Self Financing Scheme (SFS) to increase the housing activity and to involve the intending purchasers during construction.

6.2.2 Scope of audit

Two major housing schemes, viz.,

- **New Pattern Registration Scheme and**
- **Self Financing Schemes,**

under which most of the flats are currently being constructed/allotted by DDA, were selected.

The records and information relating to the formulation of these two schemes and statistical information such as number of flats targeted, actually constructed and allotted, delays in construction and in handing over of possession of flats, shortfall in construction, annual budgetary allocation, annual expenditure

*Allotment means sale on hire purchase and cash down basis in respect of allotment made under NPRS and on outright sale basis in case of SFS.

and receipts of these schemes, etc., were called for in Audit.

DDA neither produced the relevant records nor furnished the information despite repeated reminders to officers of DDA at all levels. As a result, the scope of audit had to be curtailed and audit scrutiny was confined mainly to the records of the completed works made available by the construction divisions of DDA. The results of the test-check of the Engineering department could not be correlated with the records of the Housing department.

6.2.3 Highlights

- **Audit review of the two major housing schemes, viz., New Pattern Registration Scheme and Self Financing Scheme showed certain recurring features in construction. Construction work was in many cases found to be defective or sub-standard or inordinately delayed. As there were frequent delays in supply of design drawings and stipulated materials, occasionally in making available the construction site, the extra cost could not be recovered from the contractors. Instead several contractors were awarded huge amounts in arbitration cases. Details of major findings are given below:-**

(a) New Pattern Registration Scheme

- **Award of two works for construction of flats in Pitampura to a contractor of known doubtful technical capability and resources led to extra expenditure of Rs 40.58 lakhs on account of demolition of sub-standard work and delayed construction at higher cost.**

- **Inadequate supervision of 336 MIG flats in Jahangirpuri led to avoidable expenditure of Rs 114.63 lakhs on demolition of sub-standard work and delayed construction at higher cost.**

- **In spite of the fact that a contractor was slow in executing the work awarded to him in 1980, DDA awarded him six more works from January 1981 to May 1982. The contractor could not complete any of the seven works and the delay in getting these done by other contractors resulted in extra expenditure of Rs 261.22 lakhs.**

- **Without verifying his antecedents, a contractor was awarded the work of construction of 96 LIG and 96 MIG flats. The contractor did not complete the work and was untraceable, resulting in loss of Rs 116.14 lakhs and delay of more than 11 years.**

- Some of the flats built by a contractor at Bodella collapsed during construction. DDA failed to recover any compensation or penalty as it did not produce structural drawings for the perusal of the arbitrator resulting in avoidable expenditure of Rs 55.98 lakhs on delayed construction.

- The work of construction of 613 Janta flats at Dilshad Garden was awarded without getting the drawings approved from Municipal Corporation of Delhi resulting in extra expenditure of Rs 82.90 lakhs.

- While 53255 registrants were awaiting allotment of flats since September 1979, 12384 flats were lying vacant as of April 1993.

- 92 *per cent* of the beneficiaries of the DDA's hire purchase scheme had defaulted on payment of instalments. No action had been taken to recover arrears of Rs 346.90 crores.

(b) Self Financing Schemes

- Even though the land was encroached upon, DDA targeted construction of 5163 flats in Sarita Vihar. Ultimately only 4323 flats were constructed. Reduction in scope of works to suit the land available led to litigation resulting in avoidable liability for compensation and delay of nearly four years in completion of the project resulting in avoidable expenditure of Rs 189.60 lakhs on compensation payments.

- Avoidable expenditure of Rs 38.56 lakhs was incurred on construction of flats at Madipur as a result of delays and errors in accounting.

- Delay in construction resulted in avoidable expenditure of Rs 36.14 crores on account of payment of interest to registrants of the scheme.

- As DDA failed to recover income tax at source in respect of interest payments, the Income Tax Department attached Rs 3.95 crores from DDA's bank account.

- 2653 flats built under this scheme were yet to be allotted of which 400 flats were awaiting allotment for three years while 1685 flats were awaiting allotment for less than three years. As a result, investment of Rs 157.65 crores was idling besides loss of income of Rs 58.16 lakhs on account of ground rent for these vacant flats.

- Costing of flats was not done on any uniform basis. In Madipur costing done two years before completion of work led to excess charging of Rs 121 lakhs.**

- **Costing details of 1498 flats in Pockets A, B and C of Sarita Vihar showed under-charging of Rs 78.56 lakhs.**

- **Pooling in costing of 697 flats in Pockets D & E and F & G in Sarita Vihar increased the unit cost of flats in Pockets F & G by Rs 22000 to Rs 25000 per flat.**

- **Inter-category adjustment charges amounting to Rs 128.55 lakhs were irregularly collected from ground floor allottees.**

6.2.4 Organisational set up

The construction and allotment of flats is looked after by the Engineer Member and the Principal Commissioner respectively who work under the overall control and supervision of the Vice-Chairman. The costing of flats is finalised by Housing Accounts Central and approved by Vice-Chairman, DDA.

6.2.5 New Pattern Registration Scheme

The records relating to number of flats targeted for construction, flats actually constructed and shortfall in construction, if any, have not been produced to Audit. However, records relating to completed works executed by 5 divisions were checked by Audit and the results of test-check are given in the following paragraphs.

6.2.6 Analysis of works

a) Construction of 936 Janta flats

The work of construction of 888 (against 936 planned) Janta flats at Pitampura (Poorvi), Pocket-V was awarded in October 1980 at the tendered amount of Rs 86 lakhs to contractor `A' even though the Executive Engineer had advised against doing so on the following grounds:-

- the resourcefulness and technical capability of the contractor was doubtful,

- the contractor was very slow in execution of the work of construction of

504 MIG flats at Pitampura, Pocket-R (Uttari) including int development allotted to him in September 1979.

The work was to commence in October 1980 and to be completed by October 1981.

The contractor delayed the start of work by four months. He was asked (May 1981) to complete the work without further loss of time. However, the contractor did not complete the work and DDA after being satisfied that the contractor was incapable of completing the work rescinded the contract in November 1982 by which time contractor `A' had executed work worth Rs 17.95 lakhs. The balance work was awarded to contractor `B' in October 1983 at the tendered cost of Rs 92.40 lakhs.

In December 1983, DDA requested Central Building Research Institute (CBRI) Roorkee to carry out the technical examination of the work of contractor A'. CBRI in their report submitted in March 1984 stated that the quality of work done was poor and defective in the following areas:-

- base concrete was defective,
- brick masonry was of very poor quality,
- the steps in the foundation masonry had not been correctly provided,
- the foundation width varied from 41 cm to 71 cm as against 75 cm to 100 cm specified in structural drawings.

CBRI, accordingly recommended that the entire foundation masonry wall should be dismantled and proper foundation provided.

Complete site could not be provided for the construction of 888 flats to contractor `B' pending the decision to demolish the defective structure. As a result, contractor `B' was able to construct only 108 flats at a cost of Rs 18.23 lakhs.

It was only in April 1986, i.e., two years after the date of submission of report by CBRI, that DDA decided to demolish the sub-standard work worth Rs 17.95 lakhs done by contractor `A'. The work of demolition was awarded to contractor `C' in March 1987 and was to be completed by July 1987. The details of work completed by contractor `C' were not made available to Audit.

In September 1987, DDA awarded the remaining work of construction of 780 Janta flats to contractor `D' at his tendered cost of Rs 163.16 lakhs, at the risk and cost of contractor `A'. The work was to commence in September 1987 and was to be completed in September 1988. However, there was a delay of 3 months in the start of work by contractor `D' as DDA again could not make the clear site available to contractor `D' due to delay in completion of demolition work by contractor `C'. The construction of 780 Janta flats was completed in July 1990 at a cost of Rs 182.85 lakhs. Due to trees at the site, 774 flats could be constructed by July 1990. In all, DDA could construct 882 flats. DDA incurred an additional expenditure of Rs 40.58 lakhs which was recoverable from contractor `A'. However, the amount of extra expenditure could not be recovered as the contractor had gone in for arbitration and the matter was pending with the arbitrator (July 1993).

Thus, award of work to contractor `A' who was known to lack resources and technical capability resulted in extra expenditure of Rs 40.58 lakhs and resultant increase in the cost of flats. Moreover the work which was to be completed in October 1981 was delayed by about nine years.

Contractor `A' also failed to complete the work of construction of 504 MIG flats at Pitampura Pocket-R (Uttari) which was awarded to him in September 1979. The contract had to be rescinded due to defective workmanship in June 1982. The balance work was awarded to another contractor at the risk and cost of contractor `A'. As a result, DDA incurred an extra expenditure of Rs 48.08 lakhs which could not be recovered as the contractor had gone in for arbitration and all the counter claims of DDA were rejected by the arbitrator on the ground that the main breach of contract was by DDA in its inability to issue foundation drawings in time and therefore, they were not entitled to penalise contractor `A'. DDA challenged the award of the arbitrator in the High Court but the award was upheld.

b) Construction of 336 MIG flats at Jahangirpuri

This work was awarded to contractor `E' at the tendered amount of Rs 132.51 lakhs. The work was to commence in February 1982 and was to be completed by February 1983.

After work to the extent of Rs 29.34 lakhs had been done, it was checked by Quality Control Wing of DDA in March 1983 which found certain defects. Instead of rectifying the defects the contractor sought arbitration in January 1984. When no arbitrator was appointed by DDA, the contractor moved the High Court and on the directive of the Court, DDA appointed an arbitrator in December 1984.

In the meantime, the work was also referred to CBRI, Roorkee for quality check which, in its report (August 1985), suggested demolition of certain blocks and in certain blocks reduction in number of stories from four to two. DDA appointed an expert committee of three Chief Engineers to determine the total number of stories to be demolished. The committee in its report (August 1985) suggested as under:-

- That 11 blocks consisting of 4 quarters each on ground floor level which had not yet reached first floor level should be totally demolished.

- That 3 blocks which had progressed above ground floor roof level should also be totally demolished.

- That 2 blocks which had progressed above first floor level should be dismantled so that only two storey construction remains.

As a result of the suggestions of the committee the scope of work was reduced from 336 MIG flats to 224 flats. Structures on which Rs 12.86 lakhs was spent were demolished at a cost of Rs 1.77 lakhs.

The work was divided into two groups of 104 flats and 120 flats which were completed in June 1990 and May 1992 at a cost of Rs 85.52 lakhs and Rs 292.80 lakhs. Both the works were done at the risk and cost of contractor `E'. It was also noticed that materials worth Rs 5.64 lakhs issued to the original contractor were found missing. Further, Rs 100 lakhs being extra expenditure on the balance work could not be recovered from contractor `E' as the matter was under arbitration (June 1993). No penalty had been imposed on the contractor as of June 1993.

Thus, lack of supervision resulted in infructuous expenditure of Rs 20.27 lakhs on construction followed by demolition, non-recovery of Rs 100 lakhs from the contractor, addition of Rs 120.27 lakhs to the cost of flats built. As only 224 flats were finally built on land meant for 336 flats, DDA had to provide 112 applicants with alternative and delayed housing.

c) 384 LIG flats at Pitampura and other adjoining works

In February 1980, DDA awarded the construction of 384 LIG flats at Pitampura (Poorvi) Pocket-L to contractor `F' at his tendered amount of Rs 52.08 lakhs. The work was to commence in February 1980 and was to be completed by February 1981.

In April 1980, the Executive Engineer inspected the work and noticed that the contractor was slow in executing the work and that there were serious defects. The contractor neither rectified the defects nor accelerated the pace of work. Despite the slow progress and defective work, DDA awarded (January-February 1981) three more works to the contractor in Pitampura, viz., construction of 396 LIG flats (Pocket-W), 324 LIG flats (Pocket-W) and 160 MIG flats (Pocket-Q(U)).

In these three works also, inspection by DDA in September 1981 showed that the contractor was not only slow but there were defects in execution. During October 1981 to May 1982, DDA again awarded three more works to the same contractor in Pitampura relating to construction of 64 three bedroom (type-III),64 two bedroom (Type-II), 96 scooter garages under SFS (Pocket-L), 256 MIG group-II flats (Pocket-K(P)) and 192 MIG group-I flats (Pocket-K(P)).

The contractor was not only slow in the two works - 256 MIG group-II flats (Pocket-K(P)) and 192 MIG group-I flats (Pocket K(P)) but had also removed material worth Rs 7.11 lakhs from the site of these two works against which DDA had paid secured advances. Though the contractor was asked (October 1982) to make good the material, the material had not been returned to site or store.

DDA ultimately rescinded all the seven works, in December 1983 and July 1984. The balance works and rectification of defects were got done from other contractors at the risk and cost of contractor 'F'. In this process DDA incurred an additional expenditure of Rs 168.64 lakhs.

DDA was unable to recover this expenditure as the contractor sought arbitration and, in six out of the seven cases, the arbitrator rejected all the counter claims of DDA adding up to Rs 237.51 lakhs, except for Rs 2 lakhs on account of rectification of defects against DDA's counter claim of Rs 25.20 lakhs in respect of one work. The arbitrator for the seventh work (construction of 324 LIG flats) was yet to be appointed as of July 1993. DDA had incurred an additional expenditure of Rs 25.71 lakhs on this work which was recoverable from the contractor.

No records were made available to Audit to indicate that the technical and financial capability of the contractor was ever assessed before awarding the contracts.

Thus, injudicious award of a series of works despite knowing that the contractor's work was slow and full of defects resulted in a loss of Rs 261.22 lakhs on account of additional expenditure, cost of defective works, compensation and loss of revenue.

d) Construction of 96 LIG and 96 MIG flats at Dilshad Garden

This work was awarded to contractor `G' in March 1981 at the tendered amount of Rs 97.92 lakhs. The work was to commence in March 1981 and was to be completed by March 1982.

The contractor failed to complete the work and abandoned it. The contract was accordingly rescinded in September 1985 by which time the contractor had executed work costing Rs 67.37 lakhs. Inspection of the work by the Quality Control Wing and CBRI revealed a number of defects which required strengthening work and other rectification.

The balance work and the strengthening works were assigned to other contractors at the tendered cost of Rs 48.34 lakhs in September 1990 and Rs 35.05 lakhs during 1986-89, both at the risk and cost of contractor `G'. The balance works which were scheduled to be completed in April 1991 had not been completed so far (August 1993). The reasons for non-completion of the work were not furnished to Audit. In addition, Rs 116.14 lakhs were recoverable from the contractor `G'.

The amount of Rs 116.14 lakhs could not be recovered as the contractor was not traceable. There were no records to indicate whether contractor `G' was registered with DDA, CPWD or Public Works Department of any State. There was also nothing on record to indicate whether any FIR had been lodged with the police. The award of the work to a contractor without verification of his antecedents resulted in loss of Rs 116.14 lakhs. The work was still lying incomplete after a lapse of 11 years.

e) Construction of 288 MIG flats at Bodella

The work of construction of 288 MIG flats at Bodella was awarded to contractor `H' in January 1982 at the tendered amount of Rs 114.30 lakhs. The work was to commence in January 1982 and was to be completed by January 1983.

In December 1982, when work amounting to Rs 57.60 lakhs was done, some flats in two blocks collapsed. The contract was rescinded in March 1983. The work was thereafter inspected in April 1983 by a Fact Finding Committee of DDA. The committee in its report opined that the flats had collapsed due to poor workmanship and bad quality of material used. The committee recommended strengthening of the structure of the remaining blocks.

DDA got the strengthening, reconstruction and rectification of defects done from other contractors at the risk and cost of contractor `H' at a cost of Rs 32.69 lakhs. In addition, Rs 23.29 lakhs were also recoverable from the contractor.

However, DDA could not recover the extra expenditure as contractor `H' went in for arbitration and the arbitrator rejected the counter claim of DDA in February 1993 amounting to Rs 55.98 lakhs on the following grounds:

- during arbitration DDA had not shown records to indicate that collapse of the blocks was fully attributable to contractor `H';
- DDA failed to associate contractor `H' at the time of inspection of site by the Fact Finding Committee and also did not supply a copy of its report to the contractor;
- structural drawings were not filed before the arbitrator which showed beyond doubt that DDA had something to conceal and that the collapse of the flats was not fully attributable to the contractor.

It would appear that lack of professional competence and absence of adequate supervision during different stages of construction led to loss of Rs 55.98 lakhs which included Rs 23.29 lakhs due from the contractor in the construction of 288 flats at Bodella.

f) Construction of 613 Janta flats at Dilshad Garden, Pocket-Q

This work was awarded to contractor `I' in March 1983 at the tendered amount of Rs 98.01 lakhs. The work was to commence in April 1983 and was to be complete in April 1984.

Though the work actually commenced in July 1983, till April 1985, only 25 *per cent* of the work was completed. The delay in completion of work was attributed by the contractor to non-availability of approved sewerage development drawings from MCD and non-availability of steel for a time. The contractor was asked to accelerate the progress of work but even after two and half years, the contractor could complete only 52 *per cent* of the work against which Rs 51.18 lakhs was paid. DDA finally rescinded the contract in November 1986.

Scrutiny of records revealed that DDA submitted the sewerage and water pipelines drawings to MCD for approval only in October 1989 and December 1990 which were approved by MCD only in October 1989 and August 1991 respectively.

The balance work was completed by another contractor at the risk and cost of the original contractor in August 1991 at a cost of Rs 129.73 lakhs. While DDA incurred an additional expenditure of Rs 82.90 lakhs, recovery from contractor `I' was worked out at Rs 70.55 lakhs which had not been recovered so far (October 1993). The basis on which recovery of Rs 70.55 lakhs was worked out was not made available to Audit.

Thus, belated submission of drawings to MCD resulted in extra expenditure of Rs 82.90 lakhs. As the entire delay was attributable to DDA, it was not clear as to how DDA expected to recover the extra expenditure from the first contractor.

g) Construction of 208 MIG flats at Pitampura, Pocket-A

This work was awarded to contractor `J' in April 1982 at the tendered cost of Rs 77.31 lakhs. The work was to commence in April 1982 and was to be completed by April 1983.

The progress of work was unsatisfactory from the very beginning. The work was inspected by Quality Control Wing and the Fact Finding Committee of DDA and it was pointed out that the quality of work done by the contractor was below specification. The contractor was asked to remove the defects but no action was taken by the contractor to remove the defects. Accordingly, the contract was rescinded by DDA and the work was finally abandoned by the contractor in June 1985.

The balance work was executed by contractor `K' at an additional cost of Rs 5 lakhs in December 1989. DDA also got the rectification of defects done by three other contractors at a cost of Rs 5.44 lakhs. Other recoveries from the contractor were worked out at Rs 19.75 lakhs.

Total amount recoverable from the contractor worked out to Rs 30.19 lakhs.

DDA could not recover the amount from the contractor as the contractor was untraceable (September 1992) and was not residing at the address given by him to DDA. No record was made available to Audit to indicate that DDA had verified the genuineness of the contractor and also assessed the technical and financial capability of the contractor before awarding the contract to him.

6.2.7 Proforma Accounts

DDA is required to conduct a financial review of each completed work and scheme and prepare proforma accounts to ascertain the profits made or losses sustained in these works and schemes. DDA had not furnished the total number of completed schemes. However, DDA had prepared 74 proforma accounts upto 1991-92 out of which, in 29 schemes DDA incurred losses aggregating to Rs 811.92 lakhs

6.2.8 Sub-standard material

A test-check of records of Quality Control Wing of DDA for the years 1989-90 to 1991-92 indicated that in about 69 *per cent* of the works, the quality of material such as sand, stone, brick, cement, lead, water, etc., used in the construction of flats was sub-standard as per details given below:

Table 6.2.8 - **Results of sample tests**

Year	Number of samples			
	collected	which passed the requisite test	which failed the requisite test	For which test results awaited
1989-90	138	38	100	--
1990-91	114	26	88	--
1991-92	136	55	80	1
Total	388	119	268	1

The action taken by DDA or details of the recoveries effected from the defaulting contractors for using sub-standard material in the construction of flats had not been furnished to Audit as of October 1993.

6.2.9 Allotment of flats

The registration of the scheme was opened on 1 September and closed on 30 September 1979.

The allotment of flats was made by draw of lots and all the applicants who got themselves registered during September 1979 have equal seniority.

The number of persons registered by DDA for allotment of flats against the scheme and the actual number of flats allotted to the registrants as on March 1992 is given below:

Table 6.2.9 - **Allotment of flats**

Category	No. of registrants	No. of allotments	No. of registrants awaiting allotment
MIG	47521	20620	22280
LIG	67502	39574	25857
Janta	56249	50923	5118
Total	171272	*111117	*53255

* the difference in figures is due to cancellation/surrender of allotments

It was noticed that 53255 registrants were still awaiting allotment even after a lapse of 13 years.

6.2.10 Vacant flats

While 53255 registrants of the NPRS were awaiting allotment of flats, the records of Engineering Department indicated that 12384 flats were lying vacant as of April 1993 of which 9335 flats were constructed during 1976-77 to 1991-92. Of the vacant flats, 7264 flats belonged to economically weaker section category.

The number of flats lying vacant as per the records of the Housing Department were not produced to Audit; the reasons why these flats were lying vacant were also not indicated to Audit.

The non-allotment of flats to the registrants resulted in blocking of funds amounting to Rs 175.78 crores based on the minimum allotment cost of these flats.

6.2.11 Non-recovery of instalments

The allotment of flats under NPRS was to be made on cash down as well as on hire purchase basis. In the case of flats allotted on hire purchase, the cost of land plus 20 *per cent* of the cost of the flat was to be recovered as initial deposit at the time of allotment. The balance amount was recoverable in monthly instalments spread over a period of 7 years in the case of MIG, 10 years in the case of LIG and 15 years in case of Janta flats.

Out of 81864 registrants to whom flats were allotted during 1981 to 1991 on hire purchase basis, 75254 allottees had not paid instalments and penalties levied for delayed payment or non-payment. As on March 1992, Rs 346.90 crores were recoverable from them as shown below:

Table 6.2.11 - Amounts due for recovery from the hire purchase allottees						
						(Rupees in crores)
Category	No. of flats allotted	No. of defaulters	Amount of instalments recoverable	Penalty on belated payment of instalment	Penalty on non-payment of instalment	Total
MIG	12779	9875	45.77	16.58	41.10	103.45
LIG	28275	25878	64.35	14.28	56.32	134.95
Janta	40810	39501	53.14	5.99	49.37	108.50
Total	81864	75254	163.26	36.85	146.79	346.90

92 *per cent* of the allottees were found to be defaulters.

In its General Housing Scheme, DDA was effecting recoveries of hire purchase instalments from the defaulters as arrears of land revenue under the Punjab Revenue Act, 1987. However, in NPRS, except for sending notices to the defaulters, no action had been taken against any defaulter to ensure recovery of the overdue instalments which were outstanding since 1981. It was also noticed in Audit that not a single case was referred to the Estate Officer for effecting recovery (October 1993).

6.2.12 Non-recovery from cash down allottees

While making allotments of MIG and LIG flats under the scheme, 40 *per cent* flats were to be allotted on cash down basis and 60 *per cent* on hire purchase basis. The scheme did not provide for conversion from cash down basis to hire purchase basis. It was noticed in Audit that the Finance Member, DDA, on his own, permitted 145 allottees such conversion during 1991-92 although they had been allotted flats on cash down basis alone. DDA admitted (August 1992) that there was danger of non-payment of instalments by hire purchase allottees and instructed that these cases were to be separately monitored by one of the Accounts Officers of DDA and the possession of flats to these allottees was not to be given unless full payment had been made by them.

Neither the Accounts Officer nor the Computer Cell could verify whether full payment had been made by these allottees. The Commissioner (Housing) also could neither confirm nor produce records to indicate that the possession of flats to these allottees had been made after recovering the full cost of the flats.

6.2.13 Self Financing Schemes (SFS)

The first Self Financing Housing Registration Scheme was formulated by DDA in 1977 with a view to increase the housing activity in Delhi and to obtain financial participation of the intending purchasers during the process of construction so that the flats could be constructed with their money. Six more schemes including Special SFS for retired and retiring public servants were introduced upto 1985.

In all 77672 intending purchasers got their names registered for seven schemes. In 61093 cases the flats were allocated, i.e., location and the schedule of payments were intimated. Registration was cancelled or refund was given in 7177 cases. The remaining 9402 registrants all belonging to Vth and VIth schemes were awaiting allocation as on 31 July 1993.

The first four schemes and the special scheme for retiring/retired persons have since been concluded but DDA did not furnish proforma accounts indicating profits made or losses sustained in these schemes.

6.2.14 Construction of 1792 flats in Sarita Vihar under south-east zone

DDA had targeted constructing of 5163 SFS flats upto March 1993 against which 4323 flats were actually constructed. The shortfall in construction of 840 flats was due to stay/encroachment on land. Out of 4323 flats constructed till March 1993 nine works relating to construction of 1792 flats at an estimated cost of Rs 1622.54 lakhs were test-checked in Audit which showed that there were delays in construction as detailed below:-

TABLE-6.2.14 **-Delays in construction**

Number of flats	Extent of delay
1400	3 years 7 months
182	3 years 11 months
210	In progress

Various factors which contributed to the delays in construction were as follows:

TABLE-6.2.14(a) - Factors for delay in construction of flats			
Nature of delay	No. of works	No. of flats	Extent of delay (in days)
Non-availability of site to the contractors	9	1792	4658
Non-availability of stipulated material, viz., cement/steel	7	1386	1959
Non-approval of colour scheme	8	1582	2568
Shortage of funds	6	1176	1648
Non-supply of door shutters	7	1414	1514
Non-availability of decisions relating to water & electricity meters, GI pipes, etc.	6	1162	1852

These delays were attributable to DDA and the contractors were granted extension of time without penalty. The availability of specifications, drawings and stipulated material has to be ensured before the award of work. As DDA failed to ensure this, it had to pay Rs 189.60 lakhs as compensation to the contractors under the escalation clause in the agreement which in turn increased the cost of the above works resulting in additional burden on the allottees.

Certain aspects of the delays are discussed below:-

a) Non-availability of site

a(i) Construction of 28 blocks in group-IV, Pocket-A, Sarita Vihar

The work of construction of 196 flats in 28 blocks under category III (112), category II (84) and 140 scooter garages in group-IV, Pocket-A was awarded in September 1984 to a contractor at a tendered cost of Rs 255 lakhs, (estimated cost Rs 171.16 lakhs) to be completed by January 1986. DDA was aware, at the time of award of work that land was available only for 10 blocks. DDA informed (October 1984) the contractor that the scope of work was likely to be reduced by 50 *per cent* and the contractor also agreed that he would be bound to execute the balance work if clear site were available within 9 months of the date of starting (October 1984) of the work. DDA, however, could provide site for only 10 blocks upto December 1985. The notice for curtailment of work to 10 blocks was issued to the contractor in December 1987, i.e., 23 months after the stipulated date (January 1986) of completion. The contractor could thus construct 70 flats (10 blocks) against 196 flats awarded to him.

The contractor not being satisfied with the award of work, requested for arbitration and submitted claims for Rs 31.88 lakhs including a claim of Rs 16.55 lakhs on account of loss of profit on the plea that the quoted rates were based on the quantum of work with reference to tendered cost of Rs 255 lakhs whereas the actual work executed worked out to Rs 89.52 lakhs only. The award of arbitration was awaited (October 1993). Had the original tender and award of work been partitioned or adjusted to land area actually available the unnecessary litigation and probable infructuous expenditure could have been avoided.

a(ii) Construction of 34 blocks in group-II, Pocket-C, Sarita Vihar

Construction of 136 category III, 102 category II, flats and 170 scooter garages in group-II in 34 blocks, Pocket-C was awarded at a tendered cost of Rs 306.49 lakhs (estimated cost Rs 207.83 lakhs) in September 1984. The site for the first block was handed over in April, 1985 after a delay of 196 days and the sites for the remaining 33 blocks were made available piecemeal from May 1985 to August 1986. Thus, there was a delay of 23 months in handing over the complete site, the last area going 8 months after the stipulated date of completion.

The contractor applied for arbitration and an arbitrator was appointed in February 1991. The arbitrator awarded Rs 15.18 lakhs in favour of the contractor in May 1993 including Rs 2.80 lakhs as reimbursement of wages and other incidental charges due to prolongation of contract.

Further, rebate at the rate of 0.50 *per cent* on the tendered cost was offered by the contractor for finalising the final bill within 6 months from the date of completion. DDA failed to do so and, as a result, was unable to avail of the rebate of Rs 1.44 lakhs.

a(iii) Non-availability of stipulated material

Normally an agreement provides for supply by DDA of stipulated materials, viz., cement, steel and GI pipes. The other materials, viz., bricks, gravel, sand, etc., are arranged by the contractor and termed as non-stipulated materials. In case of work of construction of 108 category III, 81 category II flats and 135 scooter garages in group-II, Pocket-B, there was a total hindrance of 251 days due to erratic supply of cement. A scrutiny of the material-at-site account - cement register by Audit revealed that during the period of hindrance the contractor was supplied 1742.50 MT of cement which represented 48 *per cent* of the total quantity of cement used for this work. The extent of payment made on this account to the contractor towards escalation in cost under the agreement could not be worked out as the details were not made available.

a(iv) Shortage of funds

In six works reviewed by Audit there was a delay of 1648 days, i.e., more than four years, which was stated to be due to shortage of funds. As the scheme was "self financing", and as registrants paid their instalments as and when they were asked to do so, delay on this account was either due to failure on the part of DDA to send demands for instalments on time or because funds collected were diverted for some other purpose.

6.2.15 Construction of 356 SFS flats of category II, Pocket-III at Madipur

a) Construction of 224 flats in groups-I and II

The works of construction of 224 flats in group-I (132 flats) and group-II (92 flats) were awarded in May 1988 and July 1988 respectively to the lowest tenderer on the recommendations of the Works Advisory Board although the Executive Engineer had recommended the rejection of the lowest tenders as the contractor had abandoned another SFS work which had to be executed at his risk and cost. It was noticed by Audit that the contractor had withdrawn his offer within 90 days of tendering in another three works in another zone and the Contractor Registration Board of DDA had warned the contractor for this action.

The stipulated date of completion in group-I and group-II was June 1989. The works were actually completed in January and March 1993 respectively. The delay in completion of works exceeded 3 years. It was noticed that due to failure on the part of DDA to make available the sites and stipulated material there was delay in execution of works. While there were delays due to non-availability of site, internal development of land could not also be completed due to delay in approval of sewerage and water supply schemes by MCD. The contractor was paid Rs 14.64 lakhs under the escalation clause in the agreement due to increase in labour rates and costs of materials after the stipulated dates of completion. This increased the cost of work thereby imposing an extra burden on the allottees.

The Store Division of DDA had fixed Rs 1370 per MT as the issue rate of cement in May 1985. However, the contract stipulated that cement would be issued to the contractor at Rs 1070 per MT. A total of 3080.40 MT of cement was issued to the contractor at the rate of Rs 1070 per MT. This resulted in undue benefit of Rs 9.24 lakhs to the contractor and an equivalent extra burden on the allottees.

The issue rate of cement was again revised to Rs 1500 per MT from November 1989 and Rs 2100 per MT from August 1991. This resulted in an increase in the total cost of the works by Rs 2.48 lakhs which could have been avoided had the works been completed in time.

b) **Construction of 132 flats in group-III**

This work was awarded in March 1989 to a contractor at 20.5 *per cent* above the estimated cost of Rs 123 lakhs. The contractor could not start the work because another agency was executing pile foundation work at the site. It was seen in Audit that the contractor did not sign any agreement with DDA as per terms of the award letter. His earnest money was forfeited by the Division in July 1989 and, even though no contract had been signed and, as such, no contract existed in law, this non-existant contract was rescinded in August 1989. The contractor applied for appointment of an arbitrator and the Engineer Member DDA appointed an arbitrator in August 1989 to this non-existant agreement. The contractor preferred claims amounting to Rs 18.61 lakhs against which the arbitrator allowed claims for Rs 13.87 lakhs with 18 *per cent* interest for the period August 1981 to December 1992. There was no justification for rescission of a non-existant contract or appointment of an arbitrator.

The work was subsequently awarded in December 1989 to another contractor at Rs 168.16 lakhs, which was 36.65 *per cent* above the estimated cost of Rs 123 lakhs, at the risk and cost of the earlier contractor. There was no justification for award of work at the risk and cost of a contractor with whom DDA did not have a formal contract.

The stipulated date of completion of work in group-III was March 1991. The work was actually completed in March 1992 nearly a year after the schedule. The main hindrance from 14 March 1990 to 22 April 1991 was shortage of cement which DDA had to supply to the contractor. The material-at-site account cement register showed that 1528 MT of cement representing 77 *per cent* of the stipulated quantity of cement were issued to the contractor during this period. The basis on which hindrance was recorded lacked justification. The second contractor was paid Rs 12.20 lakhs under the escalation clause due to increase in labour rates and rates of non-stipulated materials beyond the stipulated date of completion causing additional burden on the allottees.

6.2.16 Construction of 120 SFS flats of category II and III in group-I at Rohtak Road

The tenders for this work were received and opened on 4 June 1986 but accepted only on 25 March 1987, i.e., after more than 9 months.

The work was completed in December 1990, after a delay of nearly 2 years and 9 months. The delay was mainly due to belated receipt of drawings and decision on plinth level and shortage of cement. The entire delay was attributed to DDA and regularised by the Superintending Engineer without levy of compensation. An amount of Rs 7.22 lakhs was, however, paid to the contractor due to increase in labour rates and rates of non-stipulated materials. This led to increase in cost of flats for allottees.

6.2.17 Construction of 560 SFS flats in Vikaspuri, Bodella

The work of construction of 224 MIG flats in group-I and 336 MIG flats in group-II was awarded in June 1982 at the tendered cost of Rs 221.71 lakhs. The stipulated date of completion was 7 June 1983, whereas the work was actually completed in April 1988 after delay of nearly five years.

The entire delay was attributable to DDA and extension of time was granted (October 1988) upto April 1988 without levy of compensation.

The contractor applied for the appointment of an arbitrator in May 1989 more than one year after completing the work and the Engineer Member appointed an arbitrator in September 1989. The contractor preferred 12 claims amounting to Rs 53.40 lakhs. However, no counter claim was submitted by DDA. The arbitrator awarded Rs 13.17 lakhs in favour of the contractor.

DDA's failure to plan the work properly led to unnecessary litigation.

6.2.18 Construction of 160 SFS flats in Pitampura

The work of construction of 80 category III, 80 category II flats and 120 scooter garages was awarded to a contractor in October 1981 at a tendered cost of Rs 128.60 lakhs. The work was to be completed in July 1982. As progress of work was very slow, a show cause notice was issued to the contractor in May 1982. The contractor attributed the delay (June 1982) to belated receipt of drawings and stipulated material. In July 1983 the work was inspected by Quality Control Cell of DDA which pointed out that it was sub-standard and structurally unsafe. The Cell recommended rectification of the defects and payment at reduced rates for the defective work done. The contractor was asked to rectify the defects from time to time. The work was completed in October 1986 without carrying out any rectification of defects despite the fact that notices were issued to the contractor from time to time. By August 1987, Rs 137.26 lakhs had been paid to the contractor without any reduction in the rates. When DDA prepared the final bill in 1991 it was seen that against Rs 137.26 lakhs paid, the value of work actually done worked out to Rs 135.64 lakhs. The amount recoverable from the contractor was Rs 3.14 lakhs (including a further amount of Rs 1.52 lakhs on account of recoveries due).

As there was a delay in completion, the Executive Engineer in May 1989 recommended *ex post facto* approval of extension of time upto October 1986 without levy of any compensation as the delay was attributable to DDA. The Superintending Engineer, in May 1989, while granting extension of time levied a token penalty of Rs 3100 under the agreement.

The contractor not being satisfied with the payments made to him requested in March 1990 for arbitration and an arbitrator was appointed in June 1990. The contractor preferred claims totaling Rs 45.70 lakhs and DDA lodged counter claims for Rs 3.14 lakhs. The arbitrator observed in his award of February 1993 that the work was completed in October 1986, the pre-final bill was paid in August 1987 and the bill was finalised in 1991, i.e., four and a half years after the completion of work. He also observed that the delay was attributable to the Department. The arbitrator while rejecting the counter claim of DDA awarded Rs 13.49 lakhs in favour of the contractor. DDA had appealed against the arbitration award.

Due to failure to adhere to the terms of the agreement, DDA was likely to incur an extra expenditure of Rs 16.63 lakhs.

6.2.19 Demolition of SFS flats at Motia Khan

The work of construction of 120 MIG flats group-IV Motia Khan was awarded to contractor `L' at 92.75 *per cent* above the estimated cost of Rs 33.38 lakhs in February 1982. When the contractor had executed work worth Rs 7.64 lakhs upto roof level in twelve flats and lintel level in two other flats, a tilt was observed. The contract was rescinded in July 1985 citing slow progress.

DDA decided in June 1988 to demolish the flats and check the quality of raft foundation before taking up further construction work. The cost of demolition of the structure came to Rs 1.62 lakhs after excluding Rs 0.53 lakh being the amount realised from sale of salvaged material. Rs 9.26 lakhs became recoverable from the contractor. The consultant appointed for checking the foundation proposed in November 1991 that a new foundation should be laid after removing the soil completely upto the hard strata.

The rectification of defects in flats other than those demolished and rebuilt was got done through contractors `M' and `N' for Rs 4.22 lakhs at the risk and cost of contractor `L'.

The work of reconstruction of demolished flats was awarded to contractor `O' in November 1991 at the negotiated cost of Rs 44.75 lakhs. The stipulated dates of start and completion were November 1991 and July 1992 respectively.

After getting the award letter, contractor `O' started dismantling the foundation. He completed the dismantling upto the top of RCC raft in foundation. Thereafter, he stopped the work as dismantling of RCC raft and removal of surplus excavated soil, *malba*, rock, etc., were neither covered under the agreement nor under the notice inviting tender.

Contractor `O' was asked to dismantle the raft foundation under the agreement but he did not agree as the rates derived under the relevant clause worked out to be uneconomical for him. Accordingly the work was rescinded in September 1992. Thus, non-inclusion of the item relating to dismantling the foundation in the notice inviting tender resulted in rescission of the contract.

Contractor `L' to whom the work was originally awarded requested for appointment of an arbitrator. The arbitrator in his award of November 1991 observed that the major lapse was of DDA in preparing a wrong design and failing to give proper instructions to the contractor and awarded Rs 7.54 lakhs in favour of the contractor.

The arbitrator rejected the counter claims of DDA amounting to Rs 31.96 lakhs on account of compensation and forfeiture of security deposit under the agreement, work executed at the risk and cost of contractor, i.e., demolition and reconstruction of 14 MIG flats.

Thus, defective design by DDA and its failure to give proper instructions to contractor led to loss of Rs 13.48 lakhs, besides payment of Rs 7.54 lakhs to be made under the arbitration award. The lapse on the part of DDA which led to rescission of the contract with contractor O is likely to lead to additional losses. Construction of these flats has not been taken up yet.

6.2.20 Checking of samples by Quality Control Cell

The Quality Control Cell of DDA collected 328 samples during 1990-91 to

1992-93 from different divisions executing works for SFS. The samples were drawn from all the six zones including the Electrical Zone.

It was noticed by Audit that out of 328 samples taken by Quality Control Cell, 250 samples representing, 76.92 *per cent* of the samples drawn, failed the tests.

This indicated lack of supervision of the executing divisions and resulted in poor workmanship. No records were made available to Audit to indicate the action taken on the findings of the Quality Control Cell.

6.2.21 Loss on account of belated construction of SFS flats

The SFS was undertaken by DDA in 1977. A Special SFS for retired and retiring public servants was also introduced between 1977-85. Under these schemes, the cost of flats was paid by allottees in five instalments and the possession of flats was to be handed over to the allottees within two and a half years. In case of delay in handing over the flats, DDA would pay interest at 7 *per cent* on the amount of instalments received.

As DDA failed to construct/hand over flats within two and a half years, interest amounting to Rs 36.14 crores had to be paid upto March 1993 to the registrants of various schemes in 19 localities.

6.2.22 Attachment of DDA bank account by Income Tax authorities

An Income Tax Officer issued a notice in January 1991 and demanded Rs 3.96 crores for non-deduction of tax at source on the interest paid to SFS allottees due to delay in construction. No such deductions at source were made and consequently DDA could not deposit the amount of Rs 3.96 crores. The Income Tax authority after attaching DDA's bank account in March 1991 withdrew Rs 3.95 crores from it. DDA filed an appeal with Income Tax Tribunal in August 1991. The Tribunal expressed in May 1992 its inability to hear the appeal and advised DDA to refer this case to the Committee constituted under orders of Supreme Court of India. Further developments were awaited as of September 1993.

DDA stated in September 1993 that notices were being issued for recovery of tax from the SFS allottees but the amount recovered so far could not be ascertained. The relevant records relating to issue of notices, and recoveries made from the allottees were not made available to Audit.

6.2.23 Pending settlement of excess deposits of allottees

The work of construction of 130 SFS flats in Gulabi Bagh was completed in October 1985 and the flats were allotted to registrants during October 1985 to May 1986. A scrutiny of the demand and collection register and individual ledgers revealed that in certain cases the money deposited by the allottees together with interest paid by DDA exceeded the amounts due from them. A test-check in Audit revealed that Rs 2.87 lakhs was refundable to allottees in the case of these SFS flats alone. The extent of the excess amount received by DDA and due for refund in other SFS schemes could not be worked out as the relevant records were not produced to Audit.

6.2.24 Blocking of funds on account of vacant SFS flats

The Housing Department of DDA did not furnish to Audit information about the number of flats placed at their disposal by Engineering Wing for allotment but lying vacant as of 31 March 1993. A test-check of the action plan of all the six zones for the year 1993-94 revealed that 2653 flats relating to 152 self financing pockets costing Rs 157.65 crores (worked out on the basis of minimum disposal cost given for the concerned or adjoining area) were lying vacant as of March 1993. Out of 2653 flats, 56 flats were lying vacant for more than 5 years, 344 flats for more than 3 years, 1685 flats for less than 3 years. The year of completion in respect of the remaining 568 flats was not made available to Audit.

Thus, due to non-allotment of flats, funds amounting to Rs 157.65 crores remained blocked despite the fact that 9402 registrants under SFS were waiting for allotment as of March 1993 .

Further, ground rent at the rate of two and a half *per cent* on the premium on land forming part of the cost of flat was also payable to DDA. As these flats remained vacant, DDA suffered a loss of Rs 58.16 lakhs on account of ground rent.

6.2.25 Final disposal cost of SFS flats

The final disposal cost of SFS flats is arrived at by the Housing Accounts Central (Accounts) on the basis of details of actual expenditure furnished by the executing divisions, viz., civil, electrical and horticulture, as per prescribed costing formula. As these details are sent to Accounts before the actual completion of works they include *inter alia* the actual cost of work done and anticipated expenditure. Plinth area rate (PAR) is worked out on the basis of these details and final disposal cost for each flat is then assessed on the basis of their plinth area after adding departmental charges, administrative charges and inter-category adjustment charges.

Test-check in Audit revealed the following;

a) 356 SFS flats at Madipur Pocket-III

The work comprised of: group-I (132 flats); group-II (92 flats) and group-III (132 flats).

The work in group-I and II was awarded at 7.01 *per cent* above the estimated cost. The work in group-III was awarded at 36.65 *per cent* above the estimated cost. Further, the works in group-I and II were completed in January 1993 and March 1993 respectively. The work in group-III was completed in March 1992.

DDA finalised in March 1991 the disposal cost of these flats two years before the completion of work in case of group-I and II and one year before the completion of work of group-III.

The actual average cost worked out to Rs 2.44 lakhs as against the average cost of Rs 2.78 lakhs which was recovered from each allottee. This resulted in excess charging of Rs 121 lakhs.

It was also seen that the actual built up area was 1279 sq m less than planned and the total cost was Rs 162 lakhs more than planned. Thus the cost per sq m allotted was 25 *per cent* higher than the original estimate.

b) 120 SFS flats at Rohtak Road

Accounts included expenditure of Rs 247.96 lakhs on civil works for arriving at the final disposal cost of these flats. The actual expenditure as seen in Audit in September 1993 on civil works amounted to Rs 232.36 lakhs. There was thus over-charging by Rs 15.60 lakhs.

Provision of Rs 10 lakhs was made for arbitration in arriving at final disposal cost. It was noticed in Audit in April 1993 that there was no expenditure on this account.

c) Under-charging for 1498 SFS flats in Pockets-A, B and C of Sarita Vihar

The costing of 1498 SFS flats in Pocket-A (266 flats), Pocket-B (560 flats) and Pocket-C (672 flats) was finalised by Accounts in January 1989.

Accounts adopted the figure of Rs 127.53 lakhs towards expenditure incurred and likely to be incurred under escalation clause of the agreement for the purpose of working out the final disposal cost against which as noticed in Audit the Executing Division paid Rs 206.09 lakhs by March 1993. Thus there was under-charge of Rs 78.56 lakhs in the final disposal cost.

An amount of Rs 247.58 lakhs has been added in the final disposal cost on account of arbitration for works in Pockets A, B and C. Scrutiny in Audit of the arbitration award in group-II Pocket-C indicated that DDA was responsible for various irregularities and was held liable to pay Rs 15.18 lakhs to the contractor. Thus failure to plan the work properly resulted in additional expenditure on arbitration and increase in the cost of flats.

d) 697 flats in Pockets F & G and Pockets D & E, Sarita Vihar

Costing of 697 flats in Pockets D & E (497), F & G (140) in group-II and F & G (60) in groups-III, IV, VII and VIII was finalised by Accounts in February 1992. The plinth area rate in these three pockets was worked out as Rs 2617.94 (Pockets D & E), Rs 2333.09 (60 flats in Pockets F & G) and Rs 2359.56 per sq m (140 flats in Pockets F & G). Based on the plinth area rate, the cost of flat in each pocket worked out to Rs 3.04 lakhs (Pockets D & E), Rs 2.73 lakhs (60 flats in Pockets F & G) and Rs 2.76 lakhs (140 flats in Pockets F & G) on the basis of average plinth area for these pockets.

DDA pooled their costs and worked out a common plinth area rate of Rs 2541.14 per sq m for these flats. The pooling resulted in increase in the cost of each flat by Rs 25000 (Pockets F & G, of 60 flats) Rs 22000 (Pockets F & G, of 140 flats). While the flats in Pockets D & E (497) became cheaper by Rs 9000.

Thus pooling of cost adversely affected the allottees in Pockets F & G.

e) Inter-category adjustment charges

DDA is charging inter-category adjustment charges at the rate of five and a half *per cent* in the final disposal cost from the ground floor allottees only for subsidising economically weaker section flats to the extent of Rs 2000 each. No records were made available to indicate whether approval of the Government of India was taken to recover these charges. DDA collected Rs 128.55 lakhs from 885 ground floor allottees against which Rs 17.70 lakhs was due for subsidising the economically weaker section category flats of equal number. No records were made available to Audit to show whether the amount of Rs 17.70 lakhs was actually transferred for use in the manner stipulated.

6.2.26 Conclusion

In both NPRS and SFS, not only was the construction activity delayed but there were a number of cases of avoidable extra expenditure. Construction works in many cases were found to be defective or sub-standard. Registrants were awaiting allotment for more than a decade while flats were lying vacant in which DDA funds were blocked.

The above points were referred to the Ministry of Urban Development in December 1993; their reply is awaited as of January 1994.

6.3 Non-disposal of shops - blocking of funds

The Master Plan of Delhi envisaged a five tier system of dispersal of commercial areas, i.e., shopping centres. Accordingly DDA had been developing shopping centres in order to cater to the day-to-day needs of shopping for the residents of Delhi. After construction, these shops are sold either through auctions or allotments to specified categories (land acquisition oustees, physically handicapped, scheduled castes/scheduled tribes, ex-servicemen and freedom fighters) on a perpetual leasehold rights basis at a price fixed by the Finance Department and approved by the Vice-Chairman, DDA.

During the years 1974 to March 1993, DDA constructed 11991 shops, out of which 6521 shops had been disposed of either through auctions or through allotment leaving a balance of 5470 shops which are yet to be sold. The year-wise details of the shops constructed, sold and the shops remaining to be sold as worked out by Audit from the records of DDA are given below:-

Table 6.3 a-Number of shops* constructed and sold				
				(Rupees in lakhs)
Year of construction	No. of shops constructed	No. of shops sold	Shops yet to be sold	Reserve price of shops yet to be sold
1974 to 1989	6624	4978	1646	5636.34
1990	1680	765	915	2011.90
1991	726	309	417	759.80
1992	2401	464	1937	3910.70
1993 (upto March)	560	5	555	869.00
Total	11991	6521	5470	13187.74

* *Includes stalls, vegetable platforms, offices and godowns*

It would be seen from this table that 46 *per cent* of the shops constructed during 1974 to 1993 had not been sold. The age-wise break-up of the shops remaining is given below:-

Table 6.3 b- Age-wise break-up of unsold shops		
		(Rupees in lakhs)
Period for which kept unallotted	Number of shops	Value
Ten years and more	249	349.52
Five to ten years	612	1695.25
Two to five years	2117	6363.27
Less than two years	2492	4779.70
Total	5470	13187.74

DDA had not maintained any consolidated record of the number of shops constructed, sold by auction or allotment, lying vacant or under unauthorized occupation. There is no system in vogue in DDA to assess the market demand before development of shopping complexes.

An analysis made in Audit of the reasons for non-disposal of shops revealed the following:-

The cost of built up shops is fixed by the Finance Department on the basis of the details of costs incurred by the Engineering Department. DDA had not laid down any time limit by which the cost of the built up shops should be approved by the Vice-Chairman, DDA. A review of the records by Audit showed that out of 5470 shops lying unsold, reserve price of 1685 shops had not been fixed so far (October 1993). The age-wise break up of 1685 shops for which cost was yet to be finalised are given below:-

Table 6.3 c- Non-finalisation of costs		
	Age	Number of shops
(a)	For five years	128
(b)	Less than five years but more than three years	410
(c)	Less than three years but more than one year	922
(d)	Less than one year	225

Thus non-finalisation of cost of the built up units resulted in non-disposal of shops. As a result DDA could not realise even its initial investment in these shops.

There were also delays in finalisation of the cost of built up shops. The age-wise break up of the delays is given below:-

Table 6.3 d- Extent of delay in finalisation of cost		
	Extent of delay	Number of shops
i)	Above ten years	67
ii)	Below ten years but above 3 years	305
iii)	Below 3 years but above one year	671

The shopping centres are constructed on the basis of plans approved for a particular marketing complex by the Engineering Wing. Neither was the specific demand assessed nor was any survey ever conducted before undertaking construction of shopping complexes. It was noticed in Audit that not even one of the 775 shops constructed at certain locations during 1977 to 1993 had been disposed of as of October 1993, though these were put to auction repeatedly.

This indicated improper planning leading to blocking of funds of DDA.

The matter was reported to DDA and Ministry of Urban Development in December 1993.

6.4 Asiad Tower Restaurant - idle investment

The Delhi Development Authority constructed a tower restaurant in June 1982 at a cost of Rs 72 lakhs in the Asian Games Village complex using the structure housing the water supply tank. The restaurant intended for the Asian Olympics - 1982 could not be made operational during the Games as the facilities were incomplete and the tender offer was withdrawn by the restaurateur. From

June 1984 till September 1989 the tower restaurant was leased out on a monthly licence fee of Rs 50,000 (or 5 *per cent* of gross receipts, whichever was more).

In December 1988, DDA had calculated the reserve price of the tower restaurant as Rs 97.17 lakhs and the annual ground rent as Rs 32275. The landscaped area surrounding the tower, considered to be essential for a restaurant, also had an electricity sub-station for pumping water. Throughout 1989, DDA, at the highest levels, considered the pros and cons of long lease or sale of the tower restaurant but considered the reserve price of about Rs 1 crore very high. Even the December 1988 reserve price was subject to six-monthly revision.

The tower restaurant was put up for sale in April 1990 but the highest bid of Rs 1 crore was rejected as the bid received was marginally higher than the reserve price. Another auction, notified in September 1990, was also withdrawn as problems of a separate electricity sub-station, surrounding land, parking area, etc., which were long well-known to DDA, had not been adequately addressed or clarified in the auction advertisement. The reserve price was revised to Rs 108.27 lakhs in August 1990.

In November 1993, the tower restaurant was once again put up for auction 'on 30 years lease-hold basis on "as is where is basis", i.e., outright sale basis' with a reserve price of Rs 1.24 crores. The lessor was required to set up his own electricity sub-station, but was to have use of 2000 square yards of land, including the fountains-cum-lighting facility, on a separate licence-deed which was revocable at any time. No bids were received.

Thus the tower restaurant built in 1982 at a cost of Rs 72 lakhs has remained idle except for a five-year lease during 1984-89.

The matter was reported to DDA and Ministry of Urban Development in December 1993; their reply has not been received so far.

6.5 Heavy outstanding against members of sports complexes

To promote various sports activities and spirit of mutual help and goodwill amongst citizens of DDA had set up seven sports complexes at Siri Fort, Rohini, Paschim Vihar, Saket, Ashok Vihar, Hari Nagar and Tahirpur during the period from May 1989 to January 1991.

According to the membership rules, a person can become eligible for membership of a sports complex on payment of an entrance fee and monthly subscription at prescribed rates. The monthly subscription is payable by the 10th of the following month and in case of failure to pay membership dues for two months and more, the Management Board can terminate the membership. The membership rules also provide for levy of interest at a reasonable rate as may be determined by the Board in case of delayed payment. A review of the records of four out of seven sports complexes revealed that members had not been paying the monthly subscription regularly. As on 31 March 1993, a sum of Rs 110.68 lakhs was recoverable from the members as per details given below:-

Table-6.5 Details of outstandings against members of sports complexes

(Rupees in lakhs)

	Sport Complex	1989-90	1990-91	1991-92	1992-93	Total
1.	Siri Fort	2.14	9.64	20.82	--	32.60
2.	Saket	--	2.33	13.00	24.12	39.45
3.	Ashok Vihar	--	--	4.59	16.90	21.49
4.	Hari Nagar	--	--	4.37	12.77	17.14
	Total	2.14	11.97	42.78	53.79	110.68

It would be seen from the above that against the total amount of Rs 225.66 lakhs recoverable from the members in four complexes the realisation was only Rs 114.98 lakhs, i.e., about half of the total amount recoverable. A test-check of the records of the complexes revealed the following.

- In Saket Sports Complex 85 members from whom Rs 1.81 lakhs was recoverable had not paid their contributions from the date they were inducted as members. Out of these 85 members, 10 members had not even filled up the membership forms. No action had been taken either to terminate the membership of defaulting members or to levy interest on outstanding dues as provided in the rules. There is no procedure to take caution money/security deposit before enrolling a member with a view to safeguard the financial interests of the complexes.

- As on 31 March 1993, the four sports complexes received cheques aggregating Rs 0.41 lakh and Rs 3.16 lakhs towards monthly membership subscription and entrance fee from persons desirous of becoming members. These cheques on presentation were dishonoured by the bankers. No action was taken either to effect recovery under section 138 of the Negotiable Instruments Act or to terminate the membership of persons whose cheques for entrance fees had been dishonoured (September 1993).

- Siri fort complex purchased in October 1991, computers at a cost of Rs 1.08 lakhs for maintenance of members' accounts. The computers had not been put to use as of September 1993 due to non-availability of trained staff.

The matter was reported to DDA and Ministry of Urban Development in October 1993; their reply has not been received as of November 1993.

6.6 Unfruitful expenditure on a golf driving range

The Sports Complex at Saket was started in May 1990. One of the facilities developed was a golf driving range, 150 yards long and 50 yards wide at a cost of Rs 27.48 lakhs (including cost of fencing Rs 14.55 lakhs) with facility to practice at night along with a "pro-shop" and a snack bar. It was seen in Audit that the golf driving range was much smaller than the one in the Siri Fort Sports Complex of DDA which was 250 yards long and 92 yards wide.

In May 1991 tenders were invited for running the golf driving range on contract. No offers were received, and subsequent efforts in August 1992 to award the contract for running the range did not materialise. In March 1992, the Sports Management Committee decided to increase the area by covering a portion of tennis, volleyball, basketball facilities, so that the golf driving range became `operational' and also to increase the height of the fencing. Neither decision of the committee had been implemented nor had the driving range been given on contract as of August 1993. As the golf range could not become operational, the Sports Management Committee, in September 1992, decided to develop a horse riding facility in the space earmarked for the golf range. It was estimated in June 1993 that the conversion of golf range into horse riding school would cost DDA another Rs 5 lakhs. In September 1993, the work of construction of horse riding school was awarded to a contractor at a tendered cost of Rs 4.24 lakhs. The work was scheduled to be completed within two months.

Thus, defective planning by DDA resulted in infructuous expenditure of Rs 27.48 lakhs.

The matter was reported to DDA and the Ministry of Urban Development in July 1993; their reply is awaited as of November 1993.

6.7 Infructuous expenditure due to hiring of private security

Staff Inspection Unit, Ministry of Finance in its Study Reports (March 1988 to January 1991) had identified 2072 security guards/chowkidars as surplus to the requirements in the various Engineering Divisions.

The Management Board of the seven sports complexes in its meeting held in March 1990 decided to hire private security agencies for watch and ward as it would be a cheaper alternative and would be more efficient and alert subject to the condition that this be done only after obtaining a certificate from the concerned Chief Engineer that security personnel were not already available.

However, audit of four of these sports complexes revealed that none of these complexes had fully followed the instructions of the Board. These four sports complexes had hired private security agencies at a total cost of Rs 14.88 lakhs for the period 1990-93.

In one case, the available security personnel were surrendered to Personnel Department of DDA and private security guards were hired in lieu.

The deployment of private security despite the availability of surplus security guards/chowkidars not only lacked justification but also resulted in infructuous expenditure of Rs 14.88 lakhs (on four of the seven complexes test-checked) apart from the payment of idle wages to surplus security staff of DDA.

The matter was reported to DDA and Ministry of Urban Development in August 1993; no reply has been received as of November 1993.

6.8 Purchase of cement at higher rates

DDA had purchased about 3.21 lakh tonnes of cement from various manufacturers during 1991-92. According to the agreement with the cement suppliers, the Engineer-in-charge can increase or decrease the quantity of material by 10 *per cent* of the supply order according to actual requirements.

A test-check of the orders placed on the cement suppliers during 1991-92 revealed that though the suppliers had supplied the quantities ordered, no action was taken to increase the quantity ordered upto the permissible limit of 10 *per cent* as per the terms of the agreement to meet DDA requirements. Instead fresh orders were placed on the suppliers at higher rates.

The failure to take advantage of the terms and conditions of the agreement resulted in an extra expenditure of Rs 11.16 lakhs on purchase of cement.

The matter was reported to DDA and Ministry of Urban Development in October 1993; their reply is awaited as of December 1993.

6.9 Purchase of sub-standard cement

On 30 March 1991 Store Division of DDA placed an order on a private firm for the supply of 32862 MT of portland pozzolana cement at Rs 1780 per MT in jute bags and Rs 1760 per MT in HDPE bags. The entire quantity of cement was to be supplied within 75 days from the date of placement of the order. As per the terms of the purchase order, advance payment of Rs 574.70 lakhs was made in April-June 1991, against which the firm furnished a bank guarantee of Rs 292 lakhs, valid upto 4 March 1992 for satisfactory completion of the contract.

The firm commenced supplies from April 1991 and till January 1992 supplied 39256 MT of cement in 28 lots. According to the supply order, the material was to be tested and in case of failure, to be replaced by the manufacturer within 60 days. Samples from cement bags received from time to time were sent during the period April 1991 to January 1992 to Shri Ram Institute for Industrial Research, Delhi for testing. Out of the total quantity of 39256 MT received in 28 lots, 14348 MT received in 16 lots valued at Rs 252.52 lakhs failed in tests as these samples did not conform to the prescribed specifications. The manufacturer replaced 6279 MT valued at Rs 110.51 lakhs of sub-standard cement upto May 1992 which included cement failed in fineness. The remaining 8069 MT of sub-standard cement which failed on account of fineness could not be replaced by the supplier because it had been issued to various works during the period from May to September 1991. These lots were later found sub-standard during testing.

Thus, 8069 MT of sub-standard cement costing Rs 142 lakhs was consumed in works without waiting for complete test results.

DDA stated in November 1993 that it was wrong to state that cement failed in strength test and was issued to works only after receiving 7 days satisfactory test results, that cement is a consumer certificate marked product and need not be tested by the consumer. It was also stated that the only failure of cement was in respect of fineness value of some samples. The reply is not tenable as according to the standard terms and conditions of purchase order of cement, DDA has to test the cement supplied. Out of 16 lots, 4 failed on account of lower strength of cement and other lots on account of fineness and sulphite. The relevant ISI specification document specifically states that when a sample fails to conform to any one of its specifications including the one relating to fineness, the entire lot from which the sample is drawn should be rejected. Besides, the supplier did replace 6279 MT and DDA had been insisting from June 1993 for reduction in the rates of the balance quantity of cement found sub-standard.

The agreement provided for use of cement after testing as provided in the Standards code. Audit noticed that the cement was issued to works after the first test and without waiting for the results of test to be conducted within 28 days. The fineness value of the tested cement ranged between 2460 and 2810 cm^2/kg against 3000 cm^2/kg laid down in the standard specification.

6.10 Extra expenditure due to non-deposit of the estimated charges

The work of external electrification of housing complexes, shopping centres is executed by Delhi Electric Supply Undertaking (DESU) as a deposit work on behalf of DDA.

In January 1989, DDA approached DESU for electrification of the local shopping centre at Block 'M' Bodella, Vikaspuri. The work was estimated to cost Rs 39.27 lakhs in December 1989 out of which Rs 20.63 lakhs was payable by DDA within a period of 90 days, i.e., by 22 March 1990, failing which the scheme was to become due for repricing with reference to the cost of material and labour. This amount was deposited only in March 1991 nearly one year after the cut off date. In the meantime DESU carried out its repricing exercise and sent in December 1991, a revised estimate of Rs 45.06 lakhs which included Rs 23.61 lakhs payable by DDA. DDA paid the balance amount of Rs 2.98 lakhs in March 1992.

The delay on the part of DDA in depositing the advance money resulted in extra expenditure of Rs 2.98 lakhs.

All civil works relating to this complex were complete by July 1990 at a cost of Rs 18.74 lakhs. Delay in deposit of advance money delayed completion of this complex as electrification work is still not completed (August 1993). Thus, the entire investment has remained idle for over two years.

Similarly, in case of two other electrification works, viz.,

- electrification of multi-storied building on plot No. 1 in District Centre, Janakpuri and

- electrification of multi-storied building on plot No. 2 at District Centre, Janakpuri,

DDA failed to deposit the estimated charges with DESU within the validity period of 90 days and thus had to incur extra expenditure of Rs 3.48 lakhs due to revision of estimates. Total extra expenditure worked out to Rs 6.46 lakhs.

The Executive Engineer stated in August 1993 that the amounts demanded by DESU were not deposited within the validity period of 90 days due to non-availability of funds. However, the relevant records in support of the reply were not made available to Audit.

DDA also stated (November 1993) that the extra amount is in fact prevailing prices in DESU at the time of execution and this additional amount was even otherwise payable by DDA. It was also stated that the electrification works were completed by August 1993. The reply is not tenable as DESU carried out its repricing exercise due to failure of DDA in making payment of its share of estimated cost within the stipulated period. In August 1993, the Executive Engineer confirmed that the electrification work had not been started by DESU in respect of multi-storied building at plot No. 1 and 2, Janakpuri District Centre while the work in the shopping centre at M-block, Bodella was in progress.

6.11 Extra expenditure due to irregular rescinding of contract

The work of construction of Community Hall in Pockets K & L at Sarita Vihar was awarded to a contractor in February 1989 at a tendered cost of Rs 8.15 lakhs which was 32.50 *per cent* above the estimated cost of Rs 6.15 lakhs. The work was scheduled for completion in May 1989.

As the progress of work was very slow, the Executive Engineer approved in May 1989 extension of time upto 30 September 1989. The letter granting extension of time was not issued. The Executive Engineer on 28 September 1989, while extending the time for completion of work upto 6 October 1989, rescinded the contract with effect from 29 September 1989 without waiting for the completion of work within the extended time. Till September 1989, 67 *per cent* of work worth Rs 5.46 lakhs had already been completed.

The balance work was awarded to another contractor in January 1990 at a tendered cost of Rs 2.92 lakhs (which was 56 *per cent* above the estimated cost of Rs 1.87 lakhs) at the risk and cost of the first contractor and was completed in

March 1990 at a cost of Rs 3.74 lakhs.

In September 1990, an arbitrator was appointed on the request of the first contractor. Against the claim of Rs 3.72 lakhs submitted by the contractor, DDA lodged a counter claim of Rs 2.20 lakhs towards amount recoverable from the contractor in the fifth and final bill. It was noticed that the amount recoverable from the contractor in the final bill was Rs 2.11 lakhs. The arbitrator in his award of March 1993, while rejecting the claim of DDA held that action of Executive Engineer in rescinding the contract was incorrect and awarded Rs 2.26 lakhs in favour of the contractor.

Thus, irregular rescinding of the contract resulted in an extra expenditure of Rs 4.37 lakhs over the tendered cost.

DDA stated (November 1993) that no payment was made to the contractor and the award of the arbitrator had been challenged in the court of law. Further developments were awaited.

6.12 Extra expenditure due to retendering

Tenders for construction of 832 Economically Weaker Sections (EWS) houses in Sector-IX, Rohini were invited in May 1991 and in response four tenders were received which quoted rates ranging from 27.87 *per cent* to 59 *per cent* above the estimated cost of Rs 17.56 lakhs. Contractor `P', who quoted the lowest rate, was asked to submit his financial and technical capabilities. Without waiting to complete this assessment, the work was awarded in June 1991 to contractor `P' as he was stated to be a working contractor of another division of DDA. There was nothing on record to indicate whether any enquiry was made from that division with regard to the technical and financial capabilities of the contractor. When the contractor, on 22 June 1991, declined to undertake the work, DDA terminated the non-existent contract.

Though the offers of the second lowest (quoted 42.80 *per cent* above estimated cost Rs 17.56 lakhs) and third lowest tenders were valid upto 4 September 1991, DDA decided to re-invite the tenders. The earnest money of the three tenders was refunded in July/August 1991. Revised tenders were invited in July 1991 and in response three offers were received. The work was awarded in September 1991 to the lowest tenderer at a tendered cost of Rs 28.97 lakhs which was 65 *per cent* above the estimated cost of Rs 17.56 lakhs, as against the tendered rate of Rs 25.07 lakhs quoted by the second lowest contractor in the first instance. The work was completed in June 1992 at a cost of Rs 31.32 lakhs.

Thus, retendering the work despite the fact that the offers received in response to the earlier tenders were still valid, resulted in an extra expenditure of Rs 3.90 lakhs.

DDA stated in November 1993 that after issue of the award letter, the process of tender was completed, leaving the remaining tenders as rejected and accordingly tenders were reinvited. The reply is not tenable as the lowest tenderer did not accept the award letter within the prescribed time of seven days and at that time the offer of second lowest tenderer was valid.

6.13 Unplanned award of work

The work of construction of a road (Phase-I) in village Gharoli in trans-Yamuna area was awarded in August 1984 to the lowest contractor at a tendered cost of Rs 47.22 lakhs even though a part of the site was not then available. The work was to commence in September 1984 and completed by March 1985. Due to non-availability of site, the contractor was granted extension of time upto January 1987 without levy of compensation by which date the contractor could execute only 35 *per cent* of the work amounting to Rs 16.35 lakhs.

The contract was closed in January 1987 by the Chief Engineer (East Zone) under the agreement at the request of the contractor as the complete site was not made available by DDA. Since the contractor had suffered loss of profit due to the premature closure of the contract, he applied for arbitration in March 1988. The contractor submitted claims for Rs 4.90 lakhs along with interest. DDA did not submit any counter claim. The first arbitrator appointed in July 1988 resigned in February 1989 and another arbitrator was appointed by Engineer Member DDA in March 1989. The second arbitrator awarded in November 1990 Rs 3.81 lakhs in favour of the contractor on account of loss of profit and damages. The award was initially challenged by DDA but settled in June 1991 for this amount without interest.

As clear site is a pre-requisite for award of work, unplanned award of work resulted in loss of Rs 3.81 lakhs.

The matter was reported to DDA and Ministry of Urban Development in June 1993; their reply is awaited as of December 1993.

6.14 Extra expenditure due to delays in tender processing

The maximum time allowed to the Executive Engineer and Superintending Engineer for scrutiny and disposal of tenders is 10 days and 7 days respectively.

Tenders for the construction of an oxidation pond (sewerage) for a housing scheme at Pul Pehladpur were invited by DDA in November 1989, in response to which four tenders were received. The offers were valid upto 27 February 1990. The lowest tenderer had quoted at 49.47 *per cent* above the estimated cost of Rs 3.30 lakhs.

The Executive Engineer in March 1990 recommended acceptance of the lowest offer to the Superintending Engineer, i.e., just after the expiry of the validity period (April 1990) of the tender. Meanwhile, the lowest tenderer extended the validity period of his offer upto 31 March 1990 and thereafter till 30 April 1990 on the verbal request of DDA. The Superintending Engineer, rejected (10 May 1990) the lowest offer mainly on the ground that the tenders were sent for approval only after the expiry of the validity period and that the work had not been planned properly as the location was to be decided in consultation with the architect. The rejection of the tender by the Superintending Engineer is not tenable as the Executive Engineer while recommending the lowest tenderer had stated (March-April 1990) that the site had been finalised and that the lowest tender was valid till 30 April 1990.

Tenders were again invited by the Executive Engineer in February 1991, in response to which only two offers were received. The work was awarded to the lowest tenderer on 9 May 1991 at the tendered cost of Rs 6.16 lakhs which was 86.70 *per cent* above the estimated cost of Rs 3.30 lakhs. The work was actually completed in January 1992 at a cost of Rs 15.88 lakhs. The increase in cost was mainly due to construction of two oxidation ponds to meet the additional discharge of MIG houses. There was nothing on record to indicate whether administrative and technical approvals were obtained before awarding the work.

Thus the rejection of lowest tender within the validity period resulted in avoidable extra expenditure.

The matter was reported to DDA and Ministry of Urban Development in August 1993; their reply has not been received as of December 1993.

(SUNIL VERMA)
Accountant General (Audit), Delhi

New Delhi
The 13 FEB 1994

Countersigned

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

New Delhi
The 18 MAR 1994

***Annexure - 2A* - Details of cases of excess savings in grant/appropriation** *(Refer Para No. 2.2.1)*					
					(Rupees in crores)
	Head of Account	**Original grant**	**Actual expenditure**	**Saving(-)**	**Percentage Saving(-)**
1.	2235-Social Security & Welfare: A.23(1)(1)Other Relief Measures	18.85	13.20	(-)5.65	(-)30
2.	2210-Medical and Public Health I.1(1)(3)(2)G.B. Pant Hospital	21.52	14.81	(-)6.71	(-)31
3.	2210-Medical and Public Health I.1(1)(3)(6)Deen Dayal Upadhyay Hospital	12.73	9.40	(-)3.33	(-)26
4.	2202-General Education: J.1(3)(1)(1) Institute of Higher Learning	6.00	3.93	(-)2.07	(-)35
5.	2236-Nutrition M.2(1)(1)(1) Special Nutrition Programme	4.42	0.26	(-)4.16	(-)94
6.	5075-Capital Outlay on Other Transport Services UU.1(1)(1) Other Expenditure	2.41	0.59	(-)1.82	(-)76
7.	4202-Capital Outlay on Education Sports etc. VV.2(2)(1)(1) Construction of Buildings for Technical Institutes	9.25	5.57	(-)3.68	(-)40
8.	5055-Capital Outlay on Road Transport VV.17(1)(2) Land Acquisition for MRTS	25.00	4.87	(-)20.13	(-)81
9.	5075-Capital Outlay on Other Transport Services VV.18(1)(1) Other Expenditure	2.10	0.60	(-)1.50	(-)71
10.	4711-Capital Outlay on Flood Control Projects WW.2(2)(2)(2) Other drainage Works	3.75	1.85	(-)1.90	(-)51

Annexure 2B - Details of cases of excessive expenditure over grant/appropriation
(Refer Para No. 2.2.1)

(Rupees in crores)

	Head of Account	Original grant	Actual expenditure	Excess(+)	Percentage Excess(+)
1.	2055-Police A.14(3)(1)(1) Security	9.64	11.18	(+)1.54	(+)16
2.	2055-Police A.14(3)(1)(2) Special Branch	4.50	5.54	(+)1.04	(+)23
3.	2055-Police A.14(5)(2) South District	11.11	12.30	(+)1.19	(+)11
4.	2055-Police A.14(5)(9) North East District	5.62	6.97	(+)1.35	(+)24
5.	2056-Jails A.15(1)(1)-Jail Establishment	4.52	6.17	(+)1.65	(+)36
6.	2236-Nutrition M.2(1)(1)(2)Nutrition Programme	3.81	7.52	(+)3.71	(+)97
7.	3075-Other Transport Services S.4(1)(1) Other Expenditure	1.00	4.76	(+)3.76	(+)376
8.	2059-Public Works V.2(1)-General V.2(1)(6)-Suspense	5.06	10.25	(+)5.19	(+)103
9.	3054-Roads and Bridges V.6(1)(1) Others Expenditure	6.00	7.64	(+)1.64	(+)27
10.	4515-Capital Outlay on other Rural Development Programme CC.1(1) Rural Development	4.10	7.98	(+)3.88	(+)95
11.	6801-Loan for Power Project EE.1(2)(1) MCD for Electrical Supply Scheme	178.95	186.03	(+)7.08	(+)4
12.	4059-Capital Outlay on Public Works VV.1-office building VV.1(1)(1)(1) Buildings	13.75	25.19	(+)11.44	(+)83
13.	4210-Capital Outlay on Medical and Public Health VV.3(1)(1)(1) Buildings	15.68	19.54	(+)3.86	(+)25

Annexure -2C - Details of cases where re-appropriation was injudicious
(Refer Para No. 2.2.2)

(Rupees in lakhs)

	Head of Account	Amount of re-appropriation	Amount of final saving(-)
1.	2053-District Administration A.12(1) District Establishment	10.37	(-)44.78
2.	2075-Misc General Services A.17(3) Other Expenditure	13.45	(-)29.52
3.	2210 Medical and Public Health I.1(3) Medical Education I.1(3)(1)(1)(1) Maulana Azad Medical College	19.77	(-)29.32
4.	2203- Technical Education J.2(5)(5)-Grant-in-aid to Delhi Institute of Technology	21.00	(-)24.35
5.	2041-Taxes on Vehicle S.1(3)(7)-Conduct of Studies for overall Roads Transport planning	24.00	(-)21.88
6.	2041-Taxes on Vehicle S.1(3)(8)-Mechanisation of Infrastructure for Certification of Road worthiness of vehicles	150.00	(-)114.90
7.	2059-Public Works V.2(1)-General V.2(1)(4)-Maintenance and Repairs	51.58	(-)28.15
8.	6801-Loans for Power Project: EE(1)-Thermal Power Generation EE.1(3)(1)-Parbati Hydro Electrical Project	249.00	(-)227.50

Annexure -2D - Details of cases where supplementary grant was injudicious
(Refer Para No. 2.2.2)

(Rupees in lakhs)

	Heads of Account	Amount of Grant/ Appropriation		Actual Expenditure	Saving (-)
		Original	Supplementary		
1.	2055 - Police A-14(1) Direction and Administration	1268.69	725.00	1178.08	(-)815.61
2.	2070-Other Administrative Services A-16(1)(1)Directorate Of Training	55.80	2.00	39.05	(-)18.75
3.	2210-Medical and Public Health I-1(1)(3)(2) G B Pant Hospital	2151.88	59.00	1480.63	(-)730.25
4.	2235-Social Security and Welfare M-1(1)(2)(13)-Grant-in-Aid to NDMC for Construction of Girls Hostel at Sarojini Nagar	1.00	24.00	1.00	(-)24.00
5.	2230-Labour and Employment P-2(2)(1)(1)-Directorate of Employment	42.30	3.00	37.74	(-)7.56
6.	2059-Public Works V-2(1)(1)(1)-Establishment charges	1597.74	45.00	1493.35	(-)149.39
7.	4217-Capital Outlay On Urban Development VV-5(1)(1)(1) Large scale acquisition, development and disposal of land in Delhi	1000.00	1136.00	1853.85	(-)282.15

Annexure -2E - Details of savings due to non-implementation of schemes

(Refer Para No. 2.2.4)

(Rupees in crores)

	Head of Account	Total grant/ appropriation	Actual expenditure	Saving(-)
1.	2810-Non-Conventional Source of Energy E.4(2)(1)(1)-Grants-in-aid to Delhi Energy Development Agency for plying Battery buses	0.80	-	(-)0.80
2.	2210-Medical and Public Health P.1(1)(1)(1)-Contribution to Employees State Insurance Corporation	2.18	-	(-)2.18
3.	2215-Water Supply and Sanitation V.3(1)(1)(2)-Grants-in-aid to Delhi Water Supply and Sewage Disposal Undertaking for providing potable water supply in unauthorised colonies	1.00	-	(-)1.00
4.	2217-Urban Development V.5(3)(1)-Contribution to NCR Fund	1.00	-	(-)1.00
5.	7615-Misc. Loans AA.5(1)(1)-Special loan to MCD	1.00	-	(-)1.00
6.	4851-Capital Outlay on Village and Small Industries NN.1(1)(1)-Delhi Small Industries Development Corporation	0.50	-	(-)0.50
7.	4217-Capital Outlay on Urban Development VV.5(2)(1)-Equity Capital for Slum Board and EWS Housing Board	8.00	-	(-)8.00

Annexure -2F - Details of recoveries adjusted in reduction of expenditure
(Refer Para No. 2.2.5)

(Rupees in crores)

	Sub-head	Budget Estimate	Actual recoveries	Excess (+) Shortfall (-)
1.	Ministry of Urban Development 2059-Direction and Administration Suspense	3.92	8.69	(+)4.77
2.	2217-Urban Development Slum Area Improvement Assistance to Local Bodies Corporation, Urban Development Authorities, Town Improvement Board	0.01	0.59	(+)0.58
3.	2217-Urban Development Assistance to Local Bodies Town Improvement Board	0.01	1.16	(+)1.15
4.	2202-General Education Assistance to Local Bodies	0.01	10.17	(+)10.16
5.	2202-General Education Assistance to non-Govt Colleges and Institutions		0.61	(+)0.61
6.	2711-Direction and Administration Machinery and Equipment		1.00	(+)1.00
7.	2210-Medical and Public Health Assistance to Local Bodies		0.58	(+)0.58
8.	Ministry of Water Resources 2702-Other Minor Irrigation work	0.61	-	(-)0.61
9.	2711-District and Administration Tools and Plants	1.21	-	(-)1.21
10.	4217-Sale proceeds of land and large scale acquisition, development and disposal of land in Delhi	226.88	194.04	(-)32.84

ANNEXURE 4A - Cases of suppression of sales

(Refer Para No 4.8)

(Rupees in lakhs)

	Ward No.	Accounting Year	Purchase against statutory forms	Purchases as per trading account	Suppression of purchases (4-5)	Suppression of sales including gross profit margin	Tax	Interest	Penalty	Remarks
1	3	1987-88	384.13	355.32	28.81	29.33	1.47	0.91	3.67	Reply of the Department has not been received (December 1993).
2	3	1987-88	165.17	47.31	117.66	127.18	8.90	7.12	22.26	A demand of Rs 16.70 lakhs (tax Rs 9.23 and interest Rs 7.47 lakhs) had been raised. A penalty of Rs 23 lakhs was also imposed by Department (March 1993) on the dealer.
3	3	1986-87	55.92	43.47	12.45	13.25	0.93	0.73	2.32	The Department re-assessed (September 1993) the dealer and created a demand for Rs 7.29 lakhs.
4	3	1987-88	32.68	26.96	5.72	6.47	0.65	0.52	1.62	Reply of the Department has not been received (December 1993).
5	3	1987-88	24.55	19.42	5.13	5.38	0.37	0.30	0.94	Reply of the Department has not been received (December 1993).
6	3	1987-88	32.58	30.28	2.30	2.51	0.18	0.15	0.44	The Department has stated that the dealer was re-assessed for Rs 0.81 lakh
7	10	1987-88	113.52	109.75	3.77	3.95	0.28	0.20	0.70	Reply of the Department has not been received (December 1993).
8	10	1987-88	111.92	96.38	15.54	16.08	1.61	1.17	4.02	Reply of the Department has not been received. (December 1993).
9	19	1987-88	23.02	20.64	2.38	2.75	0.27	0.22	0.69	The Department re-assessed(January 1994)the dealer and raised a demand of Rs 0.92 lakh.
10	20	1987-88	123.96	117.91	6.05	6.52	0.46	0.39	1.14	Reply of the Department has not been received (December 1993).
11	21	1987-88	30.61	25.76	4.85	5.19	0.36	0.27	0.91	The Department re-assessed (August 1993) the dealer, and created a demand for Rs 0.90 lakh.
12	23	1986-87	221.73	174.19	47.54	47.65	3.34	3.03	8.34	The Department re-assessed (February 1993) the dealer and created demand of Rs 16.08 lakhs.
13	26	1987-88	191.84	173.76	18.08	18.75	0.94	0.78	2.34	Reply of the Department has not been received (December 1993).
14	27	1987-88	36.33	34.72	1.61	1.78	0.18	0.13	0.45	Reply of the Department has not been received (December 1993).
15	28	1987-88	79.81	63.33	16.48	17.01	1.70	1.31	4.25	Reply of the Department has not been received (December 1993).
16	28	1987-88	21.02	16.32	4.70	5.09	0.72	0.50	1.80	Reply of the Department has not been received (December 1993).
17	28	1987-88	20.88	15.81	5.07	5.92	0.59	0.45	1.48	Reply of the Department has not been received (December 1993).
18	34	1986-87	35.59	33.95	2.64	2.91	0.47	0.41	1.17	Reply of the Department has not been received (December 1993).
19	34	1986-87 1987-88	48.70 33.56	45.32 32.94	3.38 0.62	4.20	0.29	0.29	0.74	The Department re-assessed (December 1993) the dealer and created an additional demand for Rs 1.21 lakhs
20	35	1987-88	100.65	90.27	10.38	10.76	0.75	0.61	1.88	Reply of the Department has not been received (December 1993).
21	38	1986-87	46.26	38.10	8.16	9.02	0.90	0.83	2.25	Reply of the Department has not been received (December 1993).
22	39	1987-88	455.67	436.17	19.50	20.67	2.07	1.77	5.17	Reply of the Department has not been received (December 1993).
23	39	1987-88	134.91	100.47	34.44	35.29	1.41	1.21	3.53	Reply of the Department has not been received (December 1993).
24	41	1987-88	68.52	60.07	8.45	8.88	0.89	0.77	2.22	The Department re-assessed (January 1994) the dealer and raised a demand of Rs 3.88 lakhs.
25	42	1987-88	173.59	143.22	30.37	33.48	3.35	3.01	8.37	Reply has not been received (December 1993).

ANNEXURE 4A - Cases of suppression of sales

(Refer Para No 4.8)

(Rupees in lakhs)

	Ward No.	Accounting Year	Purchase against statutory forms	Purchases as per trading account	Suppression of purchases (4-5)	Suppression of sales including gross profit margin	Tax	Interest	Penalty	Remarks
26	43	1985-86 1988-89	251.96 434.05	225.02 416.56	26.94 17.49	29.60 18.41	2.40	2.09	6.00	The Department re-assessed (August 1993) the dealer and raised a demand of Rs 1.12 lakhs.
27	43	1988-89	192.00	165.00	27.00	27.00	1.08	0.63	2.70	Reply of the Department has not been received (December 1993).
28	43	1987-88	155.56	146.66	8.90	8.90	0.62	0.52	1.56	Reply of the Department has not been received (December 1993).
29	43	1987-88	89.21	84.66	4.55	4.87	0.34	0.28	0.85	The reply (July 1993) of the Department was not tenable as pointed out by Audit (October 1993).
30	43	1987-88	88.45	73.26	15.19	15.66	0.63	0.51	0.57	Reply of the Department has not been received (December 1993).
31	43	1986-87	88.23	69.97	18.26	18.53	0.74	0.75	1.85	The Department stated (July 1993) that ST-35 forms were issued twice against invoice of the same lot. The reply is not tenable as invoice numbers and dates given in ST-35 forms differ from each purchase.
32	43	1987-88	63.09	56.79	6.30	9.98	0.49	0.40	1.21	The Department re-assessed (August 1993);the dealer and raised a demand of Rs 2.10 lakhs.
33	43	1988-89 1989-90	35.54 78.44	32.27 68.51	3.27 9.93	3.67 11.49	1.06	0.61	2.65	The Department stated (May 1993) that the element of Central Excise Duty would not be a purchase price of goods of a dealer which is also a sale of another dealer. The reply of the Department not tenable as under section 2(m) of Delhi Sales Tax Act 1975 and section 2(h) of the Central Sales Tax Act 1956, the excise duty is a part of the sale price which ordinarily the buyer will have to pay.
34	43	1987-88	30.10	26.23	3.87	4.21	0.42	0.35	1.05	Reply of the Department has not been received (December 1993).
35	46	1985-86	31.36	15.62	15.74	19.05	1.33	1.68	3.33	Reply of the Department has not been received (December 1993).
36	47	1987-88	33.33	15.67	17.66	19.71	1.97	1.44	4.93	Reply of the Department has not been received (December 1993).
37	48	1987-88	76.02	67.18	8.84	9.91	0.99	0.72	2.48	Reply of the Department has not been received (December 1993).
38	50	1987-88	102.79	97.74	5.05	5.51	0.39	0.28	0.96	Reply of the Department has not been received (December 1993).
39	50	1987-88	68.16	57.13	11.03	12.06	1.25	0.91	3.11	Reply of the Department has not been received (December 1993).
40	50	1987-88	41.24	37.75	3.49	4.15	0.29	0.21	0.73	Reply of the Department has not been received (December 1993).
41	50	1987-88	30.28	26.91	3.37	3.69	0.26	0.20	0.65	Reply of the Department has not been received (December 1993).
42	50	1987-88	26.66	22.27	4.39	4.72	0.33	0.25	0.83	The Department re-assessed (August 1993) the dealer and created a demand for Rs 1.56 lakhs.
43	50	1987-88	13.62	9.36	4.26	4.83	0.24	0.18	0.60	The Department re-assessed (December 1993) the dealer and raised a demand of Rs 1.10 lakhs.
Total short-levy							47.91	39.09	118.76	